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YTL CORP FINANCE (LABUAN) LIMITED

(Company No. LL05405)
(Incorporated in the Federal Territory of Labuan, Malaysia with limited liability under the Offshore Companies Act 1990)

US$350,000,000

1.875% GUARANTEED EXCHANGEABLE BONDS DUE 2015
(subject to an upsize option of up to US$50,000,000 1.875% Guaranteed Exchangeable Bonds due 2015 as described below)

Exchangeable into Ordinary Shares of, and unconditionally and irrevocably guaranteed by,

SINCE 1955

YTL CORPORATION BERHAD

(Company No. 92647-H)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

ISSUE PRICE: 100%

YTL Corp Finance (Labuan) Limited (the "**Issuer**") will issue US$350,000,000 in aggregate principal amount of 1.875% Guaranteed Exchangeable Bonds due 2015 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further Bonds issued pursuant to the exercise of the option granted to subscribe for additional Bonds of up to an aggregate principal amount of US$50,000,000 to Credit Suisse AG, acting through its Labuan Branch on behalf of itself and CIMB Bank (L) Limited (the "**Upsize Option**")).

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the negative pledge, see "Terms and Conditions of the Bonds — Negative Pledge") unsecured obligations of the Issuer which will at all times rank pari passu and without preference among themselves. The Bonds will be unconditionally and irrevocably guaranteed by YTL Corporation Berhad (the "**Company**"). Each Bond will be exchangeable, at the option of the holder, on or after 28 April 2010 up to and including 25 February 2015 into fully paid ordinary shares of the Company with a par value of RM0.50 each (the "**Shares**") at an initial exchange price of RM8.976 per Share (the "**Exchange Price**") and with a fixed rate of exchange of US$1.00 = RM3.3204 (the "**Fixed Exchange Rate**"). The Issuer or the Company has the option to settle the Bondholders' exchange rights by way of Shares and/or cash in such proportions as it may determine (see "Terms and Conditions of the Bonds — Exchange — Cash Settlement Option"). The Exchange Price is subject to adjustment in the circumstances described under "Terms and Conditions of the Bonds — Exchange". The closing price of the Shares on Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 12 March 2010 was RM7.50 per Share.

The Bonds will bear interest at the rate of 1.875% per annum, calculated semi-annually and payable on 18 March and 18 September of each year. Unless previously purchased and cancelled, redeemed or exchanged, the Bonds will be redeemed on 18 March 2015 (the "**Maturity Date**") at 100% of their principal amount together with accrued but unpaid interest. On or at any time after 18 March 2013 but not less than 21 days prior to the Maturity Date, either the Issuer or the Company may exercise an option to mandatorily exchange the Bonds for Shares provided that the Issuer or, as the case may be, the Guarantor, certifies to the International Trustee (as defined below) that the VWAP of each Share (translated into United States dollars at the Prevailing Rate on each Trading Day) for not less than 20 of the 30 Trading Days ending on a date which is no more than five Trading Days immediately prior to the date of the Mandatory Exchange Option Notice was at least 130 per cent. of the Exchange Price then in effect. The Issuer or the Company, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash (see "Terms and Conditions of the Bonds — Exchange — Mandatory Exchange at the Option of the Issuer or the Company"). Following delivery of a notice by the Issuer or the Company, as the case may be, of its intention to mandatorily exchange the Bonds, the Bonds will cease to be exchangeable into Shares at the option of the holder of the Bonds. On 18 March 2013, a Bondholder may require the Issuer to redeem its Bonds at 100% of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) in cash. In the event of additional amounts being required to be paid as a result of certain changes relating to Malaysian or Labuan taxation laws, the Issuer may, subject to certain exceptions, elect to redeem all, and not some only, of the Bonds at 100% of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption). See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation". The Bonds may also be redeemed at the option of Issuer or the Company, in whole but not in part, if at any time the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued. The Issuer and the Company will give at least 30 days' but not more than 60 days' prior notice to the holders for such redemption. Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds at 100% of their principal amount together with accrued but unpaid interest (calculated up to, but excluding the date of redemption) on the date fixed for such redemption. The Bonds bear interest from (and including) 18 March 2010 (the "**Closing Date**") at the rate of 1.875% per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 18 March and 18 September in each year (each an "**Interest Payment Date**"), commencing on 18 September 2010. Payments on the Bonds will be made in U.S. dollars without deduction for or on account of taxes imposed or levied by Labuan or Malaysia to the extent described under "Terms and Conditions of the Bonds — Taxation".

For a discussion of certain factors that should be considered by prospective investors, see "Risk Factors and Investment Considerations" beginning on page 17 of this Offering Circular.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Bonds on the Official List of the SGX-ST. Such approval will be granted when the Bonds have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST and quotation of the Bonds on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Company, their respective subsidiaries and associated companies (if any) or such Bonds. Application will be made to list the Bonds on the Labuan International Financial Exchange, Inc. (the "**LFX**"). The LFX takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document. Approval-in-principle has been received from Bursa Securities for the listing of the Shares issuable upon exchange of the Bonds. Investors are advised to read and understand the contents of this document before investing. If in doubt, investors should consult his or her adviser.

Delivery of the Bonds will be made on or about 18 March 2010 (the "**Closing Date**").

THE BONDS AND THE SHARES ISSUABLE UPON EXCHANGE OF THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, OR ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE BONDS ARE BEING OFFERED AND SOLD TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON THE OFFERING, SALE AND RESALE OF THE BONDS AND ON THE DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE "SUBSCRIPTION AND SALE".

Joint Bookrunners

CREDIT SUISSE CIMB

The date of this Offering Circular is 15 March 2010.

The Issuer and the Company, having made all reasonable enquiries, confirm that this offering circular (as the same may be amended or supplemented, the "**Offering Circular**") contains all information with respect to the Issuer, the Company, the YTL Corp Group (as defined below), the Bonds and the Shares that is material in the context of the issue and offering of the Bonds, that the statements contained in it relating to the Issuer, the Company, the YTL Corp Group, the Bonds and the Shares are in every material respect true and accurate and not misleading, that the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Company and the YTL Corp Group have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts in relation to the Issuer, the Company, the YTL Corp Group, the Bonds or the Shares the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect. All reasonable enquiries have been made by the Issuer and the Company to ascertain such facts and to verify the accuracy of all such information and statements; provided that information contained herein concerning Malaysia, Singapore, the United Kingdom, Indonesia, China and Australia and the industries in each such country has been extracted from publicly available sources and is given for general background information purposes only. These publicly available sources include: Bank Negara Malaysia, Tenaga Nasional Berhad annual reports, Petroliam Nasional Berhad annual reports, the Economic Planning Unit of the Prime Minister's Department of Malaysia, Standard & Poor's, Infrastructure Finance Ratings, RAM Rating Services Sdn Bhd, publications from the UK's Water Services Regulation Authority, PT Perusahaan Listrik Negara (Persero) annual reports, Electricity Australia annual reports, reports and publications of the Singapore Energy Market Authority and the Monetary Authority of Singapore and various publications from Bursa Securities. The Issuer and the Company accept responsibility for the accurate reproduction of such summaries and data but make no representation or warranty and accept no further responsibility in respect of such information.

The Bonds will be represented by beneficial interests in a global certificate ("**Global Certificate**") in fully registered form without coupons, which will be registered in the name of a nominee of, and shall be deposited on or about the Closing Date with, a common depositary for Euroclear Bank S.A./N.V, as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**"). Except as described herein, certificated Bonds will not be issued in exchange for beneficial interests in the Bonds represented by the Global Certificate. See "Terms and Conditions of the Bonds".

This Offering Circular does not constitute an offer to sell, or a solicitation of an offer to buy, any Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. No action has been (or will be) taken to permit a public offering of the Bonds, or any of the Shares issuable upon exchange of the Bonds, in any jurisdiction where action would be required for that purpose. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and this Offering Circular may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

There are restrictions on the offer and sale of the Bonds, and the Shares issuable upon exchange, and the circulation of this Offering Circular and other documents relating thereto in certain jurisdictions including the United States, the UK, Hong Kong, Malaysia, Singapore and Japan. Persons into whose possession this Offering Circular comes are required by the Issuer, the Company, Credit Suisse AG, acting through its Labuan Branch ("**Credit Suisse**") and CIMB Bank (L) Limited ("**CIMB**" and, together with Credit Suisse, the "**Managers**") to inform themselves about and to observe any such restrictions. See "Subscription and Sale".

In making an investment decision, investors must rely on their own examination of the Issuer, the Company, the YTL Corp Group and the terms of this offering, including the merits and risks involved. See "Risk Factors and Investment Considerations" for a discussion of certain factors to be considered in connection with an investment in the Bonds and the exchange of the Bonds into Shares. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

None of the Issuer, the Company, the Managers, the Trustees (as defined below), the Agents (as defined below) or any of their respective representatives is making any representation to any offeree or purchaser of the Bonds or the Shares regarding the legality of an investment by such offeree or purchaser under appropriate legal investment or similar laws. Each investor should consult with his own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Bonds and the exchange of the Bonds into the Shares.

No representation or warranty, express or implied, is made by any of the Managers or the Trustees or any affiliate thereof as to the accuracy or completeness of the information set forth herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The Managers and the Trustees assume no responsibility for the accuracy or completeness of such information.

No person is authorised in connection with the issue, offering or sale of the Bonds to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained herein must not be relied upon as having been authorised by the Issuer, the Company, the Managers, the Trustees or any affiliate thereof. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation, or create any implication, that there has been no change in the affairs of the Issuer, the Company or the YTL Corp Group since the date of this Offering Circular or that the information contained herein is correct as at any time subsequent to its date.

THIS OFFERING CIRCULAR HAS BEEN PREPARED BY THE ISSUER AND THE COMPANY SOLELY FOR USE IN CONNECTION WITH THE OFFERING OF THE BONDS DESCRIBED HEREIN. THE ISSUER, THE COMPANY AND THE MANAGERS RESERVE THE RIGHT TO REJECT ANY OFFER TO PURCHASE ANY BONDS, IN WHOLE OR IN PART, FOR ANY REASON, OR TO SELL LESS THAN THE NUMBER OF BONDS OFFERED HEREBY. THIS OFFERING CIRCULAR IS PERSONAL TO EACH OFFEREE AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE ANY OF THE BONDS. DISTRIBUTION OF THIS OFFERING CIRCULAR TO ANY PERSON OTHER THAN THE OFFEREE AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH OFFEREE WITH RESPECT THERETO IS UNAUTHORISED AND ANY DISCLOSURE OF ANY OF ITS CONTENTS IS PROHIBITED. EACH PROSPECTIVE PURCHASER, BY ACCEPTING DELIVERY OF THIS OFFERING CIRCULAR, AGREES TO THE FOREGOING AND TO MAKE NO PHOTOCOPIES OF THIS OFFERING CIRCULAR OR ANY DOCUMENTS REFERRED TO HEREIN.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements, including statements regarding the Company's expectations and projections for future operating performance and business prospects. The words "believe", "expect", "anticipate", "estimate", "project" and similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular are forward-looking statements. Statements in this Offering Circular as to the opinions, beliefs and intentions of the Company accurately reflect in all material respects the opinions, beliefs and intentions of the Company's management as at the date of this Offering Circular, although the Company can give no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Offering Circular discloses, under the caption "Risk Factors and Investment Considerations" and elsewhere, important factors that could cause actual results to differ materially from the Company's expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by such cautionary statements.

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EXCHANGE RATES AND CERTAIN INTERPRETATIVE MATTERS

The Company publishes its financial statements in Malaysian Ringgit. In this Offering Circular, references to "Malaysian Ringgit", "Ringgit" or "RM" and "sen" are to the currency of Malaysia; references to "United States dollars", "US dollar", "US dollars", "USD" or "US$" are to the currency of the United States; references to "Australian dollar", "Australian dollars" or "A$" are to the currency of Australia, references to "£", "pounds", "sterling", "pence" or "p" are to the currency of the UK; references to "Singapore Dollars", "SGD" and "S$" are to the currency of Singapore; and references to "Indonesian Rupiah", "Rupiah" and "Rp" are to the currency of the Republic of Indonesia. Solely for the convenience of the reader, this Offering Circular contains translations of certain Ringgit amounts into US dollars at specified rates. Unless otherwise noted, all translations from Ringgit to US dollars were made at the rate of RM3.4245 = US$1.00 being the middle rate on 31 December 2009 as published by Bank Negara Malaysia ("**Bank Negara**"). All amounts translated into US dollars as described above are provided solely for the convenience of the reader and no representation is made that the Ringgit or US dollar amounts referred to herein could have been or could be converted into US dollars or Ringgit, as the case may be, at any particular rate or at all either at the dates referred to above or at any other time. See "Exchange Rates and Exchange Controls" for certain information regarding the rates of exchange between the Ringgit and the US dollar. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

In this Offering Circular:

- "**ACE Market**" refers to the ACE Market of Bursa Securities;
- "**Agents**" refers to the Principal Agent, Registrar, Principal Transfer Agent and the other paying and exchange and transfer agents appointed under the Agency Agreement.
- "**Company**" or "**YTL Corp**" refers to YTL Corporation Berhad (Company No. 92647-H), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and listed on Bursa Securities;
- "**ElectraNet**" refers to ElectraNet Pty Limited (a private limited liability company registered under the Public Corporations Act 1993 of Australia), a 33.5% indirect investment of YTL Power;
- "**Group**" or "**YTL Corp Group**" refers to YTL Corp and its subsidiaries and associated companies from time to time;
- "**Issuer**" refers to YTL Corp Finance (Labuan) Limited (Company No. LL05405), a wholly-owned subsidiary of the Company incorporated in Labuan with limited liability under the Offshore Companies Act 1990 and the issuer of the Bonds. See "The Issuer" for more information;
- "**Jawa Power**" refers to P.T. Jawa Power (incorporated as a limited liability company under the laws of Indonesia), a 35% indirect associate of YTL Power;
- references to "**Labuan**" are to the Federal Territory of Labuan, Malaysia;
- "**Lot 10 Property**" refers to certain retail, office and other property spaces located within Lot 10 Shopping Centre, No. 50 Jalan Sultan Ismail, 50250 Kuala Lumpur;
- references to "**Malaysia**" are to the Federation of Malaysia and references to the "**Malaysian Government**" are to the federal government of Malaysia;

- “**Marriott Hotel** “ refers to a hotel building known as “JW Marriott Hotel Kuala Lumpur” located at No. 183 Jalan Bukit Bintang, 55100 Kuala Lumpur;

- “**PPSB**” refers to Pintar Projek Sdn Bhd (Company No. 314009-W), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and a 70%-owned indirect subsidiary of the Company;

- “**PowerSeraya**” refers to PowerSeraya Limited (a private limited liability company incorporated under the laws of Singapore), a wholly-owned indirect subsidiary of YTL Power, and its subsidiaries;

- “**The Residences Properties**” refer to certain serviced apartments, podium and car park spaces located within The Residences at The Ritz-Carlton, Kuala Lumpur, Lot 1308, Jalan Yap Tai Chi Seksyen 67, Off Jalan Imbi, 55100 Kuala Lumpur, Malaysia;

- references to “**Securities Commission**” or “**SC**” are to the Securities Commission of Malaysia;

- “**SG REIT**” refers to Starhill Global Real Estate Investment Trust, a real estate investment trust constituted by a trust deed dated 8 August 2005 entered into between YTL Pacific Star REIT Management Limited and HSBC Institutional Trust Services (Singapore) Limited (as amended from time to time), and listed on the Mainboard of SGX-ST;

- “**SPYTL**” refers to Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd (Company No. 12479-V), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and a wholly-owned subsidiary of the Company;

- “**Starhill Property**” refers to a mixed commercial complex known as Starhill Gallery located at No. 181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia;

- “**Starhill REIT**” refers to Starhill Real Estate Investment Trust, a collective investment scheme constituted as a real estate investment trust pursuant to a trust deed dated 18 November 2005 entered into between PPSB and Mayban Trustees Berhad (as amended from time to time), authorised under the Guidelines on Real Estate Investment Trusts issued by the Malaysian Securities Commission and listed on Bursa Securities;

- “**Trustees**” refers to DB Trustees (Hong Kong) Limited and CIMB Trust Limited collectively;

- references to “**UK**” are to the United Kingdom;

- references to “**United States**” or “**US**” are to the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

- “**Wessex Water**” or “**WWL**” refers to Wessex Water Limited, a wholly-owned indirect subsidiary of YTL Power, and its subsidiaries;

- “**WWSL**” refers to Wessex Water Services Limited, a wholly-owned indirect subsidiary of YTL Power (incorporated under the laws of England and Wales with registered number 2366648);

- “**YTL Cement**” refers to YTL Cement Berhad (Company No. 31384-K), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and listed on Bursa Securities;

- “**YTL Cement Group**” refers to YTL Cement and its subsidiary and associated companies from time to time;

- "**YTL e-Solutions**" refers to YTL e-Solutions Berhad (Company No. 236137-K), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur and listed on the ACE Market;

- "**YTL e-Solutions Group**" refers to YTL e-Solutions and its subsidiary and associated companies from time to time;

- "**YTL Hotels**" refers to YTL Hotels & Properties Sdn Bhd (Company No. 216464-H), a limited liability company incorporated in Malaysia and having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and a wholly-owned subsidiary of the Company;

- "**YTL Industries**" refers to YTL Industries Berhad (Company No. 27537-M), a limited liability company incorporated in Malaysia and having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and a wholly-owned subsidiary of the Company;

- "**YTL Land**" refers to YTL Land & Development Berhad (Company No. 1116-M), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and listed on Bursa Securities;

- "**YTL Land Group**" refers to YTL Land and its subsidiary and associated companies from time to time;

- "**YTLPG**" refers to YTL Power Generation Sdn Bhd (Company No. 252932-H), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and a wholly-owned subsidiary of YTL Power;

- "**YTL Power**" refers to YTL Power International Berhad (Company No. 406684-H), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and listed on Bursa Securities;

- "**YTL Power Group**" refers to YTL Power and its subsidiaries and associated companies from time to time, including for the avoidance of doubt, Jawa Power;

- "**YTLLSB**" refers to YTL Land Sdn Bhd (Company No. 223073-M), a limited liability company incorporated in Malaysia, having its registered office at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, and a wholly-owned subsidiary of the Company; and

- "**YTLSH**" refers to Yeoh Tiong Lay & Sons Holdings Sdn Bhd (Company No. 44947-D), the holding company of YTL Corp.

SUMMARY

The following summary is qualified in its entirety by the more detailed information, financial information and financial statements and notes appearing elsewhere in this Offering Circular. For a discussion of certain matters that should be considered in evaluating an investment in the Bonds, see "Risk Factors and Investment Considerations".

YTL Corp was incorporated on 9 November 1982 in Malaysia under the Companies Act, 1965 as a private limited company under the name Construction Marketing (M) Sdn Bhd. The Company changed its name to Hongkong Tin Corporation (Malaysia) Sdn Bhd on 12 October 1984 and converted to a public company under the name of Hongkong Tin Corporation (Malaysia) Berhad on the same day. YTL Corp was listed on the Main Market of Bursa Securities on 3 April 1985 and assumed its present name on 1 March 1988. YTL Corp has also been listed on the Foreign Section of the Tokyo Stock Exchange since 29 February 1996. The registered office of YTL Corp is located at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

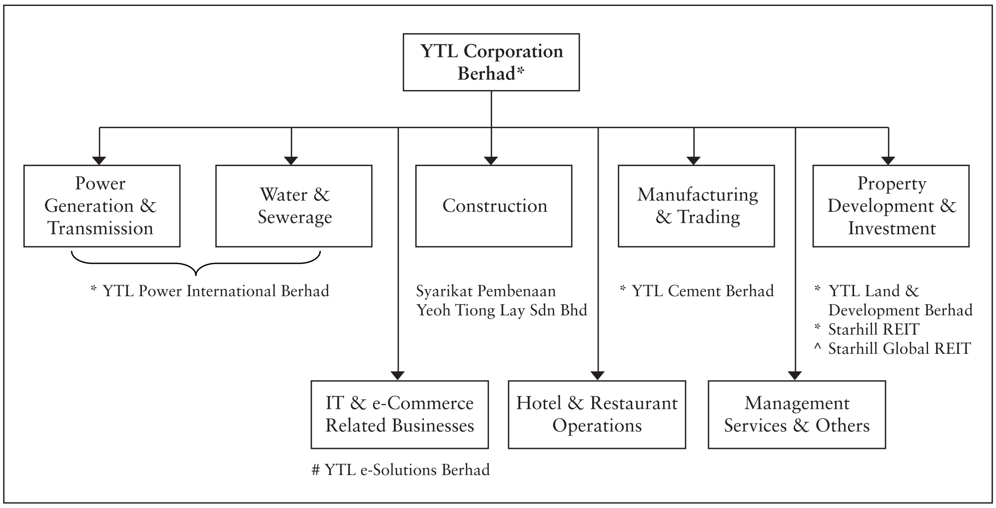
The principal activities of YTL Corp are those of an investment holding and management company. The principal activities of the YTL Corp Group are those of an integrated infrastructure developer comprising power generation (in both contracted and merchant markets), supply of water and the treatment and disposal of waste water, construction contracting, property development and investment, manufacturing of industrial products and supplies, hotel development and management (including restaurant operations), and the provision of consultancy, incubating and advisory services for internet businesses.

For the financial year ended 30 June 2009, the YTL Corp Group's audited consolidated revenue was approximately RM8,892 million, representing an increase of 35.8% from the financial year ended 30 June 2008. The YTL Corp Group's audited consolidated profit for the financial year was approximately RM1,402 million in the financial year ended 30 June 2009, an increase of 1.8% from the same period in 2008. The YTL Corp Group's earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") was RM4,074 million, an increase of 17.1% from 2008.

For the six months ended 31 December 2009, the unaudited consolidated revenue of the YTL Corp Group was approximately RM7,857 million, representing an increase of 133.6% as compared with the same period in 2008. The YTL Corp Group's unaudited consolidated profit for the period was approximately RM754 million, an increase of 14% compared to the same period in 2008. The YTL Corp Group's EBITDA was RM2,269 million, an increase of 7.4% compared to the same period in 2008.

SUMMARY GROUP STRUCTURE

The following diagram illustrates the business segments of the YTL Corp Group and the principal operating entities under each segment:



* *Listed on the Main Market of Bursa Securities*
\# *Listed on the ACE Market of Bursa Securities*
^ *Listed on the Mainboard of SGX-ST*

The principal subsidiaries of, and the principal entities controlled by the YTL Corp Group and their respective activities are as follows:

YTL Power

YTL Corp's utility business operations are undertaken through the YTL Power Group. YTL Power was incorporated in Malaysia on 18 October 1996 under the Companies Act 1965, as a private company under the name YTL Power International Sdn Bhd. YTL Power was subsequently converted into a public company on 18 January 1997 whereupon it assumed its present name. YTL Power has been listed on the Main Market of Bursa Securities since 23 May 1997. As at 31 December 2009, YTL Corp's effective equity interest in YTL Power was 55.77%.

Through its wholly-owned subsidiary, YTLPG, YTL Power owns and is involved in the operation of two natural gas-fired electricity generating stations with a combined generation capacity of 1,212 megawatts ("**MW**") located in Paka, Terengganu and Pasir Gudang, Johor in Peninsular Malaysia. In the UK, YTL Power's wholly-owned subsidiary, Wessex Water, provides water to approximately 1.3 million people and sewerage services to approximately 2.6 million people in the south west of England. In Australia, YTL Power has a 33.5% indirect investment in ElectraNet, which is the owner and operator of the South Australian electricity transmission network. YTL Power also holds a 35% interest in Jawa Power which owns a power plant on the Indonesian island of Java.

In March 2009, YTL Power acquired a 100% equity interest in PowerSeraya in Singapore, which has a total licensed capacity of 3,100 MW. PowerSeraya owns approximately 25% of Singapore's total licensed generation capacity and also operates oil trading and multi-utility businesses.

YTL Power also owns a 60% stake in YTL Communications Sdn Bhd, which has approval from the Malaysian Communications and Multimedia Commission ("**MCMC**") to operate a 2.3 gigahertz ("**GHz**") broadband wireless spectrum and is in the progress of rolling-out the Group's Worldwide Interoperability for Microwave Access ("**WiMAX**") platform.

YTL Cement
YTL Cement was incorporated in Malaysia on 29 January 1977 under the Companies Act 1965, as a private limited company under the name Buildcon Sdn Bhd. On 4 May 1992, the company was converted into a public limited company and assumed the name Buildcon Berhad. The company was listed on the Second Board of Bursa Securities on 9 June 1993 and subsequently changed its name to YTL Cement Berhad on 26 February 1997. On 26 June 1997, listing of YTL Cement was transferred from the Second Board to the Main Market of Bursa Securities. YTL Cement is a subsidiary of YTL Industries, which is in turn a wholly-owned subsidiary of YTL Corp. As at 31 December 2009, YTL Corp's effective equity interest in YTL Cement was 49.75%.

The principal activities of YTL Cement include the manufacture and supply of ordinary portland cement, ready-mixed concrete ("**RMC**"), slag cement, blended cement products, quarry and other industrial products. YTL Cement is one of Malaysia's largest producers of RMC and is the second largest cement producer in Malaysia, with the ability to manufacture and supply a full range of blended cement products.

In Malaysia, YTL Cement Group's main plants comprise its integrated cement plants in Bukit Sagu, Pahang and Padang Rengas, Perak and cement and slag grinding facilities at Port Klang, Selangor and Pasir Gudang, Johor. YTL Cement also has operations in Singapore and China.

YTL Land
YTL Land was incorporated in Malaysia on 27 April 1937 as a private limited company under Chapter 151 (Companies Act) under the name of Taiping Consolidated Limited and assumed its present name on 10 January 2002. YTL Land is listed on the Main Market of Bursa Securities. YTL Land became a subsidiary of the YTL Corp Group on 25 April 2001 when it completed its restricted issue of 100 million new YTL Land shares pursuant to a corporate restructuring exercise. As at 31 December 2009, YTL Corp's effective equity interest in YTL Land was 60.94%.

The principal activity of YTL Land is the provision of financial, treasury and secretarial services. The principal activities of its subsidiaries include property development and property investment.

Through its subsidiaries, YTL Land's key residential and mixed development projects include Lake Edge in Puchong, the Sentul urban revitalisation project and Pantai Hillpark in Kuala Lumpur.

Starhill REIT
Starhill REIT is a collective investment scheme and was constituted as a real estate investment trust on 18 November 2005. Starhill REIT is an income and growth type fund whose investment objective is to own and invest in real estate and real estate-related assets whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate. The units of the Starhill REIT were offered to the public in Malaysia, Malaysian and foreign institutional and other selected investors and listed on Bursa Securities on 16 December 2005. As at 31 December 2009, YTL Corp's effective equity interest in the units of Starhill REIT was 65.41%. Starhill REIT is managed by PPSB.

Starhill REIT currently owns the Lot 10 Property, the Starhill Property, the Marriott Hotel and The Residences Properties. On 18 November 2009, Starhill REIT entered into a Heads of Agreement with SG REIT relating to the proposed disposal of the Lot 10 Property and the Starhill Property to SG REIT, which is being undertaken by Starhill REIT pursuant to a proposed rationalisation exercise to reposition the trust as a hospitality REIT.

SPYTL
SPYTL was incorporated in Malaysia under the Companies Act 1965 on 15 July 1972 as a private limited company and is a wholly-owned subsidiary of YTL Corp.

SPYTL is the principal construction company of the YTL Corp Group and undertakes civil and structural engineering operations, acting both alone and in joint ventures with other parties. Its principal activities include civil engineering works and construction, property and real estate investment and development, investment holding and related services. Major projects undertaken by SPYTL include the construction of the Express Rail Link connecting Kuala Lumpur to the international airport in Sepang, as well as construction of the new Sentul highway link and The Residences at The Ritz-Carlton, Kuala Lumpur. The construction of the power plants located in Paka, Terengganu and Pasir Gudang, Johor in Peninsular Malaysia were also undertaken by SPYTL in 1992.

YTL e-Solutions

YTL e-Solutions was incorporated in Malaysia under the Companies Act 1965 on 14 March 1992 as a private limited company under the name of YTL Power Sdn Bhd. It changed its name to YTL Electro-Dynamic Sdn Bhd on 20 May 1993 and then to YTL e-Solutions Sdn Bhd on 5 May 2000. It was converted into a public company on 21 March 2001 whereupon it assumed its present name. YTL e-Solutions commenced its business in August 2000 and has been listed on the ACE Market of Bursa Securities since 2 July 2002. As at 31 December 2009, YTL Corp's effective equity interest in YTL e-Solutions was 74.34%.

The principal activities of YTL e-Solutions are investment holding and provision of incubation services including developing and incubating technology companies, internet content of all descriptions and non-internet related businesses, and the provision of consultancy and advisory services in relation to the business of electronic commerce or internet commerce solutions. YTL e-Solutions also listed its subsidiary, Infoscreen Networks Plc, on the Alternative Investment Market ("**AIM**") of the London Stock Exchange in June 2005.

Y-Max Networks Sdn Bhd ("**Y-Max Networks**"), a subsidiary of YTL e-Solutions, was awarded a 2.3GHz WiMAX broadband wireless access spectrum by the MCMC in March 2007. Y-Max Networks is a licensed service provider, principally engaged in the provision of broadband internet access and other value added services.

BUSINESS STRATEGY

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

- **Growth and enhancement of the Group's core businesses in Malaysia.** The Group intends to continue to grow its businesses by leveraging on its expertise in its core competencies, particularly in the areas of power generation and transmission, provision of water and sewerage services, construction, infrastructure development and cement manufacturing.

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

- **Enhancement of operational efficiencies to maximise returns from the Group's businesses and expand its customer base.** The Group believes that its cement and power plants on average operate within the highest efficiency levels of their industries and intends to further enhance operational efficiencies where possible through the application of new technologies, production techniques and information technology.

- **Ongoing optimisation of the Group's capital structure.** The Group intends to maintain a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to capitalise on acquisition opportunities.

- **Non-recourse financing for acquisitions.** A key component of the Group's growth strategy is its practice of funding the debt component of its acquisitions and greenfield projects largely through non-recourse financing which has ensured that the Group only invests in projects that are commercially viable on a stand-alone basis.

COMPETITIVE STRENGTHS

YTL Corp's competitive strengths include:

- **Stable and predictable cash flows from its Malaysian and international businesses.** The Group's utilities division, which contributed approximately 66.5% of the Group's revenue for the financial year ended 30 June 2009, has a 21-year take-or-pay power purchase agreement with Malaysian national electricity company, Tenaga Nasional Berhad ("**Tenaga**"), for its power plants in Paka, Terengganu and Pasir Gudang, Johor. The Group's wholly-owned subsidiary, WWSL, and its 33.5% indirect investment in ElectraNet, also provide YTL Corp with predictable cash flow streams, as their tariffs are regulated under established regulatory regimes in the UK and Australia, respectively. The Group's 35%- owned associated company, Jawa Power, has a 30-year power purchase agreement with P.T. Perusahaan Listrik Negara (Persero) ("**PLN**"), Indonesia's state-owned electricity company, whilst its most recent acquisition, 100%-owned PowerSeraya, operates under a 30-year license granted by Singapore's Energy Markets Authority ("**EMA**"). YTL Corp also benefits from the integration of its construction and cement manufacturing businesses with its property development activities, which enable it to effectively manage operational costs.

- **Diversified business activities.** The Group has achieved a significant degree of expertise across key segments of each its core businesses, as well as geographical diversification of its revenue base (Malaysia, the UK, Australia, Indonesia and Singapore), which reduces country-specific risks. For the financial year ended 30 June 2009, revenue generated outside Malaysia accounted for 63.9% of YTL Corp's consolidated revenues. Within its key utilities division, the Group has developed its expertise to encompass power generation (in both contracted and merchant markets), power transmission and water supply and wastewater services in Malaysia, the UK, Singapore, Indonesia and Australia. In its cement manufacturing division, the Group has expanded the business to control the entire operational chain, from quarry operations to clinker, cement and ready-mixed concrete production and sales, distribution and logistics networks in Malaysia, Singapore and China.

- **High technical and operational efficiency.** The Group's Malaysian power plants have maintained average availability of more than 90% since their start-up, including during major overhauls, above the requirement of 70% set out in the YTLPG's power purchase agreement with Tenaga. In addition, WWSL is considered by its regulator, the Water Services Regulation Authority (referred to as "**Ofwat**") in the UK, to be one of the most efficient water and wastewater companies in the UK, and has consistently exceeded efficiency targets set by Ofwat. The Group's cement plants operate within similar operational parameters, with the plants in Pahang, Perak, Selangor and Johor.

- **Proven track record in successful acquisitions.** As part of YTL Corp Group's strategy to become an integrated infrastructure development group, it has embarked on a series of acquisitions both in Malaysia and internationally, in the UK, Australia, Indonesia and Singapore. Each acquisition has been value enhancing to the YTL Corp Group, both in terms of achieving synergies across its portfolio of businesses and financial contribution to YTL Corp.

- **Streamlined business operations.** YTL Corp benefits from its cohesive expansion strategy into activities correlated with its core construction business. The Group's cement operations provide a natural hedge against fluctuations in price and supply of cement to the Group's construction projects, whilst also ensuring that these projects are built within an efficient and cost-effective structure. The Group's power plants, cement facilities, the Express Rail Link and property development projects have benefited from this strategy. YTL Corp's information technology and e-commerce activities also provide essential support services throughout the Group.

- **YTL Corp has a strong liquidity position.** As at 31 December 2009, YTL Corp had consolidated cash and bank balances, fixed deposits and short-term investments of RM11.6 billion (US$3.39 billion), which is above the level required by YTL Corp to meet its consolidated short-term debt obligations (bonds and borrowings) of RM5.2 billion (US$1.52 billion) for the same period. Furthermore, the high cash reserve would enable YTL Corp to bid for future international or domestic projects and investments.

- **Experienced and capable management team.** YTL Corp's directors have extensive experience in the utilities, construction, cement manufacturing, property and hotel development and management and information technology sectors, and have adopted a prudent financial strategy for the Group. They are well supported by a strong and experienced management team with a well-established track record.

- **Strong and established brand name.** The YTL Corp Group benefits from the well-established "YTL" brand name and capitalises on brand recognition by cross-marketing the Group's products, thereby widening its customer base and increasing the quality of investment opportunities, both in Malaysia and internationally. YTL Corp and YTL Power also rank among the largest companies listed on Bursa Securities in terms of market capitalisation, and both companies are also components of the 30-stock FTSE Bursa Malaysia Kuala Lumpur Composite Index.

SUMMARY FINANCIAL INFORMATION

The following tables present summary audited consolidated financial information of the Company for each of the three financial years ended 30 June 2007, 2008 and 2009 and summary unaudited consolidated financial information of the Company for the six months ended 31 December 2009. The audited consolidated financial information below has been derived from, should be read in conjunction with, and is qualified in its entirety by reference to, the financial statements of the Company set out in "Financial Statements" below (see "Index to Financial Statements"). The unaudited consolidated financial information below has been derived from, should be read in conjunction with, and is qualified in its entirety by reference to the announcement made by the Company on 25 February 2010 as reproduced in the section headed "Financial Statements" in this Offering Circular.

The financial statements of the Company as at and for the years ended 30 June 2007, 2008, 2009 and the six months ended 31 December 2009 have been prepared and presented on a consolidated basis and in accordance with Malaysian generally accepted accounting principles ("**Malaysian GAAP**"). Malaysian GAAP differs in certain respects from accounting standards issued or adopted by the International Accounting Standards Board (collectively referred to herein as "**IFRS**"). For a description of significant differences between Malaysian GAAP and IFRS as applicable to the Company on a consolidated basis, see "Summary of Principal Differences Between Malaysian GAAP and IFRS".

SUMMARY FINANCIAL INFORMATION

	Year ended 30 June				For the six months ended 31 December	
	2007 (audited) RM mil	2008 (audited) RM mil	2009 (audited) RM mil	2009 (unaudited) US$ mil	2009 (unaudited) RM mil	2009 (unaudited) US$ mil
Income Statement Data:–						
Revenue	6,015	6,550	8,892	2,597	7,857	2,294
Profit before tax	1,556	1,830	2,288	668	1,018	297
Profit for the financial year/period	1,434	1,376	1,401	409	754	220

	As at 30 June				As at 31 December	
	2007 (audited) RM mil	2008 (audited) RM mil	2009 (audited) RM mil	2009 (unaudited) US$ mil	2009 (unaudited) RM mil	2009 (unaudited) US$ mil
Balance Sheet Data:–						
Current assets(1)	2,441	2,852	5,373	1,569	4,611	1,346
Non current assets	22,438	23,597	30,755	8,981	30,672	8,957
Cash and bank balances, fixed deposits and short term investments	9,033	12,009	9,285	2,711	11,627	3,395
Total assets	33,912	38,458	45,413	13,261	46,910	13,698
Bonds and borrowings	17,802	21,915	28,445	8,306	29,562	8,632
Non current liabilities(2)	3573	2,839	3,471	1,014	3,449	1,007
Current liabilities(2)	1,651	2,058	3,097	904	2,835	828
Capital and reserves	10,886	11,646	10,400	3,037	11,064	3,231
Total equity and liabilities	33,912	38,458	45,413	13,261	46,910	13,698

(1) Currents assets exclude cash and bank balances, fixed deposits and short term investments.

(2) These items exclude bonds and borrowings.

	Revenue				Profit from operations			
	For the year ended 30 June 2009 (audited)	For the six months ended 31 December 2009 (unaudited)	For the six months ended 31 December 2009 (unaudited)	%	For the year ended 30 June 2009 (audited)	For the six months ended 31 December 2009 (unaudited)	For the six months ended 31 December 2009 (unaudited)	%
	RM mil	RM mil	US$ mil		RM mil	RM mil	US$ mil	
Segment analysis — activities:								
Utilities	5,914	6,287	1,836	80	1,859	966	282	70
Cement manufacturing & trading	2,061	1,039	303	13	442	45	13	3
Construction	242	162	47	2	15	25	7	2
Property investment & development	224	139	41	2	71	9	3	1
Management services & others	252	146	43	2	127	110	32	8
Hotel & restaurant operations	174	77	22	1	6	229	67	16
Information technology & e-commerce related business	25	7	2	—	6	(1)	(0)	—
Total	8,892	7,857	2,294	100	2,526	1,383	404	100

	Revenue				Total Assets			
	Year ended 30 June 2008 (audited)		Year ended 30 June 2009 (audited)		As at 30 June 2008 (audited)		As at 30 June 2009 (audited)	
	RM mil	%	RM mil	%	RM mil	%	RM mil	%
Segment analysis — geography:								
Malaysia	3,324	51	3,213	36	14,162	37	7,188	16
UK	2,786	43	2,511	28	18,582	48	15,936	35
Singapore	90	1	2,707	31	656	2	14,340	32
Others	350	5	461	5	5,059	13	7,950	17
Total	6,550	100	8,892	100	38,459	100	45,414	100

THE ISSUER

The Issuer, a wholly-owned subsidiary of YTL Corp, is a company incorporated in the Federal Territory of Labuan, Malaysia with limited liability under the Offshore Companies Act, 1990, on 28 June 2006. The purpose of the Issuer, among other things, is to issue bonds and to finance the business operations of, and/or potential investments proposed to be made within and outside Malaysia by, YTL Corp and companies controlled by YTL Corp. Its registered office is located at the offices of CIMB Trust Limited at Level 14A, Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan F.T., Malaysia.

SUMMARY OF TERMS AND CONDITIONS OF THE BONDS

The following is a summary of certain terms of the offering of the Bonds. This should be read in conjunction with, and is qualified in its entirety by, the terms and conditions of the Bonds (the "**Conditions**"), see "Terms and Conditions of the Bonds". Capitalised terms not otherwise defined in this summary have the same meaning as given in the "Terms and Conditions of the Bonds".

Issuer	YTL Corp Finance (Labuan) Limited, a company incorporated with limited liability under the laws of the Federal Territory of Labuan, Malaysia and a wholly-owned subsidiary of YTL Corp.
Company	YTL Corporation Berhad, a limited liability company incorporated in Malaysia and listed on Bursa Securities.
The Bonds....................	1.875% Guaranteed Exchangeable Bonds due 2015 exchangeable into fully-paid ordinary shares of RM0.50 each of, and unconditionally and irrevocably guaranteed by, the Company (which, as the context requires, includes all further Bonds).
The Offering	US$350,000,000 1.875% Guaranteed Exchangeable Bonds due 2015 of YTL Corp Finance (Labuan) Limited (the "**Bonds**", which term shall include, unless the context requires otherwise, any further Bonds issued pursuant to the exercise of the Upsize Option.
Denomination	The Bonds will be issued in registered form in minimum denominations of US$200,000 and in integral multiples thereof. Bonds may be transferred or exchanged in multiples of US$200,000. However, see "— Listing and Trading".
Issue Price	100% of principal amount.
Status of Bonds	The Bonds constitute (subject to the negative pledge) direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds will, save for such exceptions as may be provided by applicable law and subject to the negative pledge, at all times rank at least equally with all its other present and future direct, unsubordinated, unconditional and unsecured obligations.
Closing Date	18 March 2010.
Maturity Date	18 March 2015.
Interest.........................	The Bonds will bear interest at the rate of 1.875% calculated semi-annually and payable on 18 March and 18 September of each year.
Guarantee	Due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds will be unconditionally and irrevocably guaranteed by the Company.

Status of Guarantee....... The payment obligations of the Company under the Guarantee will, save for such exceptions as may be provided by applicable law and subject to the negative pledge, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

Lock-up .... The Issuer, the Company and Yeoh Tiong Lay & Sons Holdings Sdn Bhd have each agreed to certain restrictions in relation to the issue and disposal of Shares and, in the case of the Issuer and the Company, bonds for a period commencing on the date of the Subscription Agreement (as defined below) and ending on the date 60 days after the Closing Date. See "Subscription and Sale".

Trust Deed.................... The Bonds will be issued under a Trust Deed, to be dated on or around 18 March 2010 (the "**Trust Deed**"), among the Issuer, the Company, DB Trustees (Hong Kong) Limited as trustee for the holders of the Bonds (the "**International Trustee**") and CIMB Trust Limited as co-trustee under the Trust Deed (the "**Labuan Trustee**" and, together with the International Trustee, the "**Trustees**", which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed).

Form of Bonds .... The Bonds will be represented by a Global Certificate, which will be registered in the name of a nominee of, and deposited on or about the Closing Date with, a common depositary for, Euroclear and Clearstream. Except as described herein, beneficial interests in the Bonds evidenced by the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. Except as described herein, definitive certificates with respect to Bonds will not be issued in exchange for the Global Certificate. Transfers of interests in the Bonds will be subject to certain restrictions. For a summary of these restrictions, see "Terms and Conditions of the Bonds" and "The Global Certificate".

Negative Pledge............. So long as any Bond remains outstanding (as defined in the Trust Deed), (a) neither the Issuer nor the Company will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities (as defined below), or to secure any guarantee of or indemnity in respect of any International Investment Securities, unless at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed or, as the case may be, the Company's obligations under the Guarantee (i) are secured equally and rateably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as the International Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

"International Investment Securities" is defined as any present or future indebtedness in the form of, or represented by, bonds, debentures, notes, loan stock or other similar investment securities (present or future) of the Issuer, the Company or any other person which (a) either (i) are by their terms payable, or confer a right to receive payment, in any currency other than in Malaysian Ringgit or (ii) are denominated or payable in Malaysian Ringgit and more than 50% of the aggregate principal amount thereof is initially distributed outside Malaysia by or with the authorisation of the Company or the Issuer or such other person, and (b) are, for the time being, or are capable of being quoted, listed or ordinarily dealt in or traded on any stock exchange, quotation system or over-the-counter or other similar securities market outside Malaysia. See "Terms and Conditions of the Bonds — Negative Pledge".

The terms of the negative pledge will not prevent any subsidiary or associated company of the Issuer or the Company or any other person other than the Issuer or the Company from creating or permitting to subsist any security upon its undertaking, assets or revenues to secure any International Investment Securities or any guarantee of, or indemnity in respect of, any International Investment Securities.

Taxation .... All payments made by the Issuer (or, as the case may be, the Company) under or in respect of the Trust Deed or the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes levied by or on behalf of Malaysia or Labuan or any authority thereof or therein having power to tax, unless compelled by law. In such event, the Issuer (or, as the case may be, the Company) will (subject to certain exceptions set out in "Terms and Conditions of the Bonds — Taxation") pay such additional amounts as will result in the receipt by the Bondholders of net amounts after such withholding or deduction equal to the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

Final Maturity.............. Unless previously redeemed, exchanged or purchased and cancelled, the Bonds will be redeemed on 18 March 2015 at 100% of their principal amount together with accrued but unpaid interest.

Exchange .... Each Bond may, at the option of the Bondholder, be exchanged at any time from 28 April 2010 up to and including 25 February 2015, into the ordinary shares of the Company with a par value of RM0.50 each, at an initial exchange price (subject to adjustment) of RM8.976 per Share, and with a fixed rate of exchange on exchange of RM3.3204 = US$1.00. On exercise of the Exchange Rights by a Bondholder, the Issuer or the Company has the option to settle such rights in Shares and/or cash in such proportions as it may determine.

Mandatory Exchange Option of the Issuer or the Company	On or at any time after 18 March 2013 but not less than 21 days prior to the Maturity Date, either the Issuer or the Company may, in respect of all (but not some) of the outstanding Bonds, exercise an option to mandatorily exchange the Bonds for Shares, provided the Issuer or, as the case may be, the Guarantor, certifies to the International Trustee that the VWAP of each Share (translated into United States dollars at the Prevailing Rate on each Trading Day) for not less than 20 of the 30 Trading Days ending on a date which is no more than five Trading Days immediately prior to the date of the Mandatory Exchange Option Notice was at least 130 per cent. of the Exchange Price then in effect. The Issuer or the Company, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash. To the extent the exchange is settled in cash, the Bondholders' entitlement will be calculated in accordance with Condition 6.7.5. Following delivery of a notice by the Issuer or the Company, as the case may be, of its intention to mandatorily exchange the Bonds, a Bondholder may not exercise its Exchange Right. See "Terms and Conditions of the Bonds — Exchange — Mandatory Exchange at the Option of the Issuer or the Guarantor".
Cash Settlement Option	The Issuer shall have the option to pay to the relevant Bondholder an amount of cash in United States dollars equal to the Cash Settlement Amount (as defined in the Terms and Conditions of the Bonds) in order to satisfy the Exchange Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares). If the Issuer exercises its Cash Settlement Option (as defined in the Terms and Conditions of the Bonds) in respect of Bonds held by more than one Bondholder which are to be exchanged on the same Exchange Date (as defined in the Terms and Conditions of the Bonds), the Issuer shall make the same proportion of cash and Shares available to all such exchanging Bondholders. See "Terms and Conditions of the Bonds — Cash Settlement Option".
Redemption at the Option of the Issuer	The Issuer may redeem the Bonds, in whole but not in part, at 100% of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) if less than 10% of the aggregate principal amount of the Bonds originally issued is still outstanding.
Tax Redemption	Subject to certain exceptions set out in "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation", the Bonds may be redeemed, in whole but not in part, at the option of the Issuer, at 100% of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) if, as a result of certain changes in the laws or regulations (or the application or interpretation thereof) of Labuan or Malaysia, the Issuer (or, if the Guarantee was called, the Guarantor) would be required to pay certain additional amounts. Following such an election by the Issuer, a Bondholder may elect that his Bond(s) will not be redeemed by the Issuer and, in respect of any Bonds which the Bondholders so elect, such Bonds will not be redeemed and no such additional amounts shall be paid in accordance with Condition 9 of the Bonds.
Redemption at the Option of Bondholders	On 18 March 2013 (the "**Put Option Date**"), the holder of each Bond will have the right at such holder's option to require the Issuer to redeem all or some only of such holder's Bonds on the Put Option Date at 100 per cent. of their principal amount (the "**Put Option Price**") together with accrued but unpaid interest (calculated up to but excluding the date of redemption).

Redemption for Delisting of the Shares or Change of Control....	Upon the Shares ceasing to be listed on Bursa Securities (or an alternative stock exchange) or upon a change of control of the Company, the Bonds may be redeemed at the option of Bondholders at 100% of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) on the relevant redemption date. See "Terms and Conditions of the Bonds — Redemption for Delisting or Change of Control".
Events of Default	For a description of certain events that will permit acceleration of the Bonds, see "Terms and Conditions of the Bonds — Events of Default". On the occurrence of any such event, the Bonds will become immediately due and repayable at 100% of their principal amount together with accrued but unpaid interest (calculated up to but excluding the date of redemption) on the relevant redemption date.
Governing Law	The Trust Deed, the Bonds and the Agency Agreement with respect to the Bonds will be governed by, and construed in accordance with, English law.
Listing and Trading.......	Application has been made to the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. Such approval will be granted when the Bonds have been admitted to the Official List of the SGX-ST. Application will be made to list the Bonds on the LFX. Approval-in-principle has been received from Bursa Securities for the listing of the Share issuable upon exchange of the Bonds.
International Trustee.....	DB Trustees (Hong Kong) Limited
Labuan Trustee	CIMB Trust Limited
Agents..........................	The Principal Agent, Registrar, Principal Transfer Agent and the other paying and exchange and transfer agents appointed under the Agency Agreement.
Principal Agent	Deutsche Bank AG, Hong Kong Branch
Principal Transfer Agent	Deutsche Bank AG, Hong Kong Branch
Registrar	Deutsche Bank (Luxembourg) S.A.
Use of Proceeds	It is currently intended that the net proceeds from the issue of the Bonds will be partially utilized to redeem the Issuer's outstanding US$300 Million Zero Coupon Guaranteed Exchangeable Bonds due 2012 ("**2012 Bonds**") upon any exercise of the put option exerciseable by holders of the 2012 Bonds on 15 May 2010 or upon final maturity of the 2012 Bonds on 15 May 2012, and/or to on-lend to YTL Corp's subsidiaries to finance their future offshore investments and projects.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A prospective purchaser of the Bonds should carefully consider all the information referred to in this Offering Circular, including the investment considerations and particular risks referred to below. The investment considerations referred to below do not purport to be complete or comprehensive in terms of all the investment considerations that may be involved in the businesses of the Issuer, the Company, its subsidiaries and associated companies or the Shares or any decision to purchase, own or dispose of the Bonds. There may also be additional investment considerations which may also impair the businesses, financial condition, performance or prospects of the Issuer or the Company, or affect the market price of, liquidity and/or trading in, the Bonds and the Shares.

RISKS RELATING TO THE COMPANY AND THE GROUP

Concessions and key contracts

A number of the YTL Corp Group's businesses and projects are reliant, in some cases to a significant extent, on concessions or other key contracts. Furthermore, certain of YTL Corp's subsidiaries are subject to regulatory controls. Cancellation, expiration, termination or renegotiation of any such concession or key contract or the imposition of restrictive regulatory controls could have a material adverse effect on the financial condition and results of operations of certain subsidiaries of YTL Corp and accordingly the YTL Corp Group as a whole.

Holding company structure

The Company is a holding company that operates through its subsidiaries and associate companies. As a result, the Company's obligations under the Guarantee will be in effect, subordinated to all existing and future obligations of its direct and indirect subsidiaries and associate companies. All claims of creditors of these subsidiaries and associate companies, including trade creditors, lenders and all other creditors will have priority as to the assets of such entities over claims of the holders of the Bonds in respect of the Company's obligations under the Guarantee.

Based on the YTL Corp Group's unaudited results for the six month period ended 31 December 2009, the total amount of long term and short term debts of the YTL Corp Group on a consolidated basis was RM29,562 million. The Company's subsidiaries and associate companies may incur additional indebtedness over the next few years in connection with the YTL Corp Group's current and ongoing expansion projects and other projects that it may undertake. Moreover, further issues of equity interests by direct and indirect subsidiaries and associate companies of YTL Corp could dilute the ownership interest of YTL Corp in such entities.

Reliance on dividends and other payments by subsidiaries and associated companies

As a holding company, YTL Corp relies substantially on dividends and interest on subordinated loans from its subsidiaries and associate companies to meet its obligations under the Guarantee. The ability of its subsidiaries and associate companies to pay dividends and interest are subject to applicable laws and restrictions on the payment of dividends and interest contained in relevant financing and other agreements. There can be no assurance that these subsidiaries will generate sufficient earnings and cash flows to pay dividends or interest or otherwise distribute sufficient funds to YTL Corp to enable it to meet its obligations under the Guarantee. The Bonds will be redeemed at maturity on 18 March 2015, and may be redeemed early at the option of Bondholders on the Put Option Date and also in the event of a Change in Control (as defined in the Terms and Conditions of the Bonds) or if the shares of YTL Corp are not listed on Bursa Securities or the Alternative Stock Exchange (as defined in the Conditions). In the event that there are insufficient earnings and cash flows from subsidiaries and associated companies to distribute sufficient funds to YTL Corp, and if no financing is available on acceptable terms to YTL Corp, YTL Corp may have insufficient cash and may not be able to arrange alternative financing to redeem the Bonds on the due date, or on acceptable terms, or at all.

Dependence on key management

The continued success of YTL Corp is, to a significant extent, dependent on the abilities and continued efforts of the Board of Directors and senior management of YTL Corp. Key personnel with strong background in the diversified areas of YTL Corp's principal activities are valuable assets to YTL Corp. The loss of any key member of the Board of Directors or senior management personnel could affect YTL Corp's ability to compete in the sectors in which YTL Corp operates. The future success of YTL Corp will also depend on YTL Corp's ability to attract and retain skilled personnel for smooth business operations of YTL Corp to continue without much disruption.

Exposure to interest rate fluctuations

Interest rate fluctuations are dependent on the monetary policy of and liquidity in the banking system. Nevertheless, should the decision on monetary policy adversely vary from the current state, higher interest rates in the future may be prevalent. In such a situation, subsidiaries within the YTL Corp Group may be exposed to high interest rate expenses and the fluctuations thereof. Interest rate risk is mitigated by using a large portion of fixed-rate financing instruments and, to a lesser extent, floating-rate financing instruments. However, there can be no assurance that the financial position of YTL Corp in the future will not be materially affected by the increase in interest cost and interest rate volatility.

Adequacy of insurance coverage on the Group's assets

Although YTL Corp and the YTL Corp Group have taken the necessary measures to ensure that all their main operating assets are adequately covered by insurance, where appropriate, there can be no assurance that the coverage would be adequate for the replacement cost of the assets or any consequential losses arising therefrom.

Difficult conditions in the global capital markets and the general economy

The YTL Corp Group's results of operations and financial condition may be materially affected by conditions in the global capital markets and the general economy, in Malaysia, Singapore and elsewhere around the world. The stress experienced by global capital markets that began in the second half of 2007 continued and substantially increased during the second half of 2008. Similar pressures were also witnessed in 2009. Concerns over inflation, geopolitical issues, the availability and cost of credit, the U.S. mortgage market, and an unstable markets in some of the sectors in which the Group operates have contributed to a reduction of liquidity levels, a general decline in lending activity between financial institutions and in commercial lending markets and increased volatility and diminished expectations for the global economy and the markets in the near term. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and recessionary pressures globally.

In addition, the YTL Corp Group may require additional financing to fund working capital requirements, to support the future growth of its business (including but not limited to the provision of funds to its listed and unlisted associate and subsidiary entities which will be considered on a case by case basis to preserve long-term shareholder value and to optimise capital management sources and needs across the YTL Corp Group) and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the YTL Corp Group or that any additional financing will not be dilutive to shareholders. Factors that could affect the YTL Corp Group's ability to procure financing include the cyclicality of the property market, any impairment of financial systems in the event of the dislocation of financial markets and market disruption risks which could adversely affect the liquidity, interest rates and the availability of any third party capital funding sources. In addition, further consolidation in the banking industry may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to a particular company, sector or geography.

If the capital and credit markets continue to experience volatility and the availability of funds remains limited, the YTL Corp Group will incur increased financing costs associated with its debt and with the issuance of commercial paper and/or other debt instruments. Moreover, it is possible that the YTL Corp

Group's ability to access the capital and credit markets may be limited by these or other factors at a time when the YTL Corp Group would like, or need, to do so, which could have an impact on the YTL Corp Group's ability to grow its business, refinance maturing debt, maintain its dividends, maintain credit ratings and/or react to changing economic and business conditions. Furthermore, future credit facilities may contain covenants that limit the YTL Corp Group's operating and financing activities and require the creation of security interests over assets. Therefore, the ability to meet payment obligations, refinance maturing debt and fund planned capital expenditure may depend solely on the success of the Group's business strategy and its ability to generate sufficient revenue to satisfy its obligations, which are subject to many uncertainties and contingencies beyond its control, including those highlighted above.

Force majeure

Force majeure events are events, conditions or circumstances beyond the reasonable control and without the fault or negligence of the party claiming force majeure which causes the delay or disruption in the performance or obligation imposed despite all reasonable efforts by such party to prevent or mitigate the effects of such events.

Such force majeure events could result in personal injury or loss of life of employees of YTL Corp or the YTL Corp Group, or severe damage or destruction of the assets of YTL Corp or the YTL Corp Group, pollution or environmental damage or suspension of operations, which could have a material effect on the operations and financial position of YTL Corp and/or the YTL Corp Group and/or the success of the Bonds. Although YTL Corp already has or intends to maintain or purchase insurance to protect against certain risks, and will exercise prudence in estimating the required insurable values, no assurance can be given that there will be sufficient coverage to adequately protect against such risks that may arise from the occurrence of force majeure events.

Control by YTLSH and minority shareholders

YTLSH holds over 51% of the Shares in YTL Corp as at 31 December 2009. For so long as YTLSH holds over 50% of the Shares, YTLSH will be able to elect the entire Board of Directors of YTL Corp and otherwise control YTL Corp and will have sufficient voting control to effect certain corporate transactions without the concurrence of YTL Corp's other shareholders. However, the interests of YTLSH may differ from or conflict with the interests of YTL Corp's other shareholders. The obligations under Malaysian law of majority shareholders and directors in respect of minority shareholders may differ from those in certain other countries.

Foreign and local ownership

The acquisition of shares and businesses in Malaysia was regulated and monitored by Malaysia's Foreign Investment Committee ("**FIC**"). On 30 June 2009, the Government announced a repeal of the FIC guidelines requiring that at least 30% of a company's share capital to be held by Bumiputera (i.e. ethnic Malaysian) interests, unless otherwise agreed by the FIC. However, there can be no assurance that these limits will not change without notice and re-imposition of such limits or introduction of new guidelines may limit YTL Corp's access to future sources of equity capital. In addition, equity conditions forming part of the licensing requirements imposed by the relevant sector regulators remain applicable. Sector regulators can impose equity conditions on strategic sectors through the implementation of programmes or guidelines for Bumiputera participation through the issuance of licenses, permits, procurements and so forth. Sectors not deemed strategic will not be imposed any equity conditions.

Malaysian shareholders' rights may differ from those applicable to corporations in other jurisdictions

YTL Corp's corporate affairs are governed by its Memorandum and Articles of Association and by the laws governing corporations incorporated in Malaysia, which may be different from those found under the laws of other jurisdictions. The responsibilities of YTL Corp's management and the members of YTL Corp's Board of Directors under Malaysian law may be different from those applicable to corporations incorporated in other jurisdictions. In addition, YTL Corp's shareholders may have different rights protecting their interests under Malaysian law from those which they might have as shareholders of a corporation governed by the laws of other jurisdictions.

Claims against the Issuer and/or YTL Corp may not be enforceable in certain circumstances

A significant part of the assets of YTL Corp and substantially all the assets of those directors and executive officers are located in Malaysia. Generally, any judgment obtained against the Issuer and/or YTL Corp or any of its directors or executive officers in any of the superior courts of the UK or other reciprocating countries as listed in the Reciprocal Enforcement of Judgments Act, 1958 ("**REJA**") (other than a judgment of such a court given on appeal from a court which is not superior court) can be registered in the Malaysian High Court if: (i) it is final and conclusive as between the parties; and (ii) there is payable thereunder a sum of money not being a sum payable in respect of taxes or other charges of a like nature, or in respect of a fine or other penalty; and would, on registration in accordance with the provisions of the REJA, be recognised and enforced by the courts in Malaysia without re-examination of the issues. As a result, the Trustees and/or the Bondholders with claims against the Issuer and/or YTL Corp, its directors or executive officers, will generally be able to pursue such claims by registering such judgments obtained in the recognised English courts or those of other countries in the Malaysian High Court. However, the registration of a judgment shall be set aside if the registering court is satisfied, amongst others, that (i) the judgment was obtained by fraud; or (ii) the enforcement of the judgment would be contrary to public policy in Malaysia. In addition, where the sum payable under a judgment which is to be registered is expressed in a currency other than Malaysian currency, the judgment shall be registered as if it were a judgment for such sum in Malaysian currency as is equivalent to the sum so payable on the basis of the rate of exchange prevailing at the date of the judgment of the original court. For exchange control purposes, any sum required to be paid under any judgment or order of any court in Malaysia (whether as a debt, damages or otherwise) pursuant to any proceedings taken in Malaysia against YTL Corp or any of its directors or executive officers in relation to the Bonds or the Shares or any foreign judgment obtained in respect thereof, to or for the credit of a non-resident of Malaysia, may be paid, in some circumstances, to or for the credit of such person only with the permission of the Controller of Foreign Exchange of Malaysia.

Political, economic and regulatory considerations

Like all other businesses, adverse developments in political, economic and regulatory conditions in Malaysia, Singapore, the UK, Indonesia, China, Australia and other overseas markets in which the YTL Corp Group from time to time has operations could materially and adversely affect the financial and business prospects of the YTL Corp Group and the markets for its products. These include risks of war, acts of terrorism, changes in political leadership, expropriation, nationalisation, global economic downturn and unfavourable change in government policy such as imposition of control prices, introduction of new regulations, interest rate, taxation and currency exchange rates. There can also be no assurance that the legal and/or regulatory environment in which the YTL Corp Group operates in various jurisdictions will not change from time to time, requiring increases in costs to be incurred by the YTL Corp Group, which may result in a loss or reduction in revenue to YTL Corp. As such, no assurance can be given that these factors will not have a material adverse effect on the performance of YTL Corp.

The Malaysian Government has the power to acquire compulsorily any land in Malaysia pursuant to the provisions of applicable legislation including the Land Acquisition Act, 1960 for certain purposes. In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the market value of a property and is assessed by the Land Administrator on the basis prescribed in the Land Acquisition Act, 1960 and other relevant laws. Any of the Malaysian properties owned by any member of the YTL Corp Group may be acquired compulsorily by the Malaysian Government and the level of compensation paid to such entity may be less than the price which it paid for such properties if the market value of the properties at the relevant time has fallen.

To the extent that YTL Corp's profits are or may be affected by increases in overhead and other costs, increases in such costs, whether resulting from inflation or otherwise, may have an adverse effect on YTL Corp's financial position.

Exchange rates

A substantial proportion of the YTL Corp Group's revenues and profits are, and are likely for the foreseeable future to be, denominated in Ringgit. Additionally, the price of the Shares on Bursa Securities are quoted, and dividends in respect of the Shares will be paid, in Ringgit. Further, the Group also has revenue and profits in US dollars and Rupiah (from Jawa Power), in Singaporean dollars (from PowerSeraya and SG REIT), in Pound sterling (from WWSL's business) and in Australian dollars (from ElectraNet) and in the future may have profits and revenue in other currencies. On the other hand, the Bonds are denominated and redeemable in US dollars. Accordingly, the respective ability of the Issuer and YTL Corp to make payments on the Bonds and under the Guarantee, and the value to an international investor of an investment in, or the ability to convert into, Shares, may be adversely affected by any future fluctuation in the exchange rates between the Ringgit, Pound sterling, Singaporean dollar, Rupiah or Australian dollar and the US dollar or other relevant international currency or currencies.

With regard to fluctuation between the Ringgit and the US dollar, Bank Negara, since 2 September 1998, maintained a peg on the Malaysian Ringgit against the US dollar of RM3.80 to US$1.00. On 21 July 2005, the Malaysian Government removed the peg and allowed the exchange rate of the Malaysian Ringgit to operate in a managed float, with its value determined by economic fundamentals.

No assurance can be given that Bank Negara will not revert to the peg in the future. Fluctuations in the exchange rate between the Ringgit and the US dollar may have an adverse effect on the Malaysian economy and the Group's business.

A weakening of the Ringgit may also increase the Ringgit cost of YTL Corp's foreign currency capital expenditures, which include expenditure for equipment and machinery. In addition, a weakening of the Ringgit will increase the Group's Ringgit interest expenses on foreign currency denominated indebtedness arising as a result of this offering, as well as increase in Ringgit terms any redemption payments on the Bonds.

In addition, YTL Power is exposed to translation risk when YTL Power consolidates the pound sterling-denominated financial statements of Wessex Water and the Singapore dollar-denominated financial statements of PowerSeraya with its own Ringgit-denominated financial statements.

Capital controls

As part of the package of policy responses to the 1997 economic crisis in South-east Asia, the Malaysian Government introduced, on 1 September 1998, selective capital control measures. Under the measures announced in September 1998, holders of Ringgit accounts maintained with licensed banks in Malaysia (designated as External Accounts) (including non-resident corporations and non-resident individuals) were required to obtain prior approval from the Controller of Foreign Exchange for transfers of funds between External Accounts for uses of funds other than for permitted purposes. The requirements also stipulated that inflows of portfolio capital remain in Malaysia for a minimum period of one year before they could be repatriated, restricted the import and export of Ringgit by Malaysian travellers and limited the amount of investment abroad or foreign currency that may be carried abroad by travellers. The trading of the Ringgit outside of Malaysia was also restricted, and up until 21 July 2005, the Ringgit was pegged at a fixed rate against the US dollar which prevented a market-determined rate of exchange.

The Malaysian Government initiated the liberalisation of the selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to an exit levy based on a percentage of profits repatriated. On 1 February 2001, the Malaysian Government revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. On 2 May 2001, the Malaysian Government lifted all such controls affecting the repatriation of foreign portfolio funds, which stem largely from the sale of stocks listed on Bursa Securities.

In furtherance of the Malaysian Government's ongoing measures to liberalise the rules governing the administration of foreign exchange, the Malaysian Government has announced changes from time to time that relaxed the thresholds and conditions for the repatriation of funds by non-residents. As a result of these changes there are now no restrictions on repatriation of capital, profits, dividends, interest, fees or rental by foreign direct investors or portfolio investors. However, all remittances abroad must be made in foreign currencies other than the currency of Israel.

There can be no assurance that the Malaysian Government will not impose certain capital controls in the future. If the Malaysian Government re-imposes similar capital controls to those introduced in 1998, investors may not be able to repatriate the proceeds from the sale of Shares, should the Exchange Right be exercised, or principal paid on the Bonds, from Malaysia for a specified period of time or may only do so after paying a levy.

Differences between Malaysian GAAP and IFRS

The audited consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with Malaysian GAAP. Malaysian GAAP is consistent in all material respects with IFRS except for certain areas as set out in "Summary of Principal Differences Between Malaysian GAAP and IFRS". These differences could result in YTL Corp's financial position and results of operations set out in this Offering Circular being significantly different from those which would be reported under IFRS. YTL Corp and the Issuer have made no attempt to quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of YTL Corp and the Issuer, the terms of the offering and the financial information contained herein. See "Summary of Principal Differences Between Malaysian GAAP and IFRS".

The adoption of new accounting reporting standards in Malaysia will result in a restatement of certain items in the YTL Corp Group's consolidated financial statements

The Malaysian Accounting Standards Board ("**MASB**") has issued various new and revised Financial Reporting Standards ("**FRS**") for companies in Malaysia. These FRSs are mandatory for all entities other than private entities. In addition, MASB has announced plans to fully converge Malaysian Financial Reporting Standards with IFRS by 1 January 2012. The YTL Corp Group will adopt the applicable new and revised FRSs which will result in a restatement of certain items in the YTL Corp Group's consolidated financial statements for the years ended 30 June 2007 and 2008. These restated financial statements will be different from the statutory financial statements of the YTL Corp Group for the corresponding years ended 30 June 2007 and 2008 included elsewhere in this Offering Circular. These new revised FRSs may result in certain changes to the YTL Corp Group's reporting of its financial performance and may affect the comparability of its future financial statements with those relating to prior periods.

Corporate disclosure standards in Malaysia may vary from those in other jurisdictions

There may be different publicly available information about Malaysian public companies, such as the Company, than is regularly made available by public companies in other jurisdictions. These differences include the timing and content of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders; officer certification of disclosure and financial statements in periodic public reports; and disclosure of off-balance sheet transactions in management's discussion of results of operations in periodic public reports.

RISKS RELATING TO THE GROUP'S UTILITY BUSINESSES

The Company may in the future invest in new markets and new sectors and embark on new projects, which may carry new risks

YTL Corp's expansion into new markets and sectors and participation in new projects may carry new risks including risks associated with operating in a new legal, economic, political and social environment. There can also be no assurance that YTL Corp will be able to successfully bid for new projects or participate in new projects and there can be no assurance that new projects undertaken by YTL Corp would be profitable or successful. There can also be no assurance that YTL Corp will be able to identify suitable acquisitions or investments or that it will be able to successfully integrate newly acquired companies into its existing portfolio of companies. Further, there can be no assurance that any acquired assets will be free from defaults or operational limitations. In addition, certain acquisitions or investments that are identified may require prior shareholder and/or regulatory approval which may not be forthcoming. YTL Corp's inability to successfully integrate newly acquired companies or unanticipated difficulties with or in relation to acquired assets or new projects could materially have an impact on its existing businesses.

Operating considerations

The operation of a utilities business may be adversely affected by many factors, such as the breakdown or failure of equipment or processes, performance below expected levels of output or efficiency whether due to unexpected wear and tear, misuse, unexpected degradation or the increase in unplanned or forced outages, labour disputes, natural disasters, insufficient or poor quality fuel and the need to comply with the further directions of the relevant government authority or utility. In addition, events such as fires, floods, acts of terrorism, war or other similar events could result in personal injury, loss of life, severe damage or destruction of the YTL Power Group's assets, pollution or environmental damage or suspension of operations. Although the YTL Power Group maintains insurance against certain of these risks, the proceeds of such insurance may not be adequate to cover reduced revenue, increased expenses or other liabilities arising from the occurrence of any of the events described above or be subject to other limitations on coverage.

Environmental issues

The Malaysian power stations owned by YTLPG and PowerSeraya, WWSL's business, PowerSeraya's multi-utility busiensses and the Indonesian power station owned by Jawa Power are, and other projects undertaken by YTL Power Group are likely to be, subject to environmental legislation and regulations. There can be no assurance that the standards imposed by such legislation and regulations will not change or otherwise result in increased costs, or losses of or reductions in revenue, to the YTL Power Group.

The terms on which concessions for power and other infrastructure projects are granted by relevant regulatory authorities include, on occasion, requirements to contribute to environmental and/or other public works. There can be no assurance that such requirements will not apply to, or be imposed in relation to, projects undertaken from time to time by the YTL Power Group, thereby resulting in increased levels of cost to the YTL Power Group.

The Malaysian Licence and regulatory considerations

YTLPG's operations in Malaysia are subject to the Electricity Supply Act, 1990 of Malaysia (the "**Act**") and extensive regulation by a number of agencies. In particular, the Malaysian power stations owned by YTLPG are operated under a licence awarded by the Energy Commission in Malaysia (the "**Malaysian Licence**"), which is itself subject to the Act. Only persons licensed under the Act (or exempted therefrom or a supply authority created by statute to generate and/or supply electricity) are permitted to participate as suppliers of electricity in Malaysia.

Unless otherwise terminated, the Malaysian Licence will expire on 30 September 2015. It is the current intention of YTLPG to seek renewal of the Malaysian Licence upon expiry should the terms of renewal be favourable. However, as the Malaysian Licence does not provide for renewal, no assurance can be given that renewal will be possible.

Dependence on Tenaga

YTLPG currently derives and expects to continue to derive a substantial portion of its revenues in the foreseeable future from the offtake by Malaysia's national electricity company, Tenaga of a minimum specified quantity of electricity under a power purchase agreement (the "**Malaysian PPA**"). Other than in relation to certain projects specified by the Malaysian Government, Tenaga currently has a monopoly in the transmission and distribution of electricity in Peninsular Malaysia. Unless the consent of the Director General is obtained, YTLPG can only sell electricity to Tenaga. In addition, under the terms of YTLPG's existing financing arrangements, the sale of electricity generated by YTLPG's Malaysian power stations to a party other than Tenaga also requires the consent of YTLPG's financiers. As such, should Tenaga fail to perform its obligations under the Malaysian PPA, there can be no assurance that YTLPG could find alternative purchasers for the electricity produced at the power stations or, if such purchasers were to be found, as to what the terms of sale of electricity would be.

The Malaysian PPA, which defines YTLPG's long-term contractual relationship with Tenaga, is valid until 30 September 2015. No provision is made in the Malaysian PPA for its renewal upon its expiry. In particular, if the Malaysian Licence is renewed after 30 September 2015, the Malaysian PPA would have to be renegotiated or a new purchaser would have to be found to replace Tenaga. There can be no assurance that the Malaysian PPA would be extended or renewed or that new purchasers could be found to replace Tenaga or, if such purchasers were to be found, as to what the terms of the power purchase agreements with such purchasers would be. The Malaysian PPA may be terminated by YTLPG, among other things, in the event that Tenaga is unable to obtain an extension of Tenaga's licence from the Director General after the expiration thereof in 2011 for at least the remainder of the term of the Malaysian PPA. If such termination were to occur, there can be no assurance that purchasers for the electricity produced at the Malaysian power stations could be found or, if purchasers for the electricity produced at YTLPG's Malaysian power stations were found, as to what the terms of sale of electricity would be.

The Malaysian Government has proposed a restructuring of the power sector, which may adversely affect the earnings of independent power producers, including YTLPG. The Malaysian Government previously considered further restructuring of the Malaysian electricity industry but, to-date, has not taken any measures to do so. However, there can be no assurance that the Malaysian Government will not take such measures in the future and, if it does, no assurances can be made as to the form and scope of any restructuring plans adopted by the Malaysian Government.

Fuel Supply and the GSA

There are no arrangements for standby fuel for the power stations operated by YTLPG in Malaysia. YTLPG concluded that such arrangements were not necessary in view of its assessment of the risk of a material interruption in the supply of gas and the terms of the Malaysian PPA which would apply in such circumstances. The relevant terms of the Malaysian PPA include, among other things, a requirement that Tenaga negotiate with YTLPG to modify the relevant operating programme to take into account the impaired ability of YTLPG to produce electricity. However, there can be no assurance that the Malaysian Power Stations will continue to have an adequate supply of gas.

YTLPG has a 21-year gas supply agreement ("**GSA**") with Petroliam Nasional Berhad ("**Petronas**") pursuant to which Petronas is required to make available a fixed daily quantity of gas. The GSA is valid until 30 September 2015 and no provision is made in the GSA for its renewal or extension upon expiry. Thereafter, the GSA would have to be renegotiated. There can be no assurance that extension or renewal of the GSA will be possible or, if it is, what the terms of the renegotiated GSA will be.

Insurance

YTL Power Group does not have machinery breakdown or business interruption insurance cover in relation to YTLPG's Malaysian power stations. There can be no assurance that any machinery breakdown or other interruption to the operation of the power stations will not materially adversely affect the ability of YTLPG to generate electricity for any material period or the results of operation or financial condition of YTL Power.

The WWSL Licence and regulatory considerations in the UK

The YTL Power Group's operations through WWSL in the UK, are subject to the Water Industry Act 1991 of England and Wales (the "**Water Industry Act**", as amended by the Water Act 2003 of England and Wales (the "**Water Act**")) and are regulated by the Water Services Regulatory Authority ("**Water Regulator**") whose functions were previously carried out by the Director General of Water Services, supported by Ofwat. In particular, WWSL's water supply and wastewater services are operated under the terms of an Instrument of Appointment (the "**WWSL Licence**"), issued and regulated under the Water Industry Act, which companies engaged in water supply or wastewater services in England and Wales must hold.

The WWSL Licence will continue in force for an indefinite period, subject to termination by the Secretary of State on 25 years' notice. More immediate revocation may occur in certain circumstances. Among other circumstances, the WWSL Licence, as well as the Instruments of Appointment of other entities held under the Water Industry Act, can be terminated under the provisions of the special administration regime. The Secretary of State may apply to the High Court of England and Wales for a special administration order and can also authorise the Water Regulator to do so. The grounds for application for an order are described in the Water Industry Act and include: (a) breach of one of the appointee's principal duties under the Water Industry Act (e.g. to maintain a water supply system or to provide a wastewater system); (b) insolvency; or (c) non-compliance with a final or confirmed provisional enforcement order following breach of a licence condition. Conditions attached to the WWSL Licence can also be modified by the Water Regulator with WWSL's agreement or following reference by the Water Regulator to the UK's Competition Commission for a decision on public interest grounds. No assurance can be given that such modification or termination will not occur.

The Water Act has also introduced financial penalties for breach of licence conditions. Companies can now face a fine of up to 10% of "turnover" for breaching licence conditions, standards of performance or other obligations. "Turnover" is derived from the regulated activities in respect of which the penalty is imposed for the preceding regulatory year (i.e. the latest set of regulatory accounts), as more specifically set out in the Water Industry (Determination of Turnover for Penalties) Order 2005. Whilst WWSL currently complies with all its licence conditions, there can be no assurance that such conditions will not change in the future or that WWSL will continue to be able to comply with its licence conditions. Should it fail to do so, a financial penalty under the Water Act may be imposed which may adversely affect WWSL's (and, consequently, YTL Power's) operating results or financial position.

Price review

As a water undertaker, WWSL's financial position is substantially determined by price limits established every five years by the Water Regulator. WWSL's most recent price limits, covering the period 1 April 2010 to 31 March 2015, were announced by the Water Regulator on 26 November 2009.

There can be no assurance that the outcome of the next, and future, price review processes will not impact WWSL's future turnover and profitability. An adverse price determination may occur as a result of a number of factors, including an inadequate allowed cost of capital or regulatory assumptions concerning operating expenses, required capital expenditure and revenue forecasts proving not to be realistic.

Environmental standards and consents for WWSL's businesses

WWSL's operations are also subject to domestic and European environmental regulation. All water and wastewater companies in the UK have a general duty to exercise their powers to conserve and enhance the natural beauty of the environment and to promote the efficient use of water.

Further, as a water undertaker, WWSL is required to comply with drinking water standards specified in regulations issued by the Secretary of State in respect of a number of substances. WWSL currently complies with all such standards. However, there can be no assurance that the standards imposed by such regulations will not change or otherwise result in increased costs or losses of or reductions in revenue to WWSL and, consequently, to YTL Power.

As a wastewater undertaker, WWSL is required to obtain consents from the UK's Environment Agency for discharges of polluting substances into controlled waters from various sources (such as wastewater treatment works). WWSL currently holds all such consents and complies with the conditions thereunder. However, there can be no assurance that the consents required will be granted in the future or that the conditions imposed thereunder will not change or otherwise result in increased costs or losses or reductions in revenue to WWSL and, consequently, to YTL Power.

The PowerSeraya Licence

PowerSeraya operates under a licence which was granted by the EMA for a term of 30 years, expiring in 2032 (the "**PowerSeraya Licence**"). The EMA may at any time revoke or modify the terms of the PowerSeraya Licence in accordance with the Electricity Act of 2001 of Singapore ("**Singapore Electricity Act**"). No assurance can be given that such modification or termination will not occur. Unless otherwise terminated, the PowerSeraya Licence will expire in 2032. However, it is the intention of PowerSeraya to seek renewal of the PowerSeraya Licence upon its expiry, which is permitted under the provisions of the Singapore Electricity Act.

Fuel Supply to PowerSeraya's Power Stations

There can be no assurance that the PowerSeraya power stations will continue to have an adequate supply of fuel, for example, due to supply interruption, termination or expiry of its fuel supply agreements.

Competition

PowerSeraya sells all its electricity output into the National Electricity Market of Singapore ("**NEMS**"), a competitive wholesale electricity market, and enters into bilateral arrangements mainly relating to vesting contracts and retail electricity sales. PowerSeraya enters into a high proportion of vesting contracts and retail electricity sales which help the company to hedge a significant portion of its electricity output. Vesting contracts are contracts put in place by the EMA whereby generators sell quantities of electricity at a price set periodically by the EMA at the long run marginal cost of the most efficient technology that accounts for at least 25% of Singapore's system demand (currently the gas-fired combined cycle plant). The vesting contract quantity is determined for each generator based on that generator's share of total installed generation capacity in Singapore. The entry of additional and/or more efficient generation capacity in Singapore may reduce the margins that PowerSeraya is able to receive from the sale of electricity and hence, may reduce the cash flows of Power Seraya.

Competition in Indonesia affecting Jawa Power's business

At present, there is no competition in the Indonesian power industry as the independent power producers in Indonesia are regulated by their respective power purchase agreements which do not provide scope for competition between IPPs for the sale of energy to PLN, Indonesia's state owned electricity company. In the long term, there may be a possibility of liberalisation of the power industry by the introduction of competition via a power pool market or the introduction of a tender process for the future development of power plants. Any future market liberation will have a direct impact on Jawa Power's operations. As such, there can be no assurance that Jawa Power will be able to maintain its existing market position in the future once its power purchase agreement with PLN ("**the Indonesian PPA**") expires in 2030.

PLN and the Indonesian PPA

Jawa Power currently derives and expects to continue to derive a substantial portion of its revenues in the foreseeable future from PLN as the sole off-taker for Jawa Power's entire generation capacity under the Indonesian PPA. PLN currently has a monopoly in the transmission and distribution of electricity in Indonesia. There can be no assurance that PLN will not seek to renegotiate the Indonesian PPA (as occurred in July 2002 following the Indonesian political and economic crisis) or that the Indonesian PPA will be extended or renewed on expiry in 2030 or, should the laws of Indonesia at such time permit it, that new off-takers will be found to replace PLN and, if such off-takers were to be found, as to what the terms of the power purchase agreements with such off-takers would be.

PLN has the right at any time during the term of the Indonesian PPA to exercise an option (the "**PLN Option**") to purchase all of Jawa Power's right, title and interest in the project for the price determined in accordance with the Indonesian PPA. Whilst the price formula for the PLN Option takes account, among other things, of the amount required to repay the senior debt and interest payable to the project lenders and the present value of a percentage of the remaining project revenues, the termination payment payable by

PLN may not necessarily be worth the entire net present value of the future revenues of the Indonesian power station operated by Jawa Power (the "**Indonesian Power Station**").

The Indonesian PPA may be terminated by either party following the occurrence of certain events set out in the Indonesian PPA. If such events and termination were to occur, there can be no assurance that off-takers for the electricity produced at the Indonesia Power Station could be found or, if off-takers for the electricity produced at the Indonesian Power Station were found, as to what the terms of sale of electricity would be. Following termination of the Indonesian PPA, PLN may have an option or obligation (depending on the circumstances of termination) to purchase all of Jawa Power's right, title and interest in the project for the amount determined in accordance with the Indonesian PPA.

Coal Supply to the Indonesian Power Station

There can be no assurance that the Indonesian Power Station will continue to have an adequate supply of coal, for example, due to supply interruption, termination or expiry of its coal supply agreements or delay or non-delivery under its coal transportation agreement.

RISKS RELATING TO YTL CEMENT

Business risks

YTL Cement's businesses are subjected to inherent risks in the building materials and construction sector such as shortages of labour and raw materials, increases in cost of labour, raw materials, equipment and electricity tariffs, changes in the general economic, business, credit and interest rate conditions, fluctuations in exchange rates and changes in the legal and environmental framework within which the industry operates. These factors may have a material adverse effect on YTL Cement's business.

Industry risks

The cement industry is subject to a number of risks, one of which is the risk of fluctuations in demand for its output products (such as clinker and cement) and prices of its main input materials (i.e. limestone, electricity and coal). These three principal raw material inputs constitute approximately 83% of the total raw material costs in the production of cement. Cement output is traded mainly within Malaysia and as such is subject to the local demand and supply conditions that may affect its price.

These fluctuations in demand levels can have favourable or adverse impacts on the performance and profitability of all cement producers and YTL Cement would be similarly affected. In addition, YTL Cement, and to a large extent, its activities, are governed by the cyclical nature of the industry. Such fluctuations in demand and the cyclical nature of the industry may affect the financial performance of YTL Cement.

Economic Risk

Competition aside, the cement industry is open to high economic risk given its close ties to the construction sector which consists of two cyclical segments — civil engineering (largely infrastructural development) and building construction (residential, commercial and industrial buildings). The construction industry is one of the most risky due to its exposure to many uncontrollable factors, the one of the most critical factors being change in the local economic conditions which in turn, is much dependent on external developments beyond YTL Cement's control.

Price risk

Cement is a controlled item. Prices of ordinary Portland cement have been pegged at an average of RM198 per tonne since 15 August 1995 when the Government introduced a 10% upward revision in the price of cement from the previous ceiling of RM180 per tonne. In December 2006, the Government lifted cement ceiling prices by a further 3–10% throughout Malaysia, and in June 2008, abolished the ceiling price. However, there can be no assurance that the Government will not introduce new price controls and any further policy changes may materially affect YTL Cement's business, operating results and financial condition.

Input price risks

Electricity costs are considered a stable cost factor as the price of electricity is controlled by the Government. However, there can be no assurance that the Government will continue to maintain the current price control and any further policy changes may materially affect YTL Cement's business, operating results and financial condition.

The other potential risk in relation to YTL Cement's operational costs is the cost of coal, which is imported. Unlike any other commodity, the price of coal is dependent on global demand and supply conditions.

RISKS RELATING TO YTL LAND, STARHILL REIT AND YTL HOTELS

There are general risks attached to investments in real estate

The Company, directly and through the YTL Land Group, owns and manages a substantial amount of real property predominantly in Malaysia and Singapore. Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits the YTL Corp Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, the YTL Corp Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquidity or by restrictions in the YTL Corp Group's various debt obligations, including the Bonds.

Investments in real estate are subject to various other risks, including: (a) adverse changes in national or economic conditions; (b) adverse local market conditions; (c) the financial conditions of tenants, buyers and sellers of properties; (d) changes in availability of external financing; (e) changes in interest rates and other operating expenses; (f) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies; (g) changes in energy prices; (h) changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market; (i) competition among property owners for tenants; (j) insufficiency of insurance coverage; (k) inability of the property manager to provide or procure the provision of adequate maintenance and other services; (l) illiquidity of real estate investments; (m) considerable dependence on cash flow for the maintenance of, and improvements to, the properties; (n) delays in the construction of uncompleted property acquired; (o) potential loss and liabilities due to defective construction; (p) acts of God and other factors.

Many of these factors may cause fluctuations in occupancy rates, rent schedules, collection of rental income or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. Increased operating costs and other expenses incurred by the owner of real estate, such as maintenance and capital expenditure, insurance premiums, property taxes and other statutory charges may also affect the value of real estate. The valuation of the properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of the YTL Corp Group's real estate assets may be significantly diminished in the event of a decrease in real estate market prices. Further, Starhill REIT's ability to make distributions to unitholders (including the Company) could also be adversely affected.

The Company's hotel and resort business may be susceptible to changes in the economy and industry and other adverse events

The YTL Corp Group's hotel and resort business is subject to seasonal fluctuations and results are affected by major festive seasons and holidays. Resorts in general may be unfavourably affected by such factors as changes in the domestic and regional economy, competition in the industry, changes in interest rates, the availability of financing, and other unforeseeable events including outbreaks of viruses such as Influenza A (H1N1) and avian flu that have affected several countries in Asia and elsewhere, and terrorist attacks and other acts of violence. Global, regional and local economic slowdown or recession or a situation of prolonged difficulties in the tourism industry may also have an adverse effect on the results of the YTL Corp Group's hotel and resort business.

RISKS RELATING TO YTL E-SOLUTIONS

Business model

YTL e-Solutions' business model is subject to a high level of uncertainty. Its performance is dependent upon the success of its incubatees and investments in new start-ups in the early stages of development carry a high degree of risk. Some of these companies will operate in the rapidly evolving Internet industry and will thus encounter difficulties and risks relating to the Internet. There can be no assurance that any of these companies will be financially successful, and if they do not succeed, YTL e-Solutions' value of assets and profitability will be adversely affected. YTL e-Solutions may not be able to identify suitable incubatees that complement its strategy, and even if identified, YTL e-Solutions may not be successful in acquiring an interest in such companies due to factors such as competition from other acquirers of technology-related companies and incompatibility of management styles. If YTL e-Solutions is unable to acquire interests in suitable companies, its business model and strategy may not succeed.

Rapid technological changes

Some of YTL e-Solutions' incubatees and potential incubatees compete in a market which is characterised by rapidly changing technology, evolving industry standards, frequent new service and product developments, introductions and enhancements and changing customer demands. These market characteristics are exacerbated by the emerging nature of the Internet and the need of companies from a multitude of industries to offer Internet-based products and services. Accordingly, some of the incubatees' future success will depend on their ability to adapt to rapidly changing technologies, to adapt their services to evolving industry standards and to continually improve the performance, features and reliability of their services in response to competitive service and product offerings and evolving demands of the market place.

RISKS RELATING TO THE BONDS

Certain claims become void if a Bondholder does not deliver instructions within five years from the relevant cut-off date

In certain circumstances described in "Terms and Conditions of the Bonds" either the Issuer or YTL Corp has the right to mandatorily exchange Bonds into Shares by exercising the Mandatory Exchange Option (as described in Condition 6.7.1). Upon the Issuer or YTL Corp exercising such an option to mandatorily exchange Bonds into Shares, a Bondholder will be required to deliver instructions relating to the delivery of Shares. If a Bondholder has not delivered such instructions within five years from the relevant cut-off date for such instructions, the Bondholder's claim for delivery of those Shares, together with any cash amount payments relating to such exchange, will become prescribed in accordance with Condition 12.

Bondholders will bear the risk of fluctuations in the price of the Shares

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. See "Risks Relating to the Shares" below.

Use of proceeds in this offering

The management of YTL Corp has discretion on how and when to use the net proceeds of the issue of the Bonds. Management expects to utilise part of the proceeds to redeem the 2012 Bonds upon any exercise of the put option exerciseable by holders of the 2012 Bonds on 15 May 2010 or upon final maturity of the 2012 Bonds on 15 May 2012, and/or to on-lend the proceeds to YTL Corp's subsidiaries to finance their future offshore investments and projects. However, future events or developments, such as a lack of suitable acquisition and other opportunities, among other factors, may make a change in the use of the net proceeds from that specified above necessary or desirable. In addition, the net proceeds may not be able to be used to make certain acquisitions and investments identified by management which require prior shareholder and/or regulatory approval if such approval is not forthcoming. In the event of the foregoing, if the offering proceeds were not deployed in a timely or effective manner, there could be a material adverse impact on YTL Corp and on the value of the Bonds and the Shares.

Bondholders will have no rights as holders of the Shares until the conversion of the Bonds
Unless and until Bondholders acquire the Shares upon exchange of the Bonds, the Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these Bondholders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of the exchange.

Limited liquidity of the Bonds
There is no existing market for the Bonds and there can be no assurance regarding the future development of a market for the Bonds, the ability of Bondholders to sell their Bonds or the price at which Bondholders may be able to sell Bonds.

The Bonds could trade at prices that may be lower than the initial market value thereof depending on many factors, including prevailing interest rates, YTL Corp's operating results and the markets for similar securities. The Managers have no obligation to make a market in the Bonds. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. There can be no assurance that the markets for the Bonds, if any, will not be subject to similar disruptions. Any disruptions in these markets may have a material adverse effect on the holders of the Bonds.

RISKS RELATING TO THE SHARES

Trading considerations
There is no restriction on the right of YTL Corp or YTL Corp's shareholders to issue or sell Shares, except as described under "Subscription and Sale". See also "— Control by YTLSH and Minority Shareholders". No prediction can be made as to the effect, if any, that future sales of Shares, or the availability of Shares for future sale, will have on the market price of the Shares prevailing from time to time. Sales of substantial amounts of the Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of Shares or the ability of YTL Corp to raise capital through a public offering of its equity securities.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

Bondholders have limited anti-dilution protection
The exchange price which a Bondholder may pay to exchange its Bonds into Shares will be adjusted in the event there is a consolidation, subdivision or reclassification, bonus issue, capital distribution, rights issue or other adjustment including an offer or scheme which affects the Shares, but only in the situations and to the extent provided in the "Terms and Conditions of the Bonds — Adjustments to Exchange Price". There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of Shares and, therefore, adversely affect the value of the Bonds.

Limited participation in future rights offerings
YTL Corp may, from time to time, distribute rights to its shareholders. However, YTL Corp is under no obligation to file a registration statement in the United States or in any other jurisdictions outside Malaysia with respect to any rights or underlying securities or to endeavour to cause such a registration statement to be declared effective. Accordingly, certain U.S. holders or holders in other jurisdictions outside Malaysia of YTL Corp's ordinary shares, including the Shares deliverable upon exchange of the Bonds, may be unable to participate or may be excluded from participation in rights offerings by YTL Corp and may, as a result, experience dilution of their holdings.

In addition, the Government may introduce guidelines or legislation that limit the percentage of Shares that may be held by foreigners. See "— Foreign and Local Ownership" and "Foreign Investment Regulations in Malaysia"

The Malaysian securities market is more volatile than other larger securities markets

The relatively small market capitalisation of, and trading volume on, Bursa Securities compared with stock exchanges in the United States and certain European and other countries has in the past and may in future cause the market price of securities listed on Bursa Securities, including the Shares, to fluctuate more than those listed on these larger stock exchanges.

Fluctuations in the exchange rate between the Ringgit and the U.S. dollar may have an adverse effect on the value of the Shares

The Shares deliverable upon exchange of the Bonds are expected to be listed on the Main Market of Bursa Securities, where securities are quoted and traded in Ringgit. If there are any cash dividends on such Shares, these dividends will be paid in Ringgit. As the exchange rate of the Ringgit has been de-pegged and will now be allowed to operate in a managed float as at 21 July 2005, fluctuations in the exchange rate between the Ringgit and the U.S. dollar may affect, among other things, the U.S. dollar value of the proceeds that a holder receives upon a sale of such Shares or in respect of any cash dividends paid on such Shares.

No obligation on the part of the Company's shareholders with respect to the Bonds

The Company's shareholders are not legally obliged to provide financial support to the Company. The Company's obligations under the Guarantee are not guaranteed by the Company's shareholders, and the Company's shareholders have no obligation to the Bondholders. There can be no assurance that the Company's shareholders will provide financial support to the Company or the Issuer in the event that the Company or the Issuer is unable to meet its obligations under the Guarantee and the Bonds.

THE ISSUER

The Issuer, a wholly-owned subsidiary of YTL Corp, is a company incorporated in the Federal Territory of Labuan, Malaysia with limited liability under the Offshore Companies Act, 1990 on 28 June 2006. The purpose of the Issuer is, among other things, to issue the Bonds and to finance the business operations of, and/or potential investments proposed to be made outside Malaysia by, YTL Corp and companies controlled by YTL Corp. Its registered office is located at the offices of CIMB Trust Limited at Level 14A, Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan F.T., Malaysia. The Issuer's board of directors currently consists of six members: Yeoh Tiong Lay, Yeoh Sock Ping, Yeoh Seok Kian, Yeoh Seok Hong, Yeoh Sock Siong and Yeoh Seok Kah, each located at Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia. The Issuer has no employees.

As at 31 December 2009, the authorised share capital of the Issuer was US$50,000 divided into 50,000 shares of par value US$1.00 per share, of which one share is issued and fully paid. No part of the equity of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. The Issuer does not have debt outstanding other than the 2012 Bonds and the Bonds now being issued. The Issuer has no subsidiaries.

No financial statements for the Issuer are included herein, and the Issuer will not publish financial statements on an interim basis or otherwise, because the Issuer will not have any operations independent from YTL Corp and the Issuer's obligations under the Bonds will be guaranteed by YTL Corp to the extent set forth herein and because under current Labuan law, the Issuer is not required to publish financial statements. In addition, the Issuer does not intend to furnish to the Trustees or Bondholders financial statements of, or other reports relating to, the Issuer. Any such information or reports, if published, will be made available at the office of the Principal Agent.

The issuance of the Bonds was approved by the board of directors on behalf of the Issuer on 11 March 2010.

USE OF PROCEEDS

It is currently intended that the net proceeds from the issue of the Bonds will principally be used for on-lending to subsidiaries of the Company to finance their future investments and acquisitions (including the repayment of borrowings taken to make such investments or acquisitions, if any) in areas related to the Group's principal businesses, as and when such opportunities arise, both in Malaysia and offshore. See "Business - Introduction".

The proceeds from the issue of the Bonds are also expected to be partly utilised to refinance the 2012 Bonds. Although the 2012 Bonds have a final maturity date of 15 May 2012, their terms and conditions include a put option which enables the bondholders to require the Issuer/YTL Corp Finance (Labuan) Limited to redeem all or part of the 2012 Bonds on 15 May 2010 ("**2012 Bonds Put Option**"). In the event that all the holders of the 2012 Bonds exercise the 2012 Bonds Put Option, YTL Corp Finance (Labuan) Limited will be required to redeem all of the 2012 Bonds at a redemption amount of 108.70% of their principal amount, amounting to US$326.10 million.

Until such time as the net proceeds from the Bonds are utilised, the Issuer expects to maintain such proceeds in US dollar interest-bearing deposit accounts (or other readily realisable US dollar investments).

CAPITALISATION OF THE COMPANY

The following table sets forth the unaudited consolidated capitalisation and indebtedness of the Company as at 31 December 2009, as adjusted to give effect to the issue of the Bonds (excluding any Bonds issued pursuant to the exercise of the Upsize Option, and underwriting fees and certain transaction related expenses). The information therein has been derived from the unaudited consolidated financial statements of the Company as at and for the six months ended 31 December 2009. Except as noted below, there have been no material changes in the capitalisation of the Company since 31 December 2009.

	As at 31 December 2009			
	Actual (unaudited)		As adjusted	
	RM '000	US$ '000	RM '000	US$ '000
Long and short term debts				
Total short term debts	5,200,879	1,518,727	5,200,879	1,518,727
Total long term debts	24,361,033	7,113,749	24,361,033	7,113,749
Bonds (now being issued)	—	—	1,041,541	304,144
Total debts	29,561,912	8,632,476	30,603,453	8,936,620
Shareholders' funds				
Issued and fully paid-up share capital	949,776	277,347	949,776	277,347
Reserves	1,086,625	317,309	1,086,625	317,309
Equity component of the Bonds	—	—	157,034	45,856
Retained profits	8,373,421	2,445,151	8,373,421	2,445,151
Less: Treasury shares, at cost	(669,297)	(195,444)	(669,297)	(195,444)
Share capital and reserves	9,740,525	2,844,363	9,897,559	2,890,219
Total capitalisation	39,302,437	11,476,839	40,501,012	11,826,839

Notes:–

(1) The Bonds, being a compound financial instrument, are classified into liability and equity components in accordance with Malaysian GAAP.

(2) Since 30 June 2009, there has been no material increase in the contingent liabilities of the Company from that as stated in the audited consolidated financial statements of the Company as at and for the year ended 30 June 2009.

(3) From time to time, various members of the YTL Corp Group, including the Company, have made share repurchases from the open market and issue new shares. Information with respect to these repurchases and new share issue are available on the Bursa Malaysia website at http://www.bursamalaysia.com.

CAPITALISATION OF THE COMPANY

The following table sets forth the unaudited consolidated capitalisation and indebtedness of the Company as at 31 December 2009, as adjusted to give effect to the issue of the Bonds (assuming the issue of the maximum aggregate principal amount of the Bonds of US$50,000,000 pursuant to the exercise of the Upsize Option, and excluding underwriting fees and certain transaction related expenses). The information therein has been derived from the unaudited consolidated financial statements of the Company as at and for the six months ended 31 December 2009. Except as noted below, there have been no material changes in the capitalisation of the Company since 31 December 2009.

	As at 31 December 2009			
	Actual (unaudited)		As adjusted	
	RM '000	US$ '000	RM '000	US$ '000
Long and short term debts				
Total short term debts	5,200,879	1,518,727	5,200,879	1,518,727
Total long term debts	24,361,033	7,113,749	24,361,033	7,113,749
Bonds (now being issued)	—	—	1,190,333	347,593
Total debts	29,561,912	8,632,476	30,752,245	8,980,069
Shareholders' funds				
Issued and fully paid-up share capital	949,776	277,347	949,776	277,347
Reserves	1,086,625	317,309	1,086,625	317,309
Equity component of the Bonds	—	—	179,467	52,407
Retained profits	8,373,421	2,445,151	8,373,421	2,445,151
Less: Treasury shares, at cost	(669,297)	(195,444)	(669,297)	(195,444)
Share capital and reserves	9,740,525	2,844,363	9,919,992	2,896,770
Total capitalisation	39,302,437	11,476,839	40,672,237	11,876,839

Notes:–

(1) The Bonds, being a compound financial instrument, are classified into liability and equity components in accordance with Malaysian GAAP.

(2) Since 30 June 2009, there has been no material increase in the contingent liabilities of the Company from that as stated in the audited consolidated financial statements of the Company as at and for the year ended 30 June 2009.

(3) From time to time, various members of the YTL Corp Group, including the Company, have made share repurchases from the open market and issue new shares. Information with respect to these repurchases and new share issue are available on the Bursa Malaysia website at http://www.bursamalaysia.com

CAPITALISATION OF THE ISSUER

The following table sets forth the Issuer's total capitalisation as at the date of this Offering Circular and as adjusted to give effect to the issue of the Bonds (excluding any Bonds issued pursuant to the exercise of the Upsize Option, and underwriting fees and certain transaction related expenses).

	As at 30 June 2009			
	Actual (unaudited)		As adjusted	
	RM '000	US$ '000	RM '000	US$ '000
Long term and short term debts				
Total long term debts	1,028,400	300,307	1,028,400	300,307
Bonds (now being issued)	—	—	1,041,541	304,144
Total debts	1,028,400	300,307	2,069,941	604,451
Shareholders' funds				
Issued and fully paid-up share capital	—	—	—	—
Reserves	95,472	27,879	95,472	27,879
Equity component of the Bonds	—	—	157,034	45,856
Retained profits	56,200	16,411	56,200	16,411
Share capital and reserves	151,672	44,290	308,706	90,146
Total capitalisation	1,180,072	344,597	2,378,647	694,597

Note:

(1) The Offshore Companies Act 1990 does not require the Issuer to file its audited financial statements. However, a limited review of the Issuer's financial statements was conducted for the purposes of preparing the financial statements of the consolidated YTL Corp Group.

The following table sets forth the Issuer's total capitalisation as at the date of this Offering Circular and as adjusted to give effect to the issue of the Bonds (assuming the issue of the maximum aggregate principal amount of the Bonds of US$50,000,000 pursuant to the exercise of the Upsize Option, and excluding underwriting fees and certain transaction related expenses).

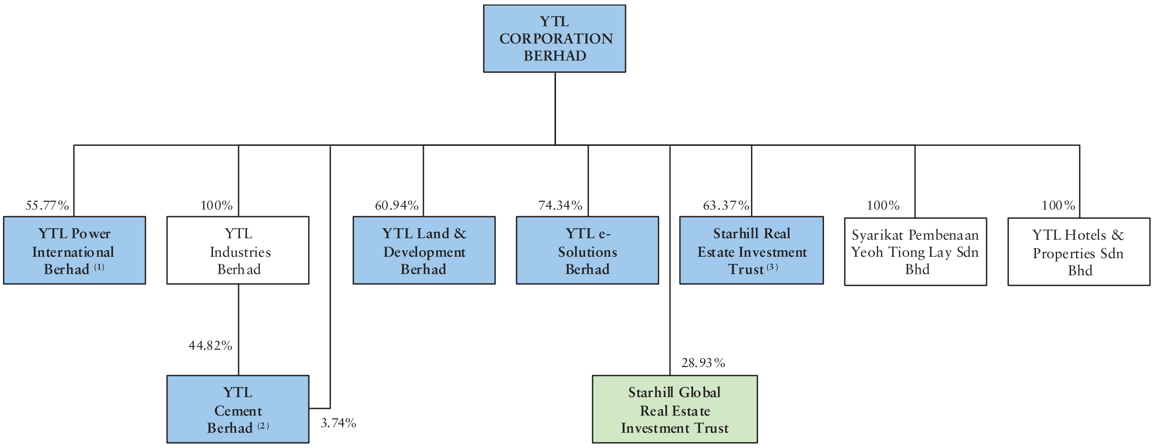
	As at 30 June 2009			
	Actual (unaudited)		As adjusted	
	RM '000	US$ '000	RM '000	US$ '000
Long term and short term debts				
Total long term debts	1,028,400	300,307	1,028,400	300,307
Bonds (now being issued)	—	—	1,190,333	347,593
Total debts	1,028,400	300,307	2,218,733	647,900
Shareholders' funds				
Issued and fully paid-up share capital	—	—	—	—
Reserves	95,472	27,879	95,472	27,879
Equity component of the Bonds	—	—	179,467	52,407
Retained profits	56,200	16,411	56,200	16,411
Share capital and reserves	151,672	44,290	331,139	96,697
Total capitalisation	1,180,072	344,597	2,549,872	744,597

Note:

(1) The Offshore Companies Act 1990 does not require the Issuer to file its audited financial statements. However, a limited review of the Issuer's financial statements was conducted for the purposes of preparing the financial statements of the consolidated YTL Corp Group.

GROUP STRUCTURE

The following chart sets forth the summary corporate structure of the YTL Corp Group as at 31 December 2009. Please refer to pages F-234 to F-244 for the six months ended 31 December 2009 included in the section headed "Financial Information" in this Offering Circular for a full list of YTL Corp's subsidiaries and associated companies:



Notes:-

Listed on Bursa Securities

Listed on SGX-ST

(1) YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Corp, holds a 0.004% equity interest in YTL Power.

(2) YTL Power holds a 2.13% equity interest in YTL Cement.

(3) YTL Power holds a 3.66% equity interest in Starhill REIT.

INFORMATION ON YTL CORP AND THE YTL CORP GROUP

CORPORATE HISTORY

YTL Corp was incorporated on 9 November 1982 in Malaysia under the Companies Act, 1965, as a private limited company under the name Construction Marketing (M) Sdn Bhd. The Company changed its name to Hongkong Tin Corporation (Malaysia) Sdn Bhd on 12 October 1984 and subsequently converted into a public company under the name Hongkong Tin Corporation (Malaysia) Berhad. YTL Corp was listed on the Main Market of Bursa Securities on 3 April 1985 and assumed its present name on 1 March 1988. YTL Corp has also been listed on the Foreign Section of the Tokyo Stock Exchange since 29 February 1996. The registered office of YTL Corp is located at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

PRINCIPAL ACTIVITIES

The principal activities of YTL Corp are those of an investment holding and management company. The principal activities of the YTL Corp Group are those of an integrated infrastructure developer comprising power generation, supply of water and the treatment and disposal of waste water, construction contracting, property development, manufacturing of industrial products and supplies, hotel development and management (including restaurant operations), and the provision of consultancy, incubating and advisory services for internet businesses.

SHARE CAPITAL

The authorised, issued and paid-up share capital of YTL Corp as at 31 December 2009 were as follows:

Authorised Capital	:	**Class of shares**	**Authorised Capital**
		Ordinary shares	RM1,500,000,000 comprising 3,000,000,000 shares of RM0.50 each

Issued and Paid-up Capital	:	**Class of Shares**	**Issued Shares**	**Paid-Up Capital**
		Ordinary shares	1,899,552,238 shares of RM0.50 each	RM949,776,119.00

PRINCIPAL SUBSIDIARIES AND CONTROLLED ENTITIES

The principal subsidiaries and principal entities under the control of the YTL Corp Group and their respective activities are as follows:

YTL POWER

YTL Power was incorporated in Malaysia on 18 October 1996 under the Companies Act, 1965, as a private company under the name YTL Power International Sdn Bhd. YTL Power was subsequently converted into a public company on 18 January 1997 whereupon it assumed its present name. YTL Power has been listed on the Main Market of Bursa Securities since 23 May 1997. The authorised capital of YTL Power is RM11,365,000,000, and its issued and paid-up capital as at 31 December 2009 was RM3,378,983,754.00 comprising 6,757,967,508 shares of RM0.50 each.

The principal activities of YTL Power are those of an investment holding and management company. Through its wholly-owned subsidiary, YTLPG, YTL Power owns and is involved in the operation of two natural gas-fired electricity generating stations located in Paka, Terengganu and Pasir Gudang, Johor in Peninsular Malaysia. Its operations in Malaysia also include a 60% stake in YTL Communications Sdn Bhd, a telecommunications company. In Singapore, YTL Power has a 100% stake in PowerSeraya, which has a licensed generation capacity of 3,100 MW, in addition to its oil trading and other multi-utility businesses. In Australia, YTL Power has a 33.5% indirect investment in ElectraNet, which is the owner and operator of the South Australian electricity transmission network. In the UK, YTL Power's wholly-owned subsidiary, Wessex Water, provides water to approximately 1.3 million people and sewerage services to approximately 2.6 million people in the south west of England. YTL Power also holds a 35% interest in Jawa Power which owns a power plant on the Indonesian island of Java.

The revenue, profit before tax and profit after tax of the YTL Power Group for the financial years ended 2008 and 2009 and the six months ended 31 December 2009 are outlined in the table below:

	Revenue (RM '000)	**Profit before tax** (RM '000)	**Profit after tax** (RM '000)
Financial year ended 30 June 2008 (audited)	4,242,518	1,385,701	1,038,846
Financial year ended 30 June 2009 (audited)	6,093,394	1,386,872	646,593
Six months ended 31 December 2009 (unaudited)	6,338,424	663,473	481,308

YTL CEMENT

YTL Cement was incorporated in Malaysia on 29 January 1977 under the Companies Act, 1965, as a private limited company under the name Buildcon Sdn Bhd. On 4 May 1992, the company was converted into a public limited company and assumed the name Buildcon Berhad. The company was listed on the Second Board of Bursa Securities on 9 June 1993 and subsequently changed its name to YTL Cement Berhad on 26 February 1997. On 26 June 1997, the listing of YTL Cement was transferred from the Second Board to the Main Board of Bursa Securities (now known as the Main Market of Bursa Securities). YTL Cement is a subsidiary of YTL Industries, which is in turn a wholly-owned subsidiary of YTL Corp.

The authorised share capital of YTL Cement is RM1,000,000,000 and its issued and paid-up share capital as at 31 December 2009 was RM245,866,053.00 comprising 491,732,106 ordinary shares of RM0.50 each.

The principal activities of YTL Cement include the manufacture and supply of ordinary portland cement, RMC, slag cement, blended cement products, quarry and other industrial products. YTL Cement is one of Malaysia's largest producers of RMC and is the second largest cement producer in Malaysia, with the ability to manufacture and supply the full range of blended cement products.

In Malaysia, YTL Cement Group's main plants comprise its integrated cement plants in Bukit Sagu, Pahang and Padang Rengas, Perak and the cement and slag grinding facilities at Port Klang, Selangor and Pasir Gudang, Johor. YTL Cement also has operations in Singapore and China.

The revenue, profit before tax and profit after tax of the YTL Cement Group for the financial years ended 2008 and 2009 and the six months ended 31 December 2009 are outlined in the table below:

	Revenue (RM '000)	**Profit before tax** (RM '000)	**Profit after tax** (RM '000)
Financial year ended 30 June 2008 (audited)	1,466,908	290,049	212,049
Financial year ended 30 June 2009 (audited)	1,968,294	360,345	264,862
Six months ended 31 December 2009 (unaudited)	931,233	201,275	147,546

YTL LAND

YTL Land was incorporated in Malaysia on 27 April 1937 as a private limited company under Chapter 151 (Companies Act) under the name of Taiping Consolidated Limited and assumed its present name on 10 January 2002. YTL Land is listed on the Main Market of Bursa Securities. YTL Land became a subsidiary of the YTL Corp Group on 25 April 2001 when it completed its restricted issue of 100 million new YTL Land shares pursuant to a corporate restructuring exercise. The authorised share capital of YTL Land is RM2,500,000,000 comprising the following:–

(i) RM1,500,000,000 divided into 3,000,000,000 ordinary shares of RM0.50 each, of which RM400,121,907.00 comprising 800,243,814 ordinary shares of RM0.50 each had been issued and fully paid up as at 31 December 2009;

(ii) RM300,000,000 divided into 600,000,000 A Preference Shares of RM0.50 each, of which RM85,560,993 had been issued and fully paid up as at 31 December 2009; and

(iii) RM700,000,000 divided into 1,400,000,000 B Preference Shares of RM0.50 each.

The principal activity of YTL Land is the provision of financial, treasury and secretarial services. The principal activities of its subsidiaries include property development and property investment. Through its subsidiaries, YTL Land has developed and is developing residential and mixed development projects such as Lake Edge in Puchong and Taman Cahaya Masai in Johor and condominium projects such as The Tamarind, The Maple at Sentul West, The Saffron at Sentul East and Andalucia in Pantai Hillpark.

The revenue, profit before tax and profit after tax of the YTL Land Group for the financial years ended 2008 and 2009 and the six months ended 31 December 2009 are outlined in the table below:

	Revenue (RM '000)	**Profit before tax** (RM '000)	**Profit after tax** (RM '000)
Financial year ended 30 June 2008 (audited)	336,084	17,342	13,164
Financial year ended 30 June 2009 (audited)	279,179	(4,592)	800
Six months ended 31 December 2009 (unaudited)	181,369	16,249	11,203

STARHILL REIT

Starhill REIT is a collective investment scheme and was constituted as a real estate investment trust on 18 November 2005. Starhill REIT is an income and growth type fund whose investment objective is to own and invest in real estate and real estate-related assets whether directly or indirectly through the ownership of single-purpose companies whose principal assets comprise real estate. The units of the Starhill REIT were offered to the public in Malaysia and Malaysian and foreign institutional and other selected investors and listed on the Bursa Securities on 16 December 2005. Starhill REIT is managed by PPSB which in turn is a 70% subsidiary of YTLLSB.

Starhill REIT currently owns the Lot 10 Property, the Starhill Property, the Marriott Hotel and The Residences Properties. On 18 November 2009, Starhill REIT entered into a Heads of Agreement with SG REIT relating to the proposed disposal of the Lot 10 Property and the Starhill Property to SG REIT, which is being undertaken by Starhill REIT pursuant to a proposed rationalisation exercise to reposition the trust as a hospitality REIT

The revenue, profit before tax and profit after tax of Starhill REIT for the financial years ended 2008 and 2009 and the six months ended 31 December 2009 are outlined in the table below:

	Revenue (RM '000)	**Profit before tax** (RM '000)	**Profit after tax** (RM '000)
Financial year ended 30 June 2008 (audited)	108,228	81,268	81,268
Financial year ended 30 June 2009 (audited)	110,483	355,847	355,847
Six months ended 31 December 2009 (unaudited)	54,014	38,744	38,744

SPYTL

SPYTL was incorporated in Malaysia under the Companies Act, 1965 on 15 July 1972 as a private limited company and is a wholly-owned subsidiary of YTL Corp. The authorised share capital of SPYTL is RM500,000,000 comprising 5,000,000 ordinary shares of RM100 each. Its issued and paid-up share capital as at 31 December 2009 was RM300,000,000 comprising 3,000,000 ordinary shares of RM100 each.

SPYTL is the principal construction company of the YTL Corp Group and undertakes civil and structural engineering operations, acting both alone and in joint ventures with other parties. Its principal activities include civil engineering works and construction, property and real estate investment and development, investment holding and related services. Major projects undertaken by SPYTL include the construction of the Group's power plants in Paka and Pasir Gudang and the Express Rail Link connecting Kuala Lumpur to its international airport at Sepang, as well as construction of the new Sentul highway link and The Residences at the Ritz-Carlton Kuala Lumpur.

The revenue, profit before tax and profit after tax of SPYTL for the financial years ended 2008 and 2009 and the six months ended 31 December 2009 are outlined in the table below:

	Revenue (RM '000)	**Profit before tax** (RM '000)	**Profit after tax** (RM '000)
Financial year ended 30 June 2008 (audited)	245,425	17,411	7,362
Financial year ended 30 June 2009 (audited)	381,632	14,140	304
Six months ended 31 December 2009 (unaudited)	224,813	24,476	17,885

YTL E-SOLUTIONS

YTL e-Solutions was incorporated in Malaysia under the Companies Act, 1965 on 14 March 1992 as a private limited company under the name of YTL Power Sdn Bhd. It changed its name to YTL Electro-Dynamic Sdn Bhd on 20 May 1993 and then to YTL e-Solutions Sdn Bhd on 5 May 2000. It was converted into a public company on 21 March 2001 whereupon it assumed its present name. YTL e-Solutions commenced its business in August 2000 and has been listed on the ACE Market of Bursa Securities since 2 July 2002.

The authorised share capital of YTL e-Solutions is RM1,000,000,000 comprising 10,000,000,000 ordinary shares of RM0.10 each. Its issued and paid-up share capital as at 31 December 2009 was RM135,000,000 comprising 1,350,000,000 ordinary shares of RM0.10 each.

The principal activities of YTL e-Solutions are investment holding and provision of incubation services including developing and incubating technology companies, internet contents of all descriptions and non-internet related businesses, and the provision of consultancy and advisory services in relation to the business of electronic commerce or internet commerce solutions. YTL e-Solutions also listed its subsidiary, Infoscreen Networks Plc, on the AIM of the London Stock Exchange in June 2005, and owns 60% stake in Y-Max Networks, which was recently awarded a 2.3GHz WiMAX broadband wireless access spectrum by the MCMC.

The revenue, profit before tax and profit after tax of the YTL e-Solutions Group for the financial years ended 2008 and 2009 and the six months ended 31 December 2009 are outlined in the table below:

	Revenue (RM '000)	**Profit before tax** (RM '000)	**Profit after tax** (RM '000)
Financial year ended 30 June 2008 (audited)	32,096	6,689	3,245
Financial year ended 30 June 2009 (audited)	36,508	6,797	3,092
Six months ended 31 December 2009 (unaudited)	22,682	8,305	6,400

BUSINESS OF THE GROUP

YTL Corp is an investment holding and management company. Through its subsidiaries and associated companies, the YTL Corp Group is engaged in the business of integrated infrastructure development, comprising power generation (in both merchant and contracted markets), electricity transmission, supply of water and the treatment and disposal of waste water, construction contracting, property development and investment, manufacturing of industrial products and supplies, hotel development and management, and the provision of consultancy, incubating and advisory services for internet businesses.

SEGMENTAL INFORMATION

The revenue contributed by the various business segments of YTL Corp Group for the financial years ended 2008 and 2009 and the six months ended 31 December 2009 are outlined in the table below:

	Financial year ended				Six months ended	
	30 June 2008 (audited)		30 June 2009 (audited)		31 December 2009 (unaudited)	
	RM '000	%	RM '000	%	RM '000	%
Utilities	3,937,143	60	5,913,797	66	6,287,346	80
Cement manufacturing & trading	1,586,544	24	2,061,567	23	1,039,548	13
Management services & others	382,309	6	251,528	3	145,620	2
Construction	223,368	3	242,366	3	161,675	2
Property investment & development	222,281	3	223,674	3	139,117	2
Hotel & restaurant operations	173,102	3	174,003	2	76,890	1
It & e-commerce related business	25,113	1	25,190	—	7,154	—
Total revenue	6,549,860	100	8,892,125	100	7,857,350	100

POWER GENERATION & TRANSMISSION

The YTL Corp Group undertakes power generation and other utilities activities through the YTL Power Group. The YTL Power Group operates and manages two natural gas-fired electricity generating stations in Malaysia, located in Paka, Terengganu and Pasir Gudang, Johor, which have a total combined capacity of 1,212 MW. YTL Power has undertaken a number of investments (including those described below) to expand its power generation and transmission capacities and further develop its presence as a global multi-utility provider. These investments have enabled the YTL Power Group to leverage on its experience in operating regulated utilities in Singapore, Indonesia and Australia.

The YTL Power Group has a 33.5% indirect investment in ElectraNet and a 33.5% equity interest in ElectraNet Transmission Services Pty Limited which manages ElectraNet's transmission assets. ElectraNet operates and manages the high voltage electricity transmission system throughout South Australia under a 200-year concession, providing the high capacity link that connects South Australian electricity generators to the distribution network operated by local utilities and to other major end users. Extending across approximately 200,000 square kilometres, ElectraNet's transmission network provides electricity to over 99% of South Australia's population, through approximately 6,000 circuit kilometres of transmission lines and 76 substations and switchyards.

ElectraNet is subject to a revenue cap set by the Australian Energy Regulator which generally applies for a five-year regulatory period before adjustment. The current revenue cap became effective on 1 January 2008 and is valid for a period of five and a half years until 30 June 2013.

In 2004, YTL Power completed the acquisition from P.T. Bumipertiwi Tatapradipta of 35% equity and certain loan stock interests in Jawa Power. Jawa Power is the owner of a modern coal-fired electricity generation plant with an installed capacity of 1,220 MW, located at the Paiton Power Generation Complex in the district of Probolinggo, on the Indonesian island of Java. Jawa Power supplies power to PLN, the Indonesian state-owned integrated utility pursuant to a 30-year power purchase agreement. The other shareholders of Jawa Power are Jawa Power Holding GmbH, a wholly-owned subsidiary of Siemens AG, which holds 50%, and P.T. Bumipertiwi Tatapradipta, which owns the remaining 15%.

In March 2009, YTL Power acquired a 100% stake in PowerSeraya in Singapore. PowerSeraya has a total licensed capacity of 3,100 MW, representing approximately 25% of Singapore's total licensed generation capacity and operates under the PowerSeraya Licence. PowerSeraya's retail subsidiary, Seraya Energy Pte Ltd, holds a 10-year renewable retail electricity licence granted by the EMA to sell and trade electricity in the NEMS, a competitive wholesale electricity market operated by Energy Market Company Pte Ltd of Singapore. PowerSeraya sells all of its electrical output into the NEMS.

On a regional level, YTL Power is positioning itself to capitalise on opportunities arising from potential requirements for additional power generation capacity and other opportunities which may arise from the sale of power generation and other regulated utility assets in other jurisdictions.

WATER & SEWERAGE SERVICES

The YTL Power Group completed its acquisition of a 100% stake in Wessex Water on 21 May 2002. Wessex Water, which operates as a regulated, "ring-fenced" business, holds the appointment from the UK government for the provision of water and sewerage facilities for a geographical area of approximately 10,000 square kilometres in the south west of England. Wessex Water supplies water to approximately 1.3 million people and provides sewage treatment facilities to approximately 2.6 million customers in the region.

These activities are undertaken through its wholly-owned subsidiary, WWSL, which is recognised by Ofwat, the UK water industry regulator, as one of the most efficient water and sewerage operators in England and Wales. WWSL holds the appointment from the UK government under an instrument of appointment to supply clean water and treat and dispose of waste water from the above-mentioned area in the south west of England. The Instrument of Appointment was granted by the UK Secretary of State in August 1989, effective from 1 September 1989, and operates on a rolling 25-year basis.

CONSTRUCTION CONTRACTING

The YTL Corp Group, through its flagship construction subsidiary, SPYTL, constructed the Express Rail Link, connecting Kuala Lumpur to Kuala Lumpur International Airport, Sepang ("**KLIA**"). Express Rail Link Sdn Bhd ("**ERL**") is the concession company responsible for constructing and operating the RM2.4 billion high-speed rail link between Kuala Lumpur and KLIA. YTL Corp holds a 50% stake in ERL. SPYTL undertook the civil works portion of the project, worth approximately RM998 million. Under the 30-year concession agreement (which includes an option to extend for another 30 years), ERL is to design, finance, construct and operate the express rail link. The express rail link service was officially launched on 13 April 2002.

SPYTL has been involved in the Sentul urban renewal project to cope with future increases in both pedestrian and motorised traffic. Construction of the new Sentul link (Mahameru) highway, which was undertaken by SPYTL on a design and build basis for Dato Bandar Kuala Lumpur and which began in mid 2004, was completed in July 2006.

The construction of the power plants located in Paka, Trengganu and Pasir Gudang, Johor in Peninsular Malaysia were also undertaken by SPYTL in 1992.

Other construction projects completed by SPYTL include: the office tower block at Jalan Conlay for Irat Hotels & Resorts Sdn Bhd; The Residences at The Ritz-Carlton, Kuala Lumpur; the Spa Village Kuala

Lumpur, The Tamarind at Sentul East and The Maple at Sentul West, The Saffron at Sentul East, Lake Fields in Sungei Besi; the Lake Edge project in Puchong, (which is being developed by Pakatan Perakbina Sdn Bhd, a subsidiary of YTL Corp) and the Taman Pakatan Jaya development in Tambun, Perak. Construction by SPYTL is continuing on the following projects: the Pantai Hillpark project in Kuala Lumpur, the d6 and d7 commercial phases of Sentul and the double-track railway project between Sentul and Batu Caves.

CEMENT MANUFACTURING

The YTL Corp Group undertakes its cement manufacturing operations through the YTL Cement Group, which is involved in the manufacture, supply and sale of ordinary portland cement, RMC, slag cement and other blended cement products, quarry and other industrial products. YTL Cement is one of Malaysia's largest cement producers with an annual production capacity of 6.0 million metric tonnes for clinker and 8.0 million metric tonnes for cement, and contributes significantly to the YTL Corp Group's infrastructure and other construction works. These include several large-scale projects such as the Express Rail Link as well as road building works, bridges, infrastructure works, port facilities, residential housing projects and hospitals.

The YTL Cement Group's main plants comprise its 1.2 million metric tonne per annum integrated cement plant in Bukit Sagu, Pahang and the cement and slag grinding facilities at Port Klang, Selangor and Pasir Gudang, Johor. A subsidiary of the YTL Cement Group, Perak-Hanjoong Simen Sdn Bhd, operates two plants situated in Padang Rengas in the state of Perak, which have a capacity of 3.0 million metric tonnes per annum for clinker and 3.4 million metric tonnes per annum for cement.

In November 2007, YTL Cement completed the acquisition of Zhejiang HangZhou Dama Cement Co Ltd which is principally involved in the manufacture and sale of ordinary portland cement and clinker in China and has production capacities for 1.55 million tonnes per annum of clinker and 2.00 million tonnes per annum of cement. The YTL Cement Group also has operations in Singapore.

The YTL Cement Group pioneered the development and manufacture of slag cement products and also manufactures fly-ash blended cement, making it the only cement producer in Malaysia able to manufacture and supply the full range of blended cement products.

PROPERTY INVESTMENT AND DEVELOPMENT

The YTL Corp Group's prime commercial properties situated in Bukit Bintang, namely Lot 10 Property, Starhill Property and the adjoining Marriott Hotel, are currently owned by Starhill REIT. These properties were acquired from YTLLSB in 2005. Starhill REIT also owns The Residences Properties, acquired in 2007.

Starhill REIT is a collective investment scheme and was constituted as a real estate investment trust on 18 November 2005 by a trust deed executed by its manager, PPSB, and the trustee, Mayban Trustees Berhad. Starhill REIT is an income and growth type fund whose investment objective is to own and invest in real estate and real estate-related assets, whether directly or indirectly, through the ownership of single-purpose companies whose principal assets comprise real estate. The units of the Starhill REIT were offered to the public in Malaysia and Malaysian and foreign institutional and other selected investors and listed on the Bursa Securities on 16 December 2005.

In December 2008, the Group completed its acquisition of a 26% stake in SG REIT and 50% of the holding company of SG REIT's manager. Listed on the SGX-ST, SG REIT owns stakes in Ngee Ann City and Wisma Atria, two landmark properties on Singapore's renowned Orchard Road shopping precinct, as well as 7 properties in the prime Tokyo areas of Aoyama, Roppongi, Harajyuku, Meguro and Ebisu, a premier retail property in Chengdu, China, and the David Jones Building in Perth, Australia. The Group's stake in SG REIT is currently approximately 29%.

On 18 November 2009, Starhill REIT entered into a Heads of Agreement with SG REIT relating to the proposed disposal of the Lot 10 Property and the Starhill Property to SG REIT, which is being undertaken by Starhill REIT pursuant to a proposed rationalisation exercise to reposition the trust as a hospitality REIT.

The YTL Corp Group undertakes its property development activities directly and through the YTL Land Group. The YTL Corp Group's strategy in property development has always been, where possible, to enter into joint ventures with land owners, particularly Government bodies, when undertaking property development projects. The YTL Corp Group believes that this strategy has helped keep its holding costs low and provided better resilience against severe downswings in the property market.

The Group's key property development projects in Malaysia include Lake Fields, being developed by SPYTL, a wholly-owned subsidiary of YTL Corp, which offers three-storey homes with built-up areas starting from 2,500 sq. ft. The Tamarind at Sentul East, The Maple at Sentul West, The Saffron at Sentul East, the 35-acre Park at Sentul West, Kuala Lumpur Performing Arts Centre and the new Sentul link highway are part of the Group's revitalisation projects of the Sentul area in Kuala Lumpur. New developments by the YTL Corp Group include new residential and commercial phases within Pantai Hillpark, Sentul and Lake Fields.

In Singapore, the YTL Corp Group is currently developing several parcels of residential land at two sites in Sentosa Cove and also owns the Westwood Apartments located on Singapore's Orchard Boulevard.

HOTEL DEVELOPMENT & MANAGEMENT

The YTL Corp Group's main operating assets under the hotel development and management division are The Residences at The Ritz-Carlton Kuala Lumpur ("**The Residences**"), Cameron Highlands Resort, The Majestic Malacca and the Vistana chain of hotels in Kuala Lumpur, Kuantan and Penang. The three Vistana hotels are owned through joint ventures between subsidiaries of YTL Corp and external parties. YTL Hotels, a wholly-owned subsidiary of YTL Corp, operates the Vistana hotels, whilst Star Hill Hotel Sdn Bhd, a wholly-owned subsidiary of YTL Hotels, operates the Marriott Hotel and The Residences. YTL Hotels is the operator of Pangkor Laut Resort and Tanjong Jara Resort in Terengganu.

The Group also operates the YTL Travel Centre, which remains the largest-single source of travel business for the Pangkor Laut Resort and Tanjoing Jara Resort.

In addition, the Group has a 32% interest in Eastern and Oriental Express Limited, which operates the Eastern and Oriental Express luxury trains between Bangkok and Singapore.

On 8 March 2010, YTL Hotels entered into an agreement to acquire a 100% equity interest in Niseko Village K.K., which owns Niseko Village Resort in Hokkaido, Japan.

INFORMATION TECHNOLOGY & E-COMMERCE

The YTL Corp Group undertakes information technology and e-commerce activities through its subsidiary, YTL e-Solutions, which incubates and invests in high-growth, knowledge-intensive companies that leverage on new technologies, integrating these companies into a collaborative network, where viable. YTL e-Solutions incubatees currently include Extiva Communications Sdn Bhd, which develops and markets Alternative Voice Service Provider (AVSP) telephony and services, and other advanced network media appliances; and YTL Info Screen Sdn Bhd (YTLIS), which is involved in digital content design, development and delivery solutions and earns revenue from a digital media/advertising sales-based business model. The holding company of YTLIS, Infosceen Networks Plc (another incubatee of YTL e-Solutions), is a UK incorporated company and was listed on the AIM in 2005.

Y-Max Networks, a subsidiary of YTL e-Solutions, has a licence for a 2.3 GHz WiMAX broadband wireless access spectrum and is a licensed service provider, principally engaged in the provision of broadband internet access and other value added services.

EMPLOYEES

As at 31 December 2009, YTL Corp Group had 7,384 employees. For information on the Directors and senior management of YTL Corp, see "Management".

YTL Corp Group has not experienced any strikes, material labour disputes or labour actions and considers its relationship with its employees to be good.

On 30 November 2001, YTL Corp implemented an Employees' Share Option Scheme (the "**ESOS**") for a period of ten years to provide incentives to, and facilitate retention of, its employees. The ESOS is governed by the by-laws which were approved by the shareholders of the Company on 16 October 2001. According to the by-laws of the ESOS, the maximum number of shares in YTL Corp to be issued pursuant to the ESOS will not exceed 10% of the issued and paid-up share capital of YTL Corp at the time an offer of options to an employee is made. The option price is determined based on a discount of not more than 10% of the five-day weighted average market price of the shares of YTL Corp at the date the option is granted, subject to a minimum price of RM0.50, which is equal to the par value of the shares of YTL Corp. To be eligible for the ESOS, employees are subject to certain requirements, including that employees must have been employed by YTL Corp for at least one year at the time of the offer.

MATERIAL LITIGATION

Neither the Issuer, the Company nor any of the Company's subsidiaries is involved in any litigation or arbitration which would have a material adverse effect on the financial position of the YTL Corp Group, nor is the Issuer or the Company aware that any such litigation or arbitration is pending or threatened.

INSURANCE

Insurance cover has been sufficiently obtained, where necessary, to cover the interests of the operating companies within YTL Corp Group in respect of third-party liability and certain industrial risks such as loss, destruction or damage. These insurance policies are generally renewable annually in accordance with normal industry practice and are subject to exclusions and limitations on amounts insured.

YTL Corp Group has not taken out any insurance policies for business interruption or machinery breakdown in respect of its cement plants and power stations in Malaysia. Accordingly, there may be circumstances in which the YTL Corp Group will not be covered or compensated for certain losses, damages and liabilities, which may in turn adversely affect its financial position and results of operations.

To date, YTL Corp Group has not experienced any significant loss or damage in its existing operations which are not covered by insurance policies.

ENVIRONMENTAL REGULATION

The YTL Corp Group's facilities and operations are subject to environmental and occupational health and safety laws and regulations in each of the jurisdictions in which it operates. These laws govern, among other things, discharge of pollutants into the air, water and land, the use, storage and disposal of hazardous substances and wastes, and the clean-up of contaminated properties. For example, in Malaysia, Environmental Impact Assessments approved by the Director General of Environmental Quality were carried out at the sites of the power stations and the Director General of Environmental Quality granted his approval for YTLPG to implement the Malaysian power stations. In UK, as a water undertaker, WWSL is required to comply with drinking water standards specified in regulations issued by the Secretary of State in respect of a number of substances. As a wastewater undertaker, WWSL is required to obtain consents from the Environment Agency for discharges of polluting substances into controlled waters from various sources (such as wastewater treatment works). In Singapore, where PowerSeraya operates, the existing regulatory framework for environmental protection consists of several regulations and acts administered by the National Environment Agency ("**NEA**"), which requires PowerSeraya to maintain its air emissions, wastewater discharge, hazardous wastes and other environmental impacts within the regulations set out by the Singapore Government.

Violations of environmental laws and permits can result in significant fines or civil or criminal sanctions. In addition, the discovery of significant contamination at YTL Corp Group's facilities could result in the Group incurring cleanup costs. Finally, environmental permits required for some of the Group's operations may be reviewed, modified or revoked by the issuing authorities.

The YTL Corp Group believes that it is in compliance with material environmental laws and permits applicable to its business and there are no pending material regulatory or other proceedings against YTL Corp Group relating to any national or local environmental law. To date, no material environmental incidents involving the operations of YTL Corp Group have occurred. However, from time to time, the YTL Corp Group incurs costs to maintain or achieve compliance with such requirements. Costs for these matters and the YTL Corp Group's past environmental and safety costs have not significantly affected its operations.

MANAGEMENT

Members of the Board of Directors of YTL Corp are elected by a general meeting of the shareholders of YTL Corp. Under the Articles of Association of YTL Corp, one-third of the Directors (and, if their number is not a multiple of three, then the number nearest to one-third) must retire at each annual general meeting of shareholders but are eligible for re-election. The Board of Directors appoints the officers of YTL Corp. Under the Articles of Association, YTL Corp may have between three and 20 Directors and currently has 13 Directors. A Director who is interested in a contract or a proposed contract is prohibited from voting in respect of that contract or any matter arising therefrom.

BIOGRAPHIES OF DIRECTORS

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

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping was appointed to the Board on 6 April 1984 as an Executive Director and has been the Managing Director of the Company since April 1988. Tan Sri Francis studied at Kingston University in the UK, where he obtained a Bachelor of Science (Hons) in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. He became the Managing Director of the YTL Corp Group in 1988 which under his stewardship, has grown from a single listed entity into a force comprising six listed entities within the Group. He is presently Managing Director of YTL Power, YTL Cement and YTL Land, and is the Executive Chairman and Managing Director of YTL e-Solutions. He is also the Executive Chairman of YTL Pacific Star REIT Management Limited, which is the Manager of SG REIT, and is a director and Chief Executive Officer of PPSB, the Manager of Starhill REIT. Besides the listed entities in the Group, Tan Sri Francis also sits on the boards of several public companies such as YTL Industries, YTL Foundation and the prominent private utilities companies in UK, Wessex Water and WWSL.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council. He is also a member of The Nature Conservancy Asia Pacific Council, the Asia Business Council and Trustee of the Asia Society. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He was ranked by both Fortune Magazine and Business Week Magazine as Asia's 25 Most Powerful and Influential Business Personalities. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and CNBC Asia Pacific named him Malaysia CEO of the Year in 2005. He was appointed as member of Barclays Asia-Pacific Advisory Committee in 2005. In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II. In 2008, he was appointed Chairman for South East Asia of the International Friends of Louvre and he also received a prestigious professional accolade when made a fellow of the Institute of Civil Engineers in London. He was named one of Asia's Top Executives in 2008 by Asiamoney.

Dato' Yeoh Seok Kian was appointed to the Board on 24 June 1984 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, UK, in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh Seok Kian is a Fellow of the Faculty of Building, UK, as well as a Member of the Chartered Institute of Building (UK). He is also the Deputy Managing Director of YTL Power and an Executive Director of YTL Cement and YTL Land. Dato' Yeoh Seok Kian also serves on the boards of several other public companies such as YTL Industries, The Kuala Lumpur Performing Arts Centre and private utilities company, Wessex Water, as well as YTL Pacific Star REIT Management Limited. He is also an Executive Director of PPSB.

Dato' (Dr) Yahya Bin Ismail was appointed to the Board on 6 April 1984 as an Independent Non-Executive Director and is the Chairman of the Audit Committee. He was formerly with the Government and his last appointment was as Director General of the National Livestock Authority Malaysia. He was also with the Totalisator Board Malaysia from 1982 to 1990 and served as its Chairman from 1986. Dato' Yahya is a director of YTL Power and also sits on the boards of Metroplex Berhad and PPSB.

Mej Jen Dato' Haron Bin Mohd Taib (B) was appointed to the Board on 3 July 1990 as an Independent Non-Executive Director and is a member of the Audit Committee. He was enlisted as an officer cadet at the Royal Military College in Sungei Besi, Kuala Lumpur in 1957 and was commissioned as a Second Lieutenant at Royal Military Academy Sandhurst, England in 1957. Some of his notable appointments include Director of Manpower Planning in the Ministry of Defence in 1972, Chief of Logistic Staff in 1986 and Commander of Army Logistic Command in 1987. He has been a Director of YTL Power since 31 October 1996.

Dato' Cheong Keap Tai was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director and is a member of the Audit Committee. Dato' Cheong graduated from the University of Singapore with a Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of

Accountants, a Member of the Malaysian Institute of Certified Public Accountants, Member of Malaysian Institute of Taxation and licensed Tax Agent and a Member of the Institute of Chartered Secretaries and Administrators. Dato' Cheong was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse was the Executive Director and Partner of PricewaterhouseCoopers until his retirement in December 2003. Currently, he is a director of YTL Land, YTL e-Solutions, Gromutual Berhad and several private limited companies.

Dato' Yeoh Soo Min was appointed to the Board on 24 June 1984 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting from University of North London in 1980. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel Division of the Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is a Member of the Malaysian Institute of Management. She was the past President of the Women in Travel Industry. She is currently one of the Governors of International Students House, London since 1995 and is a Trustee of Yayasan Tuanku Fauziah (Queen's Foundation). She also holds directorships in YTL Power, YTL Industries and YTL Vacation Club Berhad.

Dato' Yeoh Seok Hong was appointed to the Board on 19 June 1985 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University Bradford, U,K in 1982. He is a member of the Faculty of Building, UK. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the Group's construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTLPG. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the Group's power and utility businesses. He is a director of YTL Power, YTL Cement, YTL Land and YTL e-Solutions, and also sits on the boards of YTL Industries, YTL Foundation, Wessex Water, WWSL and PowerSeraya.

Dato' Sri Michael Yeoh Sock Siong was appointed to the Board on 19 June 1985 as an Executive Director. He graduated from Bradford University in the UK in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for the Group's Manufacturing Division which activities involve cement manufacturing and other building material industries. He is also a director of YTL Power, YTL Cement, YTL Land and YTL e-Solutions, and sits on the boards of other companies such as YTL Industries, Sentul Raya Golf Club Berhad and Wessex Water.

Dato' Yeoh Soo Keng was appointed to the Board on 16 May 1996 as an Executive Director. She graduated with a Bachelor of Science (Hons) in Civil Engineering from Leeds University in the UK in 1985. She was the project director for the construction of the British High Commissioner's residence, Kuala Lumpur; the Design & Build of the National Art Gallery in Kuala Lumpur and the Selangor Medical Centre in Shah Alam. She was also in charge of a few turnkey projects such as the construction and completion of Yeoh Tiong Lay Plaza, Pahang Cement plant in Pahang and Slag Cement plants in Selangor and Johor. Dato' Yeoh Soo Keng is the purchasing director responsible for bulk purchases of building materials and related items for the construction, hotels and resorts, and property development divisions of the Group. She is instrumental in the sales and marketing of cement and related products for YTL Cement, Pahang Cement Marketing Sdn Bhd and Perak-Hanjoong Simen Sdn Bhd. She is also a director of YTL Power and YTL Cement.

Dato' Mark Yeoh Seok Kah was appointed to the Board on 22 June 1995. He graduated from King's College, University of London with a LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. Dato' Mark Yeoh joined Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet, Wessex Water, Jawa Power and

PowerSeraya. He is a director of YTL Power, YTL Cement, YTL Land and YTL e-Solutions and also serves on the boards of YTL Vacation Club Berhad, Wessex Water and PowerSeraya.

Eu Peng Meng @ Leslie Eu was appointed to the Board on 31 March 2003 as an Independent Non-Executive Director. Mr Leslie Eu graduated with a Bachelor of Commerce degree from the Republic of Ireland. He is a Fellow of the Chartered Institute of Logistics and Transport and was one of the founding directors of Global Maritime Ventures Berhad. He has been in the shipping business for more than 40 years. He was the first Chief Executive Officer of Malaysian International Shipping Corporation Berhad from the company's inception in 1969 until his early retirement in 1985. Mr Leslie Eu was a Board Member of Lembaga Pelabuhan Kelang from 1970 to 1999. In 1995, he was presented the Straits Shipper Transport Personality award by the Minister of Transport. He was appointed by the United Nations Conference on Trade and Development as one of the 13 experts to assist the developing nations in establishing their maritime fleets. Mr Leslie Eu presently serves on the board of public companies such as YTL Cement, YTL Land and Lloyd's Register of Shipping (Malaysia) Bhd. He is also a director of PPSB.

Syed Abdullah Bin Syed Abd. Kadir was appointed to the Board on 20 October 1999 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the bank. Prior to joining YTL Corp, he was, from November 1994 to February 1996, the general manager of Amanah Capital Partners Berhad, a public listed company with subsidiaries involved in, inter alia, discount, money broking, unit trusts, finance and fund management operations. He also serves on the boards of YTL Power, YTL e-Solutions, Iris Corporation Berhad and Versatile Creative Berhad.

BIOGRAPHIES OF SENIOR MANAGEMENT

Mr Chan Chor Yook is the YTL Power Group Treasurer and Head of the Accounts Department. He qualified as a certified accountant in 1986. He was admitted as a member of the Malaysian Association of Certified Public Accountants in 1987 and in the same year became a registered member of the Malaysian Institute of Accountants. In 1990, he became a Fellow of the Chartered Association of Certified Accountants (FCCA). He has approximately 28 years of experience in accounting and finance. His responsibilities include accounting, financial and treasury matters.

Datin Kathleen Chew Wai Lin is the Head of the YTL Corp Group's Legal Department. She holds a LL.B (Hons) Degree from the University of Birmingham, UK, and was called to the English Bar at Gray's Inn, London in 1982. She joined YTL Corp in 1988 to set up its legal department after being in practice at the Malaysian Bar. Prior to joining the Group, she was a partner in the law firm of Abdul Aziz Ong & Co in Kuala Lumpur.

Mr Chin Peng Koon is Director of Business Development of the YTL Power Group. He graduated from the University of Sheffield, UK, in 1979 with a Bachelor of Engineering (Hons) Degree in Civil and Structural Engineering and is an Associate Member of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Accountants. He has extensive experience in financial planning and control. Mr Chin joined the YTL Corp Group in March 1996 principally to focus on developing overseas projects and identifying M&A opportunities in regulated and infrastructure businesses.

Mr Chung Siew Leng is Director of Personnel of the YTL Corp Group. He joined YTL Corp in 1992 after 26 years of experience in the public and private sectors. He attended a Supervisory Management Programme in 1984 and the Quality Management Programme organised by the Institute of Public Administration, Malaysia, in 1982. He also attended the Wage Reform, Productivity and Performance Programme organised by the National Productivity Corporation and the Organisational Performance through People Management Programme organised by the Malaysian Institute of Management in 1992.

Mr Eric Eoon Whai San is the General Manager of YTLLSB and holds the same position for PPSB. He holds an ABE Diploma in Business Administration P1 from TL Management Centre. Prior to joining the YTL Corp Group in 1987, he was a general manager of Transmotel Sdn Bhd., the company which started up the operations of Caltex Camp, and as an area sales manager of Panduan Telefon (M) Sdn Bhd.

Ms Ho Say Keng is the Company Secretary/Accountant of the YTL Corp Group. She is a Fellow of the Chartered Association of Certified Accountants and is also a registered member of the Malaysian Institute of Accountants. She obtained her Diploma of Commerce (Financial Accounting) from Kolej Tuanku Abdul Rahman in 1981. She joined YTL Corp in May 1986 and her responsibilities include co-ordination of the YTL Corp Group's treasury, banking and corporate finance matters.

Mr Carl Benjamin Kono is Executive Vice President of Operations for the Group's hotel development and management division. He completed his education at the University of Hawaii and began his hotel career with Sheraton Hotels more than 38 years ago. He began working for the YTL Corp Group in association with a joint venture hotel management company in 1990 and later as an employee of YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of YTL Corp. He is responsible for the operations of all of the Group's hotels in Malaysia.

Mr Lee Eng Wah is Head of Department (Mechanical & Engineering) for the YTL Corp Group's construction division. He obtained his Bachelor of Science (Honours) degree in Mechanical Engineering and a Master of Philosophy degree from Middlesex University, UK. He has over 28 years' experience in the construction industry. He is responsible for mechanical and engineering design, tendering, contracting, project implementation and operation and maintenance of the Group's properties and hotels.

Mr Lee Hang Meng is Head of Civil & Structural Department for the YTL Corp Group's construction division. He obtained his Bachelors Degree in Civil Engineering from Universiti Teknologi Malaysia (UTM) in 1990. He has over 18 years experience in the construction industry, covering civil and structural design of hospitals, power plants, cement plants, bridges, high-rise buildings, residential buildings, industrial buildings and the Express Rail Link project. He is also a member of the Board of Engineers, Malaysia. Within the YTL Corp Group, he is primarily responsible for evaluation, planning, design and construction of civil hotels and resorts structural engineering projects.

Mr Jerry Lim Khoon Hai is Executive Director of SPYTL. He holds a Diploma in building from the Singapore Polytechnic, awarded in 1975. He has over 28 years of experience in the construction industry. He joined in 1991 and is responsible for the Group's construction division.

Mr Patrick James Pereira is Director of Operations for the YTL Corp Group's quarry division. He holds a Bachelor of Engineering (Honours) degree in Civil Engineering and a Master of Business Administration degree from the University of Hull, UK. He has over 23 years experience in the RMC and logistics industry. Within the YTL Corp Group, he is primarily responsible for the management aspects and the day to day functions of the quarry division.

Mr Joseph Benjamin Seaton is an Executive Director of YTL Cement. He holds a Diploma in Communications, Advertising and Marketing and also attended the Harvard Business School Course in Business Administration. He joined YTL Cement in 1988 and has more than 38 years management experience in the building and construction industry. His experience includes the production and marketing of cement, ready-mixed concrete and concrete related products.

Mr Tan Check Hong is Executive Director of International Operations for the YTL Corp Group's cement manufacturing division. He obtained a Bachelor of Science (Honours) degree from the University of Malaya in 1970. He has approximately 38 years experience in the cement industry, covering both manufacturing and sales in different managerial levels. He is primarily responsible for planning, development and expansion of the Group's cement operations in the Asia Pacific region.

Mr Woo Fay Meng is Director (General Construction) for YTL Corp Group. He joined SPYTL in 1991. He holds a Diploma in Quantity Surveying from the Liverpool Polytechnic, UK, obtained in 1972, and is a Fellow of the Institute of Surveyors, Malaysia. Prior to joining the YTL Corp Group, he was with Jabatan Kerja Raya as a Superintendent Quality Surveyor from 1973 to 1991.

FAMILY RELATIONSHIPS

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah are siblings and the children of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay. Datin Kathleen Chew Wai Lin is the wife of Dato' Yeoh Seok Hong.

SUBSTANTIAL SHAREHOLDERS

The following table shows the shareholders of the Company holding more than 5% of the outstanding Shares of the Company, as shown on its share register as at 31 December 2009:

	As at 31 December 2009			
	Direct		Indirect	
Name	No. of YTL Corp Shares	(1)%	No. of YTL Corp Shares	(1)%
Yeoh Tiong Lay & Sons Holdings Sdn Bhd ("**YTLS**")	945,508,285	52.63	—	—
Y. Bhg. Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	9,504,608	0.53	945,508,285(2)	52.63
Employees Provident Fund Board	190,915,156	10.63	—	—

(1) Net of 102,972,109 Shares held as treasury shares as at 31 December 2009.

(2) Deemed interested by virtue of his interest in Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

TERMS AND CONDITIONS OF THE BONDS

The following, other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of US$350,000,000 in aggregate principal amount of 1.875% Guaranteed Exchangeable Bonds Due 2015 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further Bonds issued pursuant to the exercise of the option granted to subscribe for additional Bonds of up to an aggregate principal amount of US$50,000,000 to Credit Suisse AG, acting through its Labuan Branch on behalf of itself and CIMB Bank (L) Limited (the "**Upsize Option**") or in accordance with Condition 16 and consolidated and forming a single series therewith) of YTL Corp Finance (Labuan) Limited (the "**Issuer**"), was authorised by resolutions of the board of directors of the Issuer passed on 11 March 2010. The Guarantee (as defined in Condition 1.2) of the Bonds given by YTL Corporation Berhad (the "**Guarantor**") and the right of exchange into Shares (as defined in Condition 6.1.6) were authorised by resolutions of the board of the directors of the Guarantor passed on 15 December 2009 and 11 March 2010. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 18 March 2010 and made between the Issuer, the Guarantor, DB Trustees (Hong Kong) Limited as trustee for the holders of the Bonds (the "**International Trustee**") and CIMB Trust Limited as co-trustee under the Trust Deed (the "**Labuan Trustee**" and, together with the International Trustee, the "**Trustees**", which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed). The Issuer and the Guarantor have entered into a paying, exchange and transfer agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated on or about 18 March 2010 with the International Trustee, Deutsche Bank AG, Hong Kong Branch as principal paying and exchange agent (the "**Principal Agent**") and principal transfer agent (the "**Principal Transfer Agent**"), Deutsche Bank Luxembourg S.A., as registrar (the "**Registrar**") and the other paying and exchange and transfer agents appointed under it (each a "**Paying and Exchange Agent**" and "**Transfer Agent**" and together with the Registrar, the Principal Transfer Agent and the Principal Agent, the "**Agents**") relating to the Bonds. References to the "**Principal Agent**", "**Principal Transfer Agent**", "**Registrar**", "**Paying and Exchange Agents**", "**Transfer Agents**" and "**Agents**" below are references to the principal agent, principal transfer agent, registrar, paying and exchange agents, transfer agents and agents, respectively, for the time being for the Bonds. The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed which includes the form of the Bonds. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and of the Agency Agreement are available for inspection at the registered office of the International Trustee being at the date hereof at 48/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong and at the specified offices of each of the Agents. The Bondholders (as defined in Condition 2.2) are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

In order to comply with Malaysian law and regulatory requirements, the Labuan Trustee has been appointed as co-trustee under the Trust Deed. The Labuan Trustee has confirmed and undertaken in the Trust Deed that it shall not perform or enter into any arrangements or contracts on behalf of the Bondholders unless required by Malaysian law (and, if so required, the Labuan Trustee shall promptly give notice of such requirement to the International Trustee, the Issuer, the Guarantor and the Bondholders) and has confirmed, acknowledged and agreed that it shall have no rights, discretions or powers under the terms of the Trust Deed or the Conditions save for those provided in Clause 13 of the Trust Deed.

1. STATUS AND GUARANTEE

1.1 Status

The Bonds constitute (subject to the provisions of Condition 4) direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

1.2 Guarantee

The due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds has been unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor in that respect (the "**Guarantee**") are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Bonds are issued in registered form in the denominations of US$200,000 each and integral multiples thereof (each, an "**authorised denomination**"). A bond certificate (each a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a Global Certificate deposited with a common depositary for, and representing Bonds registered in the name of a nominee of, Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate.

2.2 Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Bondholder**" and (in relation to a Bond) "**holder**" means the person in whose name a Bond is registered.

3. TRANSFERS OF BONDS; ISSUE OF CERTIFICATES

3.1 Register

The Issuer will cause the Register to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding.

3.2 Transfers

Subject to Conditions 3.5 and 3.6 and the terms of the Agency Agreement, a Bond may be transferred in whole or in part in an authorised denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents; provided, however, that a Bond may not be transferred unless the principal amount of Bonds transferred, and where not all of the Bonds held by a Bondholder are being transferred, the principal amount of the balance of Bonds not transferred, are authorised denominations. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

3.3 Delivery of New Certificates

3.3.1 Each new Certificate to be issued upon a transfer or exchange of Bonds will, within five business days (as defined below) of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by ordinary mail at the risk of the holder entitled to the Bonds (but free of charge to the holder at the cost of the Issuer) to the address specified in the form of transfer.

*Except in the limited circumstances described herein (see "**The Global Certificate**"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

3.3.2 Where only part of a principal amount of the Bonds (being an authorised denomination) in respect of which a Certificate is issued is to be transferred, exchanged, repurchased or redeemed, a new Certificate in respect of the Bonds not so transferred, exchanged, repurchased or redeemed will, within five business days of delivery of the original Certificate to the Registrar or other relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by ordinary mail at the risk of the holder of the Bonds not so transferred, exchanged, repurchased or redeemed (but free of charge to the holder at the cost of the Issuer) to the address of such holder appearing on the Register.

3.3.3 For the purposes of these Conditions (except for Condition 7), "business day" shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer, exchange or redemption) or the Agent with whom a Certificate is deposited in connection with a transfer, exchange or redemption, is located.

3.4 Formalities Free of Charge

Registration of a transfer of Bonds will be effected without charge by or on behalf of the Issuer or any of the Transfer Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Transfer Agents may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

3.5 Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for any redemption (whether settled in Shares or cash) pursuant to Condition 8; (ii) after an Exchange Notice (as defined in Condition 6.2) has been delivered with respect to a Bond; (iii) after a Mandatory Exchange Option Notice (as defined in Condition 6.7.1) has been given in accordance with Condition 17 with respect to a Bond; (iv) after a Relevant Event Put Exercise Notice (as defined in Condition 8.4.1) has been deposited with respect to a Bond; (v) after a Put Exercise Notice (as defined in Condition 8.5) has been deposited with respect to a Bond; or (vi) during the period of seven days ending on (and including) the due date for payment of any interest to Bondholders in respect of an interest period, each such period being a "**Closed Period**".

3.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the International Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge to the holder at the cost of the Issuer) by the Registrar to any Bondholder upon request.

4. NEGATIVE PLEDGE

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities (as defined below), or to secure any guarantee of or indemnity in respect of any International Investment Securities, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee (i) are secured equally and rateably therewith, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as the International Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

For the purposes of these Conditions:

"**International Investment Securities**" means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes, loan stock or other similar investment securities (present or future) of the Issuer, the Guarantor or any other person which (a) either (i) are by their terms payable, or confer a right to receive payment, in any currency other than in Malaysian Ringgit or (ii) are denominated or payable in Malaysian Ringgit and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Malaysia by or with the authorisation of the Guarantor or the Issuer or such other person, and (b) which are, for the time being, or are intended to be or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange, quotation system or over-the-counter or other similar securities market outside Malaysia.

The terms of the negative pledge will not prevent any Subsidiary or associated company of the Issuer or the Guarantor or any other person other than the Issuer or the Guarantor from creating or permitting to subsist any security upon its undertaking, assets or revenues to secure any International Investment Securities or any guarantee of, or indemnity in respect of, any International Investment Securities.

5. INTEREST

5.1 Interest Rate

The Bonds bear interest from (and including) 18 March 2010 (the "**Closing Date**") at the rate of 1.875% per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 18 March and 18 September in each year (each an "**Interest Payment Date**"), commencing on 18 September 2010.

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

"**Interest Period**" means the payment period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

5.2 Accrual of Interest

Each Bond will cease to bear interest (i) where the Exchange Right (as defined in Condition 6.1.1 below) shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Exchange Date or, if none, the Closing Date (subject in any such case to the conditions in Condition 6.2.4) or (ii) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal or premium is improperly withheld or refused, in which event interest will continue to accrue as provided in these Conditions.

6. EXCHANGE

6.1 Exchange Right

6.1.1 *Exchange Right and Exchange Period*: Subject as hereinafter provided, Bondholders have the right to exchange their Bonds into Shares at any time during the Exchange Period referred to below.

The right of a Bondholder to exchange any Bond into Shares is called the "**Exchange Right**". Subject to and upon compliance with the provisions of this Condition, the Exchange Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after 28 April 2010 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for exchange) on 25 February 2015 (but, except as provided in Condition 6.1.5, in no event thereafter) or if such Bond shall have been called for redemption before 25 February 2015 then up to the close of business (at the place aforesaid) on a date no later than 21 days (at the place aforesaid) prior to the date fixed for redemption thereof (the "**Exchange Period**").

For the avoidance of doubt, save as provided in Condition 6.1.5, a Bondholder may not exercise its Exchange Right:

(i) after the Issuer or the Guarantor has given a Mandatory Exchange Option Notice in accordance with Condition 6.7.1; or

(ii) after the Bondholder has completed, signed and deposited a Put Exercise Notice in accordance with Condition 8.5; or

(iii) in circumstances where the exercise of the Exchange Right would fall during the period commencing on an Interest Record Date (as defined in Condition 7.1.2) in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

The number of Shares to be issued on exchange of a Bond will be determined by dividing the principal amount of the Bond to be exchanged (translated into Malaysian Ringgit at the fixed rate of RM3.3204 = US$1.00 (the "**Exchange Rate**")) by the Exchange Price in effect at the Exchange Date (both as hereinafter defined). An Exchange Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is exchanged at any one time by the same holder, the number of Shares to be issued upon such exchange will be calculated on the basis of the aggregate principal amount of the Bonds to be exchanged.

6.1.2 *Fractions of Shares*: Fractions of Shares will not be issued on exchange and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 11 March 2010 which reduces the number of Shares outstanding, the Guarantor will upon exchange of Bonds pay to the relevant Bondholder in cash (in United States dollars by means, unless requested otherwise, of a United States dollar cheque drawn on a bank in New York City and mailed (at the risk, and, if sent at the request of the Bondholder otherwise than by ordinary mail, at the expense, of the relevant Bondholder) to the registered address of the Bondholder), a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Exchange Rights, aggregated as provided in Condition 6.1.1, as corresponds to any fraction of a Share not issued if such sum exceeds US$10.00.

6.1.3 *Exchange Price*: The price at which Shares will be issued upon exchange (the "**Exchange Price**") will initially be RM8.976 per Share but will be subject to adjustment in the manner provided in Condition 6.3.

6.1.4 *Cash Settlement Option*: Notwithstanding the Exchange Right of each Bondholder in respect of each Bond, at any time when the delivery of Shares deliverable upon exchange of the Bonds is required to satisfy the exercise of an Exchange Right, the Issuer shall have the option (the "**Cash Settlement Option**") to pay to the relevant Bondholder an amount of cash in United States dollars equal to the Cash Settlement Amount (as defined in Condition 6.1.7 below) in order to satisfy such Exchange Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares). In order to exercise the Cash Settlement Option, the Issuer shall give notice of exercise of the Cash Settlement Option (the "**Cash Settlement Notice**") to the relevant Bondholder or the Paying and Exchange Agents as soon as practicable but no later than the fifth Trading Day (as defined in Condition 6.4.8) following the date of delivery of the Exchange Notice (as defined in Condition 6.2.1) (the "**Cash Settlement Notice Date**"). The Cash Settlement Notice must specify the number of Shares in respect of which the Issuer will make a cash payment in the manner described in this Condition. The Issuer shall pay the Cash Settlement Amount (in United States dollars by means, unless requested otherwise, of a United States dollar cheque drawn on a bank in New York City and mailed (at the risk, and, if sent at the request of the Bondholder otherwise than by ordinary mail, at the expense, of the relevant Bondholder) to the registered address of the Bondholder), no later than 10 Trading Days following the Cash Settlement Notice Date. If the Issuer exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be exchanged on the same Exchange Date, the Issuer shall make the same proportion of cash and Shares available to all such exchanging Bondholders.

6.1.5 *Revival and/or survival after Default:* Notwithstanding the provisions of Condition 6.1.1, if (a) the Issuer or Guarantor shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date (as defined in Condition 8.1) by reason of the occurrence of any of the events referred to in Condition 10, (c) any outstanding Bond is not redeemed on the Maturity Date in accordance with Condition 8.1 or (d) the Issuer or Guarantor shall default in making settlement in cash in respect of any Bond in accordance with Condition 6.7.6(iii), the Exchange Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for exchange) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the International Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of Condition 6.1.1 but subject to Condition 6.1.4, any Bond in respect of which the Certificate and the Exchange Notice are deposited for exchange prior to such date shall be exchanged on the relevant Exchange Date (as defined in Condition 6.2.1(ii)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the International Trustee before such Exchange Date or that the Exchange Period may have expired before such Exchange Date.

6.1.6 *Meaning of "Shares":* As used in these Conditions, the expression "**Shares**" means ordinary shares of par value RM0.50 each of the Guarantor or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor. Bursa Malaysia Securities Berhad ("**Bursa Securities**") has prescribed the Shares to be deposited with Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**"), and dealings in the Shares are subject to the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Depository (collectively, the "CDS Laws").

6.1.7 *Meaning of "Cash Settlement Amount":* As used in these Conditions, the expression "**Cash Settlement Amount**" means the product of (i) the number of Shares otherwise deliverable upon exercise of the Exchange Right in respect of the Bond(s) to which the Exchange Notice applies, and in respect of which the Issuer has chosen the Cash Settlement Option and (ii) the arithmetic average of the VWAP (as defined in Condition 6.4.9) for each day (translated into United States dollars at the Prevailing Rate (as defined in Condition 6.4.7) on each day) during the 5 Trading Days immediately after the Cash Settlement Notice Date.

6.2. Exchange Procedure

6.2.1 *Exchange Notice:*

(i) To exercise the Exchange Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Paying and Exchange Agent a notice of exchange (an "**Exchange Notice**") in the form obtainable from the specified office of each Agent, together with the relevant Certificate(s) evidencing the Bonds (together with any necessary endorsements) and any amounts required to be paid by the Bondholder under Condition 6.2.2. Exchange Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying and Exchange Agent to whom the relevant Exchange Notice is delivered is located.

(ii) The exchange date in respect of a Bond (the "**Exchange Date**") must fall at a time when the Exchange Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6.1.5 above) and will be deemed to be the Trading Day immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Exchange Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Exchange Right. An Exchange Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents to such withdrawal.

6.2.2 *Stamp Duty etc.:* A Bondholder delivering a Certificate in respect of a Bond for exchange must pay to the relevant Paying and Exchange Agent any taxes and capital, stamp, issue and registration duties arising on exchange (other than any taxes or capital or stamp duties payable in Labuan or generally in Malaysia and, if relevant, in the place of the Alternative Stock Exchange, by the Guarantor in respect of the allotment and issue of Shares and listing of the Shares on Bursa Securities or the Alternative Stock Exchange on exchange) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such exchange. In the event of any payment being made to the relevant Paying and Exchange Agent under this Condition 6.2.2 which as a result of the Cash Settlement Option being exercised has not been, and is no longer required to be, paid on exchange or disposal, as the case may be, the relevant Paying and Exchange Agent will return such amount paid to the Bondholder within 10 Trading Days of the Cash Settlement Notice Date. Such amount shall be returned, unless requested otherwise, by cheque mailed (at the risk, and, if sent at the request of the Bondholder otherwise than by ordinary mail, at the expense, of the relevant Bondholder) to the registered address of the Bondholder. The Issuer or the Guarantor shall pay all other expenses arising on the issue of Shares on exchange of the Bonds. The Bondholder (and, if applicable, the person other than the Bondholder to whom the Shares are to be issued) must provide the relevant Paying and Exchange Agent with details of the relevant tax authorities to which the relevant Paying and Exchange Agent must pay monies received in settlement of all amounts payable pursuant to this Condition 6.2.2. The relevant Paying and Exchange Agent is under no obligation to determine whether a Bondholder is liable to pay any taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6.2.2. The relevant Paying and Exchange Agent shall not be concerned with, nor shall it be obliged to or required to enquire into, the sufficiency of any amount paid to it for this purpose.

6.2.3 *Registration:*

(i) As soon as practicable, and in any event, not later than 10 Trading Days after the Exchange Date, the Guarantor shall, in the case of Bonds exchanged on exercise of the Exchange Right and in respect of which a duly completed Exchange Notice and the relevant Certificate have been deposited as required by Condition 6.2.1 and all amounts payable by the relevant Bondholder as required by Condition 6.2.2 have been paid and such particulars as may be required by Bursa Depository for the purposes of effecting entries into the relevant CDS Accounts from time to time have been given to the Paying and Exchange Agent, (A) allot and issue to the person or persons designated for the purpose in the Exchange Notice the relevant number of Shares, (B) notify Bursa Depository of the names of such person or persons together with such particulars as may be required by Bursa Depository for the purpose of making appropriate entries in the relevant CDS Accounts of such person or persons as holder(s) of the relevant number of Shares and shall deliver to Bursa Depository the appropriate certificate or certificates registered in the name of Bursa Depository or its nominee company, and (C) make available for collection at the Guarantor's registered office in Malaysia or, if so requested in the relevant Exchange Notice, mail (at the expense and risk of such person or persons) the relevant notice(s) of allotment to the person or persons and at the place specified in the Exchange Notice. No certificates for Shares will be issued pursuant to the instructions of the Bondholders exercising the Exchange Right for so long as the Shares are to be or may be deposited with Bursa Depository and the CDS Laws so provide or permit.

Subject to the foregoing, where Shares in certificated form are allotted and issued, the Guarantor shall make such certificate or certificates available for collection at the office of the Guarantor's share registrar in Kuala Lumpur (currently YTL Corporation Berhad, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia) notified to Bondholders in accordance with Condition 17 or, if so requested in the relevant Exchange Notice, shall cause its share registrar to mail, within 21 days after the Exchange Date (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Exchange Notice together with any other securities, property or cash required to be delivered upon exchange and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

A reference in these Conditions to "**CDS Account**" is to a securities account maintained with Bursa Depository in accordance with the CDS Laws.

(ii) If the Exchange Date in relation to any Bond falls after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Exchange Price pursuant to Condition 6.3, but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Guarantor shall procure the issue to the exchanging Bondholder (or in accordance with the instructions contained in the Exchange Notice (subject to applicable exchange control or other laws or other regulations)) of such additional number of Shares as, together with the Shares issued or to be issued on exchange of the relevant Bond, is equal to the number of Shares which would have been required to be issued as above on exchange of such Bond if the relevant adjustment to the Exchange Price had been made and become effective immediately after the relevant record date.

(iii) The Shares issued upon exchange of the Bonds will be fully paid and will in all respects rank pari passu with the Shares in issue on the relevant date of allotment and issue of such Shares. Save as set out in these Conditions, a holder of Shares issued on exchange of Bonds shall not be entitled to any rights the record date for which precedes the relevant date of allotment and issue of such Shares. The person or persons designated in the Exchange Notice will become the holder of record of the number of Shares issuable upon exchange with effect from the date the relevant Shares are credited into his or their CDS Account(s).

(iv) If the record date for the payment of any dividend or other distribution in respect of the Shares falls on or after the Exchange Date in respect of any Bond, but before the date of allotment and issue of such Shares, the Issuer or the Guarantor will pay to the exchanging Bondholder or his designee an amount in Malaysian Ringgit (the "**Equivalent Amount**") equal to the Fair Market Value (as defined in Condition 6.4.6) of any such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a Malaysian Ringgit cheque drawn on a bank in Kuala Lumpur and mailed (at the risk of the Bondholder) by ordinary mail (but free of charge to the holder) to the address specified in the relevant Exchange Notice.

6.2.4 **Interest on Exchange:** If any notice requiring the redemption of any Bonds is given pursuant to Condition 8.2 during the period beginning on the fifteenth day prior to the record date in respect of any dividend or distribution payable in respect of the Shares and ending on the Interest Payment Date next following such record date, where such notice specifies a date for redemption falling on or prior to the date which is 14 days after such next following Interest Payment Date, interest shall (subject as hereinafter provided) accrue on the Bonds at the rate provided in Condition 5.1 on Bonds in respect of which Exchange Rights have been exercised and the Exchange Date falls after such record date and on or prior to the Interest Payment Date next following such record date from the preceding Interest Payment Date (or, if the relevant Exchange Date falls on or before the first Interest Payment Date, from, and including, the Closing Date) to, but excluding, the relevant Exchange Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on exchange thereof shall carry an entitlement to receive such dividend. The relevant amount shall be paid by not later than 14 days after the relevant Exchange date by transfer to a U.S. Dollars account maintained by the payee with a bank in New York City in accordance with the instructions given by the relevant Bondholders in the relevant Exchange Notice.

6.3. ADJUSTMENTS TO EXCHANGE PRICE

The Exchange Price will be subject to adjustment in certain events set out in the Trust Deed, including the following events:

6.3.1 *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

6.3.2 *Capitalisation of Profits or Reserves:* If and whenever the Guarantor shall issue any Shares credited as fully paid to the holders of the Shares (the "**Shareholders**") by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the Shares in issue immediately before such issue; and

B is the aggregate nominal amount of the Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or, if a record date is fixed therefor, immediately after such record date.

6.3.3 *Capital Distribution:* If and whenever the Guarantor shall pay or make any Capital Distribution (as defined below) to the Shareholders (except where the Exchange Price falls to be adjusted under Condition 6.3.2 above), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of the public announcement of the Capital Distribution, as determined in good faith by a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is made.

6.3.4 ***Rights Issues of Shares or Options over Shares:*** If and whenever the Guarantor shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95 per cent. of the Current Market Price (as defined below) per Share on the last Trading Day preceding the date of the announcement of the terms of such issue or grant, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable (i) for the Shares issued by way of rights or (ii) for the options or warrants or other rights issued by way of rights and for the total number of Shares issuable upon exercise thereof, would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the first date on which the Shares are traded ex-rights, ex-options or ex-warrants on Bursa Securities or the Alternative Stock Exchange, as the case may be.

6.3.5 ***Rights Issues of Other Securities:*** If and whenever the Guarantor shall issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of the public announcement of such issue or grant, as determined in good faith by a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, of the portion of the rights attributable to one Share

Such adjustment shall become effective on the first date on which the Shares are traded ex-rights, ex-options or ex-warrants on Bursa Securities or the Alternative Stock Exchange, as the case may be.

6.3.6 ***Issues at less than Current Market Price:*** If and whenever the Guarantor shall issue (otherwise than as mentioned in Condition 6.3.4) wholly for cash any Shares (other than Shares issued on the exercise of Exchange Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 6.3.4) wholly for cash or for no consideration any options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue or grant, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Guarantor of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

6.3.7 ***Other Issues at less than Current Market Price:*** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this Condition 6.3.7, the issue wholly for cash by the Guarantor or any Subsidiary of the Guarantor (otherwise than as mentioned in Conditions 6.3.4, 6.3.5 or 6.3.6) or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary of the Guarantor) any other company, person or entity of any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Guarantor upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

In such an event, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such issue;

B is the number of Shares which the aggregate consideration receivable by the Guarantor for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

6.3.8 *Modification of Rights of Exchange etc:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6.3.7 (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, then the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification;

B is the number of Shares which the aggregate consideration (if any) receivable by the Guarantor for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, in each case so modified, would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and

C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, considers appropriate (if at all) for any previous adjustment under this Condition 6.3.8 or Condition 6.3.7.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

6.3.9 *Other Offers to Shareholders:* The issue, sale or distribution by or on behalf of the Guarantor or any Subsidiary of the Guarantor or (at the direction or request of or pursuant to any arrangements with the Guarantor or any Subsidiary of the Guarantor) any other company, person or entity of any securities in connection with an offer by or on behalf of the Guarantor or any Subsidiary of the Guarantor or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exchange Price falls to be adjusted under Conditions 6.3.4, 6.3.5, 6.3.6 or 6.3.7 above).

In such an event, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value on the date of the announcement of such issue, sale or distribution, as determined in good faith by a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

6.3.10 *Other Events:* If the Guarantor determines that an adjustment should be made to the Exchange Price as a result of one or more events or circumstances not referred to in this Condition 6.3, the Guarantor shall at its own expense request a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, to determine as soon as practicable what adjustment (if any) to the Exchange Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Exchange Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination provided that where the circumstances giving rise to any adjustment pursuant to this Condition 6.3 have already resulted or will result in an adjustment to the Exchange Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Exchange Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6.3 as may be advised by a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, to be in its opinion appropriate to give the intended result.

6.3.11 *Certificate from a Leading Investment Bank Conclusive:* If any doubt shall arise as to the appropriate adjustment to the Exchange Price, a certificate of a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, shall be conclusive and binding on all concerned save in the case of manifest or proven error.

6.4. For the purposes of these Conditions:

6.4.1 "*Alternative Stock Exchange*" means at any time, in the case of the Shares, if they are not at that time listed and traded on Bursa Securities, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

6.4.2 "*Capital Distribution*" means:

(i) any distribution of assets in specie by the Guarantor whenever paid or made and however described including, without limitation, dividends in specie, (and for these purposes a distribution of assets in specie includes without limitation (i) an issue of Shares or other securities credited as fully or partly paid by way of capitalisation of profits or reserves, including any share premium account or capital redemption reserve and (ii) a distribution of treasury shares); and

(ii) any cash dividend or distribution of any kind by the Guarantor (whenever paid or made and however described) prior to the deduction of any withholding tax attributable to that dividend or distribution, (excluding any dividends or distributions declared, made or paid prior to 11 March 2010) unless, in the case of (i) and (ii) above, and to the extent that the amount or value (as at the date of announcement) of that dividend or distribution, together with the amount or value (as at the respective dates of announcement) of all other dividends or distributions on the class of capital in question for the same financial year as that dividend or distribution, expressed as a percentage of the Consolidated Net Profit for that financial year, does not exceed an aggregate rate of dividends or distributions of 25 per cent.

For the avoidance of doubt, in the case of adjustment to the Exchange Price upon a Capital Distribution, the adjusted Exchange Price shall be calculated using the amount in excess of the limits set forth above.

Any dividend or distribution in respect of which an adjustment has been or will be made pursuant to Condition 6.3.2 shall not be treated as a Capital Distribution.

In making any such calculation under this Condition 6.4.2, such adjustments (if any) shall be made as a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, may consider appropriate to reflect (1) any consolidation or subdivision of the Shares, (2) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (3) the modification of any rights to dividends of Shares. In computing any rates, the value of distributions in specie shall be taken into account and such adjustments (if any) as are in the opinion of such leading investment bank appropriate to the circumstances shall be made (including adjustments in the event that the lengths of such financial periods differ).

6.4.3 "***Consolidated Net Profit***" means, in respect of any financial period, the consolidated net profit attributable to shareholders after taxation for such financial period as shown or derived from the audited consolidated financial statements of the Guarantor in respect of such financial period, including any net realised gains made on the disposal of investments but excluding any gains on the disposal, if any, of shares in, or the principal assets relating to, any Principal Subsidiary (as defined in Condition 10) or any associate of the Guarantor which meets any of the tests set out in Condition 10 in the definition of "Principal Subsidiary" *mutatis mutandis*. For the avoidance of doubt, references to "a Subsidiary" in the definition of "Principal Subsidiary" shall (save where the context requires otherwise) be deemed to refer to the relevant associate for the purposes of this Condition 6.4.3. A report by the auditors of the Guarantor that, in their opinion, a company is or is not or was or was not at any particular time an associate of the Guarantor meeting any of the tests set out in Condition 10 in the definition of "Principal Subsidiary" mutatis mutandis, shall, in the absence of manifest error, be conclusive and binding on all parties concerned.

6.4.4 "***Current Market Price***" means, in respect of a Share on a particular date, the arithmetic average of the VWAP for the five consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said five Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

(i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or

(ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to that dividend per Share;

6.4.5 References to any "***dividend***" in these Conditions include any distribution. References to "***dividend***" or "***distribution***" in these Conditions mean such dividend or distribution less Malaysian income tax deducted at source paid or to be paid by the Guarantor in respect of such dividend or distribution.

6.4.6 "***Fair Market Value***" means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by a leading investment bank (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee; provided that (i) the fair market value of a cash dividend (or any Shares issued in lieu of the whole or any part of a specifically declared cash dividend) paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily volume weighted average price of such options, warrants or other rights during the period of five trading days on the relevant market immediately prior to such date or commencing on the first such trading day on which such options, warrants or other rights are publicly traded (as applicable).

6.4.7 "***Prevailing Rate***" means the spot rate for the purchase of United States dollars with Malaysian Ringgit quoted by Malayan Banking Berhad (or if it is unable to provide such rate, then such other Malaysian bank selected by the Guarantor and approved in writing by the International Trustee) at 11.00 am (Kuala Lumpur time) on the relevant day, and shall be expressed as the number of Malaysian Ringgit per US$1.00.

6.4.8 "***Trading Day***" means a day when Bursa Securities or, as the case may be, an Alternative Stock Exchange is open for trading in securities, provided that if no VWAP is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

6.4.9 "***VWAP***" means the volume weighted average price per Share as displayed on Bloomberg (or any successor service) after keying in YTL MK <equity> AQR (or "Name of relevant security" EQUITY the relevant function key or (in the case of an Alternative Stock Exchange) by keying in any equivalent instructions), in respect of a Trading Day; or, if such information is not available, the volume weighted average price per Share (or, if not ascertainable, the market value per Share) on such Trading Day as determined by a leading investment bank of international repute (acting as expert) selected by the Guarantor and approved in writing by the International Trustee.

6.4.10 On any adjustment, the relevant Exchange Price, if not an integral multiple of one sen, shall be rounded to the nearest one sen. No adjustment shall be made to the Exchange Price where such adjustment (rounded if applicable) would be less than one per cent. of the Exchange Price then in effect. Any adjustment not required to be made, and any amount by which the Exchange Price has been rounded, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 17 as soon as practicable.

6.4.11 The Exchange Price may not be reduced so that, on exchange of Bonds, Shares would fall to be issued at a discount to their nominal value or would require Shares to be issued in any other circumstances not permitted by applicable law.

6.4.12 Where more than one event which gives or may give rise to an adjustment to the Exchange Price occurs within such a short period of time that, in the opinion of a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, to be in its opinion appropriate in order to give such intended result.

6.4.13 No adjustment shall be made to the Exchange Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of the Guarantor or any Subsidiary of the Guarantor or any associated company of the Guarantor pursuant to any employees' share scheme or plan (including a dividend reinvestment plan) provided that such issues, grants or offers are not prohibited under the listing requirements of Bursa Securities and the aggregate number of Shares issued or to be issued pursuant to such issues, grants or offers do not amount to, relate to, or entitle such persons to receive, Shares in excess of 15 per cent. of the issued and outstanding Shares prior to such issues, grants or offers.

6.4.14 No adjustment involving an increase in the Exchange Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6.3.1 or to correct an error.

6.4.15 If the Guarantor fails to select an independent investment bank when required for the purposes of Condition 6.3, the International Trustee may select such a bank. The International Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Exchange Price and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

6.5. Undertakings

6.5.1 The Guarantor has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

(i) it will use all reasonable endeavours (a) to maintain a listing for all the issued Shares on Bursa Securities, (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Exchange Rights attaching to the Bonds or the Mandatory Exchange Option, on Bursa Securities and (c) if the Guarantor is unable to obtain or maintain such listing, to obtain and maintain a listing for all the Shares issued on the exercise of the Exchange Rights on an Alternative Stock Exchange as the Guarantor may from time to time (with the prior written consent of the International Trustee) determine and will forthwith give notice to the Bondholders in accordance with Condition 17 of the listing or delisting of the Shares (as a class) by any of such stock exchanges;

(ii) it will pay the expenses (other than taxes and capital, stamp, issue and registration duties, expressed to be payable by the Bondholders under these Conditions) of the issue of, and all expenses of obtaining listing for, Shares arising on exchange of the Bonds;

(iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except (a) pursuant to the terms of issue of the relevant share capital, (b) by means of a purchase or redemption of share capital of the Guarantor which does not constitute a Capital Distribution, (c) where the reduction results in (or would, but for the fact that the adjustment would be less than one per cent. of the Exchange Price then in effect, result in) an adjustment to the Exchange Price or (d) as permitted by law;

(iv) it will not in any way modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than such rights provided that nothing in this sub-paragraph (iv) shall prevent (a) the issue of equity share capital to employees (including directors holding executive office) whether of the Guarantor or any of its Subsidiaries or associated companies by virtue of their office or employment pursuant to any scheme or plan now in existence or which may in the future be approved by the Guarantor in general meeting or (b) any consolidation or sub-division of the Shares or the conversion of any Shares into stock or vice versa or (c) any modification of such rights which is not, in the opinion of a leading investment bank (acting as an expert) selected by the Guarantor, and approved in writing by the International Trustee, materially prejudicial to the interests of the holders of the Bonds or (d) without prejudice to any rule of law or legislation, the conversion of Shares into, or the issue of any Shares in, uncertificated form (or the conversion of Shares in uncertificated form into certificated form) or the amendment of the articles of association of the Guarantor to enable title to securities of the Guarantor (including Shares) to be evidenced and transferred without a written instrument or any other alteration to the articles of association of the Guarantor made in connection with the matters described in this paragraph or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of securities (including Shares) dealt with under such procedures) or (e) any issue of equity share capital where the issue of such equity share capital results (or would, but for the fact that the adjustment would be less than one per cent. of the Exchange Price then in effect, result) in an adjustment to the Exchange Price or (f) the Exchange Rights attached to the Bonds being exercised;

(v) it will not issue or pay up any securities, in either case by way of capitalisation of profits or reserves, other than (a) by the issue of fully paid Shares to the shareholders and other holders of shares in the capital of the Guarantor which by their terms entitle the holders thereof to receive Shares on a capitalisation of profits or reserves or (b) by the issue of Shares paid up in full out of profits or reserves in accordance with applicable law and issued wholly, ignoring fractional entitlements, instead of the whole or part of a cash dividend or (c) by the issue of fully paid equity share capital (other than Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Guarantor which by their terms entitle the holders thereof to receive equity share capital (other than Shares) on a capitalisation of profits or reserves, unless in any such case the same gives rise (or would, but for the fact that the adjustment would be less than one per cent. of the Exchange Price then in effect, give rise) to an adjustment to the Exchange Price;

(vi) it will procure that no securities (whether issued by the Guarantor or any of its Subsidiaries or procured by the Guarantor or any of its Subsidiaries to be issued) issued without rights to convert into or exchange or subscribe for Shares shall subsequently include such rights exercisable at a consideration per Share which is less than 95 per cent. of the Current Market Price per Share at the close of business on the last Trading Day preceding the date of the public announcement of the proposed inclusion of such rights unless the same gives rise (or would but for the fact that the adjustment would be less than one per cent. of the Exchange Price then in effect, give rise) to an adjustment to the Exchange Price and that at no time shall there be in issue Shares of differing nominal values;

(vii) it will use all reasonable endeavours to procure that the Issuer maintains the listing of the Bonds on the Labuan Financial Exchange and on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") provided that if it is unable to do so, having used such endeavours, or if the maintenance of such listing is unduly onerous, it will instead use all reasonable endeavours promptly to procure the obtaining and thereafter the maintaining of a listing for the Bonds on such other stock exchange as it may (with the prior written approval of the International Trustee) decide or, failing such decision, as the International Trustee may determine;

(viii) the Issuer shall remain a direct or indirect wholly-owned subsidiary of the Guarantor; and

(ix) it will procure that the Issuer will not carry on any business activity whatsoever other than in connection with the issue of debt securities or borrowing of monies (or other arrangements having a similar commercial effect) for the purpose of lending the proceeds of such issues, borrowings or arrangements to the Guarantor or any of the Guarantor's Subsidiaries.

6.5.2 In the Trust Deed, the Guarantor has undertaken with the Trustees that so long as any Bond remains outstanding:

(i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on exchange of the Bonds and will ensure that all Shares will be duly and validly issued as fully paid; and

(ii) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Exchange Price below the par value of the Shares,

provided always that the Guarantor shall not be prohibited from purchasing its Shares to the extent permitted by law.

6.5.3 The Guarantor has also given certain other undertakings in the Trust Deed for the protection of the Exchange Rights.

6.5.4 So long as any Bonds remain outstanding, the Issuer will (save with the approval of an Extraordinary Resolution of Bondholders) use all reasonable endeavours to maintain a listing of the Bonds on the Labuan Financial Exchange and on the SGX-ST, provided that if it is unable to do so, having used such endeavours, or if the maintenance of such listing is unduly onerous, it will instead use all reasonable endeavours promptly to obtain and thereafter to maintain a listing for the Bonds on such other stock exchange as it may (with the prior written approval of the International Trustee) decide or, failing such decision, as the International Trustee may determine.

6.6 Notice of Change in Exchange Price

The Guarantor shall give notice to the Bondholders in accordance with Condition 17 of any change in the Exchange Price. Any such notice relating to a change in the Exchange Price shall set forth the event giving rise to the adjustment, the Exchange Price prior to such adjustment, the adjusted Exchange Price and the effective date of such adjustment.

6.7 Mandatory Exchange at the Option of the Issuer or the Guarantor

6.7.1 On or at any time after 18 March 2013 but not less than 21 days prior to the Maturity Date, either the Issuer or the Guarantor may, in respect of all (but not some) of the outstanding Bonds, exercise the option (the "**Mandatory Exchange Option**") to mandatorily exchange the Bonds into Shares by the giving of notice (the "**Mandatory Exchange Option Notice**") to the Bondholders, provided that no such exchange may be made unless the Issuer or, as the case may be, the Guarantor, certifies to the International Trustee that the VWAP of each Share (translated into United States dollars at the Prevailing Rate on each Trading Day) for not less than 20 of the 30 Trading Days ending on a date which is no more than five Trading Days immediately prior to the date of the Mandatory Exchange Option Notice was at least 130 per cent. of the Exchange Price then in effect. If there shall occur an event giving rise to a change in the Exchange Price during any such 30 Trading Day period, appropriate adjustments approved by a leading investment bank of international repute (acting as an expert), selected by the Guarantor and approved in writing by the International Trustee, shall be made for the purpose of calculating the VWAP for the relevant days.

6.7.2 *Exchange of Bonds into Shares:*

Save as provided in Condition 6.7.4, the Issuer or, as the case may be, the Guarantor shall give effect to the exchange of Bonds into Shares (the "**Mandatory Exchange Shares**") pursuant to the Mandatory Exchange Option by:

(i) allotting and issuing to each Bondholder (or as the relevant Bondholder may direct in the Mandatory Exchange Settlement Instruction (as defined in Condition 6.7.6)) such number of Shares for each Bond held as is determined by dividing the principal amount of a Bond to be exchanged (translated into Malaysian Ringgit at the Exchange Rate) by the Exchange Price prevailing on the date (the "**Mandatory Exchange Calculation Date**") falling one day prior to the date of the Mandatory Exchange Option Notice; and

(ii) making payment for each Bond held of an amount in United States dollars (the "**Mandatory Exchange Fractional Amount**") equal to the amount (if any) by which the principal amount of a Bond exceeds the product of the Exchange Price on the Mandatory Exchange Calculation Date (translated into United States dollars at the Prevailing Rate as at the Mandatory Exchange Calculation Date) and the whole number of Shares deliverable in accordance with sub-paragraph (i) above in respect of such Bond, provided that the aggregate Mandatory Exchange Fractional Amount to be paid to the Bondholder (or its designee) shall exceed US$10.00.

6.7.3 *Fractions of a Share:* Fractions of a Share will not be delivered on exercise of the Mandatory Exchange Option. However, if more than one Bond is to be exchanged and the Shares to be issued on exchange of such Bonds are to be registered in the same name, the number of Shares which shall be delivered upon exchange thereof shall be calculated on the basis of the aggregate principal amount of such Bonds.

6.7.4 *Full or Partial Cash Settlement:* Where the Issuer or, as the case may be, the Guarantor has exercised the Mandatory Exchange Option, it may opt (at the time of giving the Mandatory Exchange Option Notice) to settle the Mandatory Exchange Option in full or in part in respect of each Bond by the payment to the holder of the Mandatory Exchange Cash Amount. For the avoidance of doubt, to the extent (if any) the Mandatory Exchange Option is not so settled, settlement shall be made by the delivery of Mandatory Exchange Shares.

6.7.5 ***Meaning of "Mandatory Exchange Cash Amount":*** As used in these Conditions, the expression "***Mandatory Exchange Cash Amount***" in relation to a Bond to be mandatorily exchanged means:

(i) where settlement of the Mandatory Exchange Option is by the payment of the Mandatory Exchange Cash Amount only:

Mandatory Exchange Cash Amount = A x AvVWAP

(ii) where settlement of the Mandatory Exchange Option is by the delivery of a number of Mandatory Exchange Shares and the payment of the Mandatory Exchange Cash Amount:

Mandatory Exchange Cash Amount = (A – B) x AvVWAP

where:

A is the number of Mandatory Exchange Shares that would have been delivered upon exercise of the Mandatory Exchange Option if the Issuer or the Guarantor had chosen to settle the Mandatory Exchange Option in full by delivery of Mandatory Exchange Shares, calculated in accordance with Condition 6.7.2(i);

B is the number of Mandatory Exchange Shares specified in the Mandatory Exchange Option Notice where the Issuer or the Guarantor has chosen to settle the Mandatory Exchange Option by the delivery of a number of Mandatory Exchange Shares and the payment of the Mandatory Exchange Cash Amount;

AvVWAP is the arithmetic average of the VWAP for each day (translated into United States dollars at the Prevailing Rate on each day) during the five Trading Days immediately preceding the date of the Mandatory Exchange Option Notice.

6.7.6 ***Settlement:*** If the Issuer elects to exercise the Mandatory Exchange Option, the following provisions shall apply:

(i) *Mandatory Exchange Option Notice:* The Mandatory Exchange Option Notice must specify:

(a) the Notice Cut-off Date (as defined in Condition 6.7.6(ii)), if applicable;

(b) the date on which the Mandatory Exchange Shares and/or the Mandatory Exchange Cash Amount will be allotted and issued or paid, being the date specified under Condition 6.7.6(iii), provided the relevant Mandatory Exchange Settlement Instruction (as defined in Condition 6.7.6(ii)), if applicable, is deposited in accordance with these Conditions no later than the Notice Cut-off Date;

(c) in respect of each Bond, the number of Mandatory Exchange Shares (and any Mandatory Exchange Fractional Amount) and/or the Mandatory Exchange Cash Amount to be delivered or paid, which shall be the same for each Bond; and

(d) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy, in order to obtain delivery of the Mandatory Exchange Shares.

(ii) *Mandatory Exchange Settlement Instruction:* If the Issuer or the Guarantor exercises its Mandatory Exchange Option and Mandatory Exchange Shares are to be delivered, in order to obtain delivery of the Mandatory Exchange Shares, each Bondholder must deposit at his own expense during normal business hours at the specified office of any Paying and Exchange Agent no later than the fifth Trading Day after the date of the Mandatory Exchange Option Notice (the "**Notice Cut-off Date**"), a duly completed instruction (the "**Mandatory Exchange Settlement Instruction**"), the form of which may be obtained from the specified office of any Paying and Exchange Agent, together in each case with the Certificate(s) evidencing the relevant Bonds and any amounts required to be paid by the Bondholder under Condition 6.7.6 (vii).

(iii) *Mandatory Exchange Settlement:* Provided that not later than the Notice Cut-off Date:

(a) the Mandatory Exchange Settlement Instruction and the Certificate(s) evidencing the Bonds have been delivered as required by this Condition 6.7.6;

(b) all amounts payable by the relevant Bondholder under Condition 6.7.6(vii) have been paid; and

(c) such particulars as may be required by Bursa Depository for the purposes of effecting entries into the relevant CDS Accounts from time to time have been given to the Paying and Exchange Agent,

then, as soon as practicable but not later than 10 Trading Days after the Notice Cut-off Date, the Guarantor shall:

(x) allot and issue to the person or persons designated for the purpose in the Mandatory Exchange Settlement Instruction the relevant number of Mandatory Exchange Shares; and

(y) (A) notify Bursa Depository of the names of such person or persons together with such particulars as may be required by Bursa Depository for the purpose of making appropriate entries in the relevant CDS Accounts of such person or persons as holder(s) of the relevant number of Mandatory Exchange Shares and shall deliver to Bursa Depository the appropriate certificate or certificates registered in the name of Bursa Depository or its nominee company, and (B) make available for collection at the Guarantor's registered office in Malaysia or, if so requested in the relevant Mandatory Exchange Settlement Instruction, mail (at the expense and risk of such person or persons) the relevant notice(s) of allotment to the person or persons and at the place specified in the Mandatory Exchange Settlement Instruction.

No certificates for Mandatory Exchange Shares will be issued pursuant to the instructions of the Bondholders for so long as the Shares are to be or may be deposited with Bursa Depository and the CDS Laws so provide or permit.

Subject to the foregoing, where Mandatory Exchange Shares in certificated form are allotted and issued, the Guarantor shall make such certificate or certificates available for collection at the office of the Guarantor's share registrar in Kuala Lumpur (currently YTL Corporation Berhad, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia) notified to Bondholders in accordance with Condition 17 or, if so requested in the relevant Mandatory Exchange Settlement Instruction, shall cause its share registrar to mail, within 21 days after the Notice Cut-off Date (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Mandatory Exchange Settlement Instruction together with any other securities, property or cash required to be delivered upon exchange and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

Notwithstanding the conditions contained in sub-paragraphs (a), (b) and (c) above, the Issuer or the Guarantor shall pay the Mandatory Exchange Cash Amount (if any) and the Mandatory Exchange Fractional Amount (if any) in accordance with Condition 7 no later than three Trading Days after the Notice Cut-Off Date, save where the Issuer or the Guarantor, as the case may be, has opted to settle in cash only, in which event the Mandatory Exchange Cash Amount shall be paid in accordance with Condition 7 no later than three Trading Days after the date of the Mandatory Exchange Option Notice.

(iv) *Late Instructions:* Subject to Condition 12.2, if a Mandatory Exchange Settlement Instruction is given by any Bondholder, the Certificate(s) evidencing the relevant Bonds and amounts payable by the relevant Bondholder under Condition 6.7.6(vii) are delivered and paid to any Paying and Exchange Agent after the Notice Cut-off Date, then the relevant Mandatory Exchange Shares will be delivered to the person or persons designated in the Mandatory Exchange Settlement Instruction in accordance with the provisions of sub-paragraph (iii) above, save that references to the Notice Cut-off Date shall be deemed to refer to the date on which the Mandatory Exchange Settlement Instruction, the Certificate(s) evidencing the relevant Bonds and amounts payable by the relevant Bondholder under Condition 6.7.6(vii) are delivered and paid to the relevant Paying and Exchange Agent.

(v) *Effect of exercise of Mandatory Exchange Option:* Upon the giving of a Mandatory Exchange Option Notice by the Issuer or the Guarantor in accordance with Condition 17, Bondholders shall only be entitled to exchange or redeem their Bonds in accordance with the provisions of this Condition 6.7. For the avoidance of doubt, where the Issuer or the Guarantor opts to settle the Exchange Option in full or in part by the delivery of Mandatory Exchange Shares, any Bondholder who delivers a Mandatory Exchange Settlement Instruction or Certificate(s) evidencing the Bonds or pays amounts payable under Condition 6.7.6(vii) after the Notice Cut-off Date shall only be entitled to receive the number of Shares and the amount of cash payment that would have been delivered or paid to the Bondholder had such Bondholder made such deliveries or payment not later than the Notice Cut-off Date.

(vi) *Notices:* Any Mandatory Exchange Option Notice and any Mandatory Exchange Settlement Instruction shall be irrevocable. Failure to properly complete and deliver a Mandatory Exchange Settlement Instruction, deliver the Certificates representing the relevant Bonds and pay any amounts required under Condition 6.7.6 (vii) may result in such instruction being treated as null and void. Any determination as to whether such instruction has been properly completed and delivered or such amounts have been paid as provided in the Conditions shall be made by the Guarantor in its sole and absolute discretion and shall be conclusive and binding on the relevant Bondholders.

(vii) *Taxes:* A Bondholder delivering a Certificate in respect of a Bond for exchange must pay to the relevant Paying and Exchange Agent any taxes and capital, stamp, issue and registration duties arising on exchange (other than any taxes or capital or stamp duties payable in Malaysia and, if relevant, in the place of the Alternative Stock Exchange, by the Guarantor in respect of the allotment and issue of Mandatory Exchange Shares and the listing of Mandatory Exchange Shares on Bursa Securities or the Alternative Stock Exchange on exchange) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such exchange. The Issuer or the Guarantor will pay all other expenses arising on the issue of Mandatory Exchange Shares on exchange of the Bonds. The Bondholder (and, if applicable, the person other than the Bondholder to whom the Mandatory Exchange Shares are to be issued) must provide the relevant Paying and Exchange Agent with details of the relevant tax authorities to which the relevant Paying and Exchange Agent must pay monies received in settlement of all amounts payable pursuant to this Condition 6.7.6. The relevant Paying and Exchange Agent is under no obligation to determine whether a Bondholder is liable to pay any taxes including stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6.7.6. The relevant Paying and Exchange Agent shall not be concerned with, nor shall it be obliged to or required to enquire into, the sufficiency of any amount paid to it for this purpose.

(viii) *Rights in respect of Mandatory Exchange Shares:* The Mandatory Exchange Shares will be fully paid and will in all respects rank pari passu with the Shares in issue on the relevant date of allotment and issue of such Mandatory Exchange Shares. Save as set out in these Conditions, a holder of Mandatory Exchange Shares shall not be entitled to any rights the record date for which precedes the relevant date of allotment and issue of such Shares. The person or persons designated in the Mandatory Exchange Settlement Instruction will become the holder of record of the relevant number of Mandatory Exchange Shares with effect from the date the Mandatory Exchange Shares are credited into his or their CDS Account(s).

(ix) *Adjustments:* If the Mandatory Exchange Calculation Date in relation to any Bond falls after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Exchange Price pursuant to Condition 6.3, but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective and the relevant Mandatory Exchange Settlement Instruction, the Certificate(s) evidencing the Bonds and amounts payable under Condition 6.7.6(vii) being delivered or paid, the Guarantor shall promptly procure the issue to the exchanging Bondholder (or in accordance with the instructions contained in the Mandatory Exchange Settlement Instruction (subject to applicable exchange control or other laws or other regulations)) of such additional number of Shares as, together with the Mandatory Exchange Shares issued or to be issued on exchange of the relevant Bond, is equal to the number of Mandatory Exchange Shares which would have been required to be issued as above on exchange of such Bond if the relevant adjustment to the Exchange Price had been made and become effective immediately after the relevant record date.

(x) *Dividends and other distributions:* If the record date for the payment of any dividend or other distribution in respect of the Mandatory Exchange Shares falls on or after the Mandatory Exchange Calculation Date, but before the date of allotment and issue of the Mandatory Exchange Shares allotted and issued pursuant to sub-paragraph (iii) above, the Issuer or the Guarantor will pay to the exchanging Bondholder or his designee an amount in Malaysian Ringgit equal to the Fair Market Value of any such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record. Provided the relevant Mandatory Exchange Settlement Instruction, the Certificate(s) evidencing the Bonds and amounts payable under Condition 6.7.6(vii) have been delivered or paid, the Issuer or the Guarantor will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days after the later of (a) the delivery and payment of each of the Mandatory Exchange Settlement Instruction, the Certificate(s) evidencing the Bonds and amounts payable under Condition 6.7.6(vii) and (b) the payment of the dividend or other distribution. Such amount shall be paid by means of a Malaysian

Ringgit cheque drawn on a bank in Kuala Lumpur and mailed (at the risk of the Bondholder) by ordinary mail to the address specified in the relevant Mandatory Exchange Settlement Instruction. For the avoidance of doubt, any Bondholder who delivers a Mandatory Exchange Settlement Instruction or Certificate(s) evidencing the Bonds or pays amounts payable under Condition 6.7.6(vii) after the Notice Cut-off Date shall only be entitled to such payment under this sub-paragraph (x) that would have been paid to the Bondholder had such Bondholder made such deliveries or payment not later than the Notice Cut-off Date.

7. PAYMENTS

7.1 Payment

7.1.1 Payment of principal, premium, interest or otherwise which is to be made in United States dollars will be made by transfer to the registered account of the Bondholder or by United States dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

7.1.2 Interest on the Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the seventh day before the due date for the payment of interest (the "**Interest Record Date**").

7.2 Registered Accounts

For the purposes of this Condition, a Bondholder's registered account means the United States dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

7.3 Applicable Laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

7.4 Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that it not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

7.5 Default Interest and Delay in Payment

If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum (both before and after judgment) at the rate of five per cent. per annum from the due date up to but excluding the date on which such payment is made in accordance with these Conditions. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

7.6 Business Day

In this Condition, "**business day**" means a day other than a Saturday or Sunday on which commercial banks are open for business in New York City and Hong Kong and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8. REDEMPTION, PURCHASE AND CANCELLATION

8.1 Maturity

Unless previously redeemed, exchanged or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100 per cent. of its principal amount on 18 March 2015 (the "**Maturity Date**") together with accrued but unpaid interest. The Issuer may not redeem the Bonds at its option prior to that date except as provided in Conditions 8.2 or 8.3 (but without prejudice to Condition 10).

8.2 Redemption at the Option of the Issuer

If at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 16), the Issuer shall have the option to redeem in whole but not in part such outstanding Bonds at 100% of their principal amount together with accrued but unpaid interest (calculated up to, but excluding, the date of redemption). The Issuer will give at least 30 days' but not more than 60 days' prior notice to the holders for such redemption. Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds at 100% of their principal amount together with accrued but unpaid interest (calculated up to, but excluding, the date of redemption), on the date fixed for such redemption.

8.3 Redemption for Taxation Reasons

8.3.1 At any time the Issuer may (subject to the provisions below), having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (which notice shall be irrevocable) redeem all, and not some only, of the Bonds on the date fixed for redemption in the Tax Redemption Notice (the "**Tax Redemption Date**"), if the Issuer satisfies the International Trustee that (i) immediately prior to the giving of such notice the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Labuan or Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 11 March 2010, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking all reasonable measures available to it, which may include the substitution of the Issuer as principal debtor in respect of the Bonds. Upon the expiry of any such notice, the Issuer (or the Guarantor, as the case may be) will be bound to redeem the Bonds at 100% of the principal amount together with accrued but unpaid interest (calculated up to, but excluding, the date of redemption).

No Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice, the Issuer (or the Guarantor, as the case may be) shall deliver to the International Trustee (a) a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the International Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders.

8.3.2 If the Issuer (or the Guarantor, as the case may be) gives a Tax Redemption Notice pursuant to Condition 8.3.1, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal, interest and premium to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. To exercise a right pursuant to this Condition 8.3.2, the holder of the relevant Bond must complete, sign and deposit at his own expense during normal business hours at the specified office of any Paying and Exchange Agent no later than the day falling 10 days prior to the Tax Redemption Date a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent (the "**Tax Option Exercise Notice**"), together with the Certificate evidencing the Bonds.

8.4 Redemption for Delisting or Change of Control

8.4.1 Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right ("**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem in whole but not in part such holder's Bonds on the Relevant Event Put Date (as defined below) at 100% of the principal amount together with accrued but unpaid interest (calculated up to, but excluding the date of redemption). To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying and Exchange Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent (a "**Relevant Event Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer or the Guarantor, as the case may be, in accordance with Condition 17. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

8.4.2 A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer or the Guarantor, as the case may be, shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notice delivered as aforesaid on the Relevant Event Put Date.

8.4.3 The International Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred.

8.4.4 Not later than seven Trading Days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be given to Bondholders (in accordance with Condition 17) stating:

(i) the Relevant Event Put Date;

(ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event;

(iii) the date by which the Relevant Event Put Exercise Notice must be given;

(iv) the names and addresses of all Paying and Exchange Agents;

(v) briefly, the Exchange Right and the then current Exchange Price;

(vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Exchange Right; and

(vii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn.

8.4.5 For the purposes of this Condition 8:

(i) "*control*" means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor's Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

(ii) a "*Change of Control*" occurs when:

(a) any person or persons (as defined below), including their Affiliates (as defined below) acting together acquires control of the Guarantor if such person or persons does not or do not have control of the Guarantor on 11 March 2010; or

(b) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Guarantor or the successor entity.

an "**Affiliate**" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Guarantor's Board of Directors or any other governing board and does not include the Guarantor's wholly-owned direct or indirect subsidiaries;

(iii) a "*Relevant Event*" shall occur when: (x) the Shares cease to be listed or admitted to trading on Bursa Securities or, if applicable, the Alternative Stock Exchange; or (y) there has been a Change of Control in the Guarantor.

8.5 Redemption at the option of the Bondholders

On 18 March 2013 (the "**Put Option Date**"), the holder of each Bond will have the right at such holder's option to require the Issuer to redeem all or some only of such holder's Bonds on the Put Option Date at 100 per cent. of their principal amount (the "**Put Option Price**") together with accrued but unpaid interest (calculated up to, but excluding, the date of redemption). To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying and Exchange Agent a duly completed and signed Put Exercise Notice (the "**Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date. For the avoidance of doubt, such put option may not be exercised at any time after the Put Option Date.

A Put Exercise Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal in writing) and (save as provided in Condition 8.6) the Issuer shall redeem the Bonds which are the subject of Put Exercise Notices delivered as aforesaid on the Put Option Date.

8.6 Redemption following Exercise of a Put Option

Upon the exercise of any put option specified in Conditions 8.4 and 8.5, payment of the applicable redemption amount or Put Option Price and interest shall be conditional upon delivery of the Certificate of the Bondholder evidencing the Bonds (together with any necessary endorsements) to any Paying and Exchange Agent on any business day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate.

8.7 Purchases

Subject to applicable Malaysian law and regulation, the Issuer, the Guarantor or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise, and Bonds so purchased may be held or resold or, if purchased by the Issuer, cancelled.

8.8 Cancellation

All Bonds which are redeemed or exchanged by the Issuer or the Guarantor will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

8.9 Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will be given in accordance with Condition 17, and specify the Exchange Price as at the date of the relevant notice, the VWAP for the five consecutive Trading Days ending on the latest practicable Trading Day prior to the date of the notice, the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the date of the notice.

9. TAXATION

9.1 All payments, whether of principal, premium, interest or otherwise made by the Issuer (or, as the case may be, the Guarantor) will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Labuan or Malaysia or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer (or, as the case may be, the Guarantor) will pay such additional amounts as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

9.1.1 to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Labuan or Malaysia, as the case may be, otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or

9.1.2 if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or

9.1.3 where such withholding or deduction is imposed or levied on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income; or

9.1.4 presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying and Exchange Agent in a Member State of the European Union.

9.2 For the purposes hereof, "relevant date" means the date on which such payment first becomes due except that if the full amount payable has not been received by the International Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

9.3 References in these Conditions to principal, premium, interest, Equivalent Amount, Mandatory Exchange Fractional Amount, Mandatory Exchange Cash Amount, Cash Settlement Amount and default interest (if any) or any other payment made or to be made by the Issuer or the Guarantor pursuant to these Conditions shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10. EVENTS OF DEFAULT

The International Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at 100% of principal amount together with accrued but unpaid interest calculated up to, but excluding, the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Exchange Right in respect of their Bonds in accordance with Condition 6) if any of the following events has occurred:

(i) a default is made in the payment of any amount due in respect of the Bonds and such default continues for 15 days;

(ii) failure by the Guarantor to deliver the Shares as and when such Shares are required to be delivered under these Conditions, and such default continues for 30 days;

(iii) the Issuer or the Guarantor does not perform or comply with one or more of its other obligations (not being obligations contained in Condition 10(i) or 10(ii)) in the Bonds or the Trust Deed and (except where the International Trustee certifies in writing that, in its sole opinion, such default is not capable of remedy) such default is not in the sole opinion of the International Trustee remedied within 30 days after written notice shall have been given to the Issuer by the International Trustee specifying such default and requiring such default to be remedied;

(iv) the Issuer, the Guarantor or any Principal Subsidiary is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries;

(v) (a) any other present or future indebtedness of the Issuer, the Guarantor or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer, the Guarantor or any of the Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate outstanding amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(v) have occurred equals or exceeds US$35,000,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the United States dollar as quoted by any leading bank selected by the International Trustee on the day on which such indebtedness becomes due and payable or is not paid) or any such amount becomes due and payable or is not paid under any such guarantee or indemnity;

(vi) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries, which is material to the Issuer, the Guarantor and the Principal Subsidiaries as a whole, and is not discharged or stayed within 60 days;

(vii) an order is made and is not stayed or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, the Guarantor or any of the Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries stops, suspends payment or threatens to stop or suspend payment to its creditors generally or ceases or threatens to cease to carry on all or substantially all of its business or operations, except in each case for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved in writing by the International Trustee or by an Extraordinary Resolution of the Bondholders or (in relation to the winding-up, dissolution or administration of a Principal Subsidiary) (a) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Guarantor or any other Subsidiary of the Guarantor or (b) by way of a voluntary winding-up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or any other Subsidiary of the Guarantor are distributed to the Guarantor and/or any such other Subsidiary;

(viii) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries (as the case may be) and is not discharged within 60 days;

(ix) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Guarantee or the Trust Deed;

(x) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries, which is material to the Issuer, the Guarantor and the Principal Subsidiaries as a whole;

(xi) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with their respective obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Malaysia, is not taken, fulfilled or done;

(xii) the Issuer ceases to be, directly or indirectly, wholly owned and controlled by the Guarantor;

(xiii) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(xiv) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs, provided that in the cases of paragraphs (iii), (iv), (x) and (xi) in relation to the Issuer and the Guarantor and paragraphs (iv), (viii) and (x) in relation to the Principal Subsidiaries (excluding, for the avoidance of doubt, the Issuer) the International Trustee has certified in writing to the Issuer that such event is in its sole opinion materially prejudicial to the interests of Bondholders.

"**Principal Subsidiary**" means at any time any Subsidiary of the Guarantor:

(i) (aa) whose profits before taxation, minority interests and extraordinary items or (in the case of a Subsidiary which has subsidiaries) consolidated profits before taxation, minority interests and extraordinary items as shown by its latest audited profit and loss account are at least 15 per cent. of the consolidated profit before taxation, minority interests and extraordinary items as shown by the latest published audited consolidated profit and loss account of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated companies; or

(bb) in the case of a Subsidiary whose accounts are not consolidated with the accounts of the Guarantor, the Guarantor's share of whose profits before taxation, minority interests and extraordinary items or (in the case of a Subsidiary which has subsidiaries) consolidated profits before taxation, minority interests and extraordinary items is at least 15 per cent. of the consolidated profit before taxation, minority interests and extraordinary items as shown by the latest published audited consolidated profit and loss account of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of profits of associated companies; or

(ii) whose turnover or (in the case of a Subsidiary which has subsidiaries) consolidated turnover as shown by its latest audited profit and loss account is at least 15 per cent. of the sum of (x) the consolidated turnover as shown by the latest published audited consolidated profit and loss account of the Guarantor and its Subsidiaries and (y) the Guarantor and its consolidated Subsidiaries' share of the turnover or (in the case of a Subsidiary which has subsidiaries) consolidated turnover (as shown by its latest audited profit and loss account) of each Subsidiary whose accounts are not consolidated with the accounts of the Guarantor; or

(iii) whose net assets or (in the case of a Subsidiary which has subsidiaries) net consolidated assets as shown by its latest audited balance sheet are at least 15 per cent. of the amount which equals:

(aa) the sum of (x) the net consolidated assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries and (y) the net assets or (in the case of a Subsidiary which has subsidiaries) net consolidated assets (as shown by its latest audited balance sheet) of each Subsidiary whose accounts are not consolidated with the accounts of the Guarantor; less

(bb) the amount included in the net consolidated assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries as being represented by the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the accounts of the Guarantor; or

(iv) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary, but so that, in such a case, the Subsidiary so transferring its assets and undertaking shall thereupon cease to be a Principal Subsidiary.

A report by the auditors of the Guarantor that, in their opinion, a company is or is not or was or was not at any particular time a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties concerned. References to the audited profit and loss account and balance sheet and audited accounts of a company which has subsidiaries shall be construed as references to the audited consolidated profit and loss account and consolidated balance sheet of such Subsidiary and its subsidiaries, if such are required to be produced and audited, or, if no such profit and loss account or balance sheet is produced, to a pro forma profit and loss account or balance sheet prepared for the purpose of such report.

A corporation shall be deemed to be a "**Subsidiary**" of another corporation, if (x) that other corporation (aa) controls the composition of the board of directors of the first-mentioned corporation; (bb) controls more than half of the voting power of the first-mentioned corporation; or (cc) holds more than half of the issued share capital of the first-mentioned corporation (excluding any part thereof which consists of preference shares); or (y) the first-mentioned corporation is a Subsidiary of any corporation which is that other corporation's Subsidiary. For this purpose, the composition of a corporation's board of directors shall be deemed to be controlled by another corporation if that other corporation by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint or remove all or a majority of the directors, and for the purposes of this provision that other corporation shall be deemed to have power to make such an appointment if a person cannot be appointed as a director without the exercise in his favour by that other corporation of such a power or a person's appointment as a director follows necessarily from his being a director or other officer of that other corporation.

11. CONSOLIDATION, AMALGAMATION OR MERGER

The Guarantor will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person (the consummation of any such event, a "**Merger**"), unless:

(i) the corporation formed by such Merger or the person that acquired such properties and assets shall expressly assume, by a supplemental trust deed, all obligations of the Guarantor under the Trust Deed, the Bonds and the Agency Agreement and the performance of every covenant and agreement applicable to it contained therein (as may be modified by the supplemental trust deed);

(ii) the supplemental trust deed referred to in paragraph (i) above will ensure (so far as legally possible) that (a) the holder of each Bond then outstanding will have the right (during the period in which the Exchange Rights are exercisable) to exchange such Bond into the class and amount of shares and other securities and property receivable upon such consolidation, amalgamation, merger, conveyance or transfer by a holder of the number of Shares which would have become liable to be issued upon exchange of such Bond immediately prior to such consolidation, amalgamation, merger, conveyance or transfer and such supplemental Trust Deed will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the provisions of Condition 6.3 and (b) there shall be no right to exercise a redemption of the Bonds under Condition 8.3 as a result of any change in the domicile or place of incorporation of the Issuer, the Guarantor or of the successor entity not being incorporated in Labuan or, as the case may be, Malaysia, and the provisions of Condition 9 shall also be supplemented or modified as the International Trustee deems appropriate;

(iii) immediately after giving effect to any such Merger, no event of default (as set out in Condition 10) shall have occurred or be continuing or would result therefrom; and

(iv) the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such Merger with respect to any payment, whether of principal, premium, interest or otherwise, on the Bonds.

12. PRESCRIPTION

12.1 Save as provided in Condition 12.2, claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal or premium) and five years (in the case of interest or any other amount, including default interest) from the relevant date (as defined in Condition 9) in respect thereof.

12.2 Claims for delivery of Mandatory Exchange Shares or for the payment of a Mandatory Exchange Fractional Amount, Mandatory Exchange Cash Amount will become prescribed unless made within five years from the applicable Notice Cut-off Date (or where a Mandatory Exchange Option Notice specifies a cash payment only, from the date upon which such notice is given pursuant to Condition 17).

13. ENFORCEMENT

At any time after the Bonds have become due and repayable, the International Trustee may, at its discretion and without further notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (i) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer and/or the Guarantor unless the International Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

The Labuan Trustee shall not be entitled to take any action or proceedings or exercise any rights under or in relation to the Trust Deed or the Conditions unless it has the prior written consent of the International Trustee or is directed by the International Trustee and if such consent or direction is given, the Labuan Trustee will act only in accordance with such consent or direction.

14. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

14.1 Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal, interest, premium (if any) or default interest (if any) in respect of the Bonds or changing the method of calculation of the Equivalent Amount, Mandatory Exchange Fractional Amount, Mandatory Exchange Cash Amount, Cash Settlement Amount, or the amounts payable pursuant to Condition 6.7.6(x), (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Exchange Rights or the put options specified in Condition 8, (v) to modify or cancel the Guarantee or substitute any entity for the Guarantor; or (vi) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

14.2 Modification and Waiver

The International Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 14.1 above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the sole opinion of the International Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which, in the International Trustee's sole opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the International Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

14.3 Substitution

The Trust Deed contains provisions permitting the International Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the International Trustee may require, but without the consent of the Bondholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In such event, the Issuer shall give notice to Bondholders in accordance with Condition 17.

14.4 Interests of Bondholders

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the International Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the International Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the International Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

14.5 Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the International Trustee (whether or not addressed to the International Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the International Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the International Trustee and/or the Issuer and/or the Guarantor in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

15. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Trustees, be constituted by a deed supplemental to the Trust Deed.

17. NOTICES

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*) and, so long as the Bonds are listed on the Labuan Financial Exchange and SGX-ST and the rules of that exchange so require, published in a leading newspaper having general circulation in Singapore (which is expected to be *The Business Times*). Such notices shall be deemed to have been given on the later of the date of such publications. Any such notice shall be deemed to have been given on the seventh day after being so mailed or on the date of such publication, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions. Such notices shall be deemed to have been given to the Bondholders on the day following the date of delivery to Euroclear and Clearstream.

18. AGENTS

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the International Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (i) a Principal Agent, (ii) a Registrar and a Transfer Agent, each having a specified office outside the United Kingdom, (iii) an Agent having a specified office in a major financial centre in Europe, (iv) a Paying and Exchange Agent with a specified office outside the United Kingdom but in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or comprising with, or introduced in order to conform to, such Directive and (v) if the Certificate in global form is exchanged for Certificates in definitive form and the rules of the SGX-ST so require, an Agent in Singapore. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar, the Principal Agent or the Principal Transfer Agent will be given promptly by the Issuer to the Bondholders in accordance with Condition 17.

19. INDEMNIFICATION

The Trust Deed contains provisions for the indemnification of the International Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The International Trustee is entitled to enter into business transactions with the Issuer or Guarantor without accounting for any profit.

20. TRUSTEES' LIABILITY

The appointment of the Labuan Trustee as co-trustee under these Conditions and the Trust Deed is with respect to the receipt of notices from the Issuer and the Guarantor in Labuan only.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

22. GOVERNING LAW

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out or in connection with them are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds, each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of the courts of England and in relation thereto has appointed Trusec Limited, now at 2 Lamb's Passage, London EC1Y 8BB as its agent for service of process in England.

THE GLOBAL CERTIFICATE

*The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the terms and conditions of the Bonds (the "**Conditions**") set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions.*

The Issuer will initially issue the Bonds in global form as described below. The Bonds sold will be represented by a Global Certificate. Except in the limited circumstances described below, individual definitive Certificates will not be issued. No Bonds will be issued in bearer form. The Global Certificate will be deposited with a common depositary for Euroclear and Clearstream.

MEETINGS

The holder of the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US$200,000 principal amount of Bonds in respect of which the Global Certificate is issued. The International Trustee may allow to attend and speak (but not vote) at any meeting of Bondholders, any accountholder (or the representative of such person) of a clearing system entitled to any individual Bond in respect of which the Global Certificate is issued on certification of entitlement and proof of identity satisfactory to the International Trustee.

EXCHANGE

Subject to the requirements of Euroclear and Clearstream, the Exchange Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation to or to the order of a Paying and Exchange Agent of one or more Exchange Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds but need not be signed. Deposit of the Global Certificate with a Paying and Exchange Agent together with the relevant Exchange Notice shall not be required. The provisions of Condition 6 will otherwise apply. Where the Bonds represented by the Global Certificate are to be exchanged, the Exchange Notice need not be signed. In such a case, delivery of the Exchange Notice will constitute confirmation by the beneficial owner of the Bonds to be exchanged that the information and the representations in the Exchange Notice are true and accurate on the date of delivery.

MANDATORY EXCHANGE OPTION

If the Issuer or the Guarantor exercises the Mandatory Exchange Option whilst the Bonds are represented by the Global Certificate, subject to the requirements of Euroclear and Clearstream, Mandatory Exchange Settlement Instructions duly completed by or on behalf of a holder of a book-entry interest in the Bonds may be presented to or to the order of a Paying and Exchange Agent but need not be signed. Deposit of the Global Certificate with a Paying and Exchange Agent together with the relevant Mandatory Exchange Settlement Instruction shall not be required. The provisions of Condition 6 will otherwise apply.

Delivery of the Mandatory Exchange Settlement Instruction will constitute confirmation by the beneficial owner of the Bonds to be exchanged that the information and the representations in the Mandatory Exchange Settlement Instruction are true and accurate on the date of delivery.

TRANSFERS

Transfers of interests in the Bonds with respect to which the Global Certificate is issued shall be made in accordance with the Agency Agreement.

PURCHASE AND CANCELLATION

Cancellation of any Bond(s) represented by the Global Certificate which are required by the Conditions to be cancelled following its/their redemption, exchange or purchase will be effected by reduction in the principal amount of the Bonds represented by the Global Certificate by the Registrar or the Principal Agent.

PAYMENTS

Payments of principal, premium (if any), interest or otherwise, which is to be made in United States dollars, in respect of the Bonds in respect of which the Global Certificate is issued will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Agent as shall have been notified to the Bondholders for such purpose.

NOTICES

So long as the Bonds evidenced by the Global Certificate are held on behalf of Euroclear, Clearstream or any other clearing system as shall have been approved by the Trustees (the "**Alternative Clearing System**"), notices required to be given to Bondholders shall be given by their being delivered to Euroclear and Clearstream or, as the case may be, the Alternative Clearing System, rather than by publication as required by the Conditions. Such notices shall be deemed to have been given to the Bondholders in accordance with the Conditions on the day following the date of delivery to Euroclear and Clearstream.

NOTICES TO BE DELIVERED BY BONDHOLDERS

So long as the Bonds evidenced by the Global Certificate are held on behalf of Euroclear, Clearstream or any other Alternative Clearing System, notices (including, but not limited to, an Exchange Notice, a Mandatory Exchange Settlement Instruction and a Put Exercise Notice) to be delivered by Bondholders may be given by facsimile rather than by depositing such notices at the specified office of the relevant Agent as required by the Conditions.

REGISTRATION OF TITLE

Certificates in definitive form for individual holdings of Bonds will not be issued in exchange for interests in the Bonds in respect of which a Global Certificate is issued, except in the following circumstances:

- either Euroclear or Clearstream (or any other Alternative Clearing System on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

- if any of the Bonds have become due and payable in accordance with Condition 10.

In such circumstances, the Issuer will, within 30 days, cause sufficient certificates for individual definitive Bonds to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Bondholders in exchange (free of charge) for their interests in the Global Certificate. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information and documents as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Bonds.

MARKET PRICE INFORMATION

	Shares			KLCI	
	High (RM)	Low (RM)	Average daily trading volume ('000s)	High	Low
Year ended 31 December 2005					
First quarter	5.80	4.92	2,326.09	937.56	871.35
Second quarter	5.70	5.15	1,281.16	904.06	860.73
Third quarter	5.75	5.35	1,132.40	952.59	894.02
Fourth quarter	5.55	5.30	1,015.17	928.88	885.14
Year ended 31 December 2006					
First quarter	5.40	5.00	1,350.23	932.98	892.85
Second quarter	5.20	4.58	972.19	966.88	886.48
Third quarter	5.40	4.82	882.15	968.88	902.70
Fourth quarter	6.95	5.20	1,849.08	1,101.7	964.06
Year ended 31 December 2007					
First quarter	8.05	6.10	3,167.79	1,283.47	1,106.06
Second quarter	8.90	6.80	2,569.32	1,391.57	1,246.30
Third quarter	8.50	6.95	1,360.06	1,382.18	1,191.55
Fourth quarter	8.55	7.15	1,164.85	1,447.04	1,344.16
Year ended 31 December 2008					
First quarter	8.00	6.65	1,746.88	1,516.22	1,173.22
Second quarter	7.60	6.75	1,000.05	1,300.67	1,186.57
Third quarter	6.85	5.50	712.38	1,174.83	991.66
Fourth quarter	7.15	5.65	1,047.09	1,016.70	829.41
Year ended 31 December 2009					
First quarter	7.15	6.90	550.63	927.62	838.39
Second quarter	7.30	6.65	837.01	1,091.17	884.18
Third quarter	7.49	6.75	775.54	1,221.20	1,063.66
Fourth quarter	7.53	7.05	525.45	1,279.95	1,206.25
Year ended 31 December 2010					
First quarter (until 12 March)	7.54	7.21	516.53	1,328.22	1,233.86

	Shares			KLCI	
	High (RM)	Low (RM)	Average daily trading volume ('000s)	High	Low
September 2009	7.49	7.15	692.89	1,221.20	1,168.01
October 2009	7.40	7.15	669.16	1,267.10	1,206.25
November 2009	7.53	7.05	613.51	1,279.95	1,241.76
December 2009	7.51	7.05	291.02	1,275.22	1,255.66
January 2010	7.54	7.32	471.99	1,308.36	1,259.16
February 2010	7.41	7.21	529.89	1,270.78	1,233.86
March 2010 (until 12 March)	7.50	7.40	584.23	1,328.22	1,283.40

Source: Bloomberg

DIVIDEND POLICY

A net first and final dividend of RM101,061,085 (US$29,511,194) was paid in respect of the financial year ended 30 June 2009. This represented a gross dividend per Share of 15% of the par value thereof prior to deduction of income tax attributable thereto.

It is the present intention of the Board of Directors of YTL Corp to continue to propose the payment of cash dividends to general meetings of YTL Corp on interim and/or annual bases, subject to future earnings and the financial condition of YTL Corp and other factors, including restrictions imposed by law or under credit facilities on the payment of dividends by members of YTL Corp Group and availability of funds.

The amount of net dividends paid by YTL Corp and the gross dividend per Share for the past three financial years are set out below:

	Year ended 30 June			
	2007	**2008**	**2009**	**2009**
	RM	RM	RM	US$
Net dividends (proposed in the financial years indicated) ('000)[(1)]	274,037,335	277,954,428	101,061,085	29,511,194
Gross dividend per share (in respect of dividends proposed in fiscal years indicated) (sen/cents)	25.0	25.0	7.5	2.19

(1) Annual dividends proposed for the current fiscal year are paid in the following year.

As at the date hereof, there have been no dividends declared or recommended in respect of the financial year ending 30 June 2010.

Barring unforeseen circumstances, the Board of Directors of YTL Corp does not expect the proposal to affect the dividend policy of the Company for the financial year ending 30 June 20010. Nevertheless, the declaration of further dividends (if any) for the financial year ending 30 June 20010 will depend on, amongst others, the profit and cash flow position of the YTL Corp Group during the said financial year.

EXCHANGE RATES AND EXCHANGE CONTROLS

EXCHANGE RATES

On 1 September 1998, Bank Negara introduced a series of exchange control measures aimed at ending speculation on the Malaysian Ringgit. One of these measures was the pegging of the exchange rate quotation of the Malaysian Ringgit to the US dollar. As a result of the peg, the Malaysian Ringgit exchange rate against the US dollar was set by Bank Negara at RM3.80 to US$1.00 from 2 September 1998. However, on 21 July 2005, the Malaysian Government removed the peg and allowed the exchange rate of the Malaysian Ringgit to operate in a managed float, with its value determined by economic fundamentals.

EXCHANGE CONTROLS

As a result of the new measures announced by Bank Negara on 1 September 1998, the Malaysian Ringgit was no longer a freely convertible currency and Bank Negara introduced from that time various changes to its exchange control rules to regulate the flow of foreign exchange.

In furtherance of the Malaysian Government's ongoing measures to liberalise the rules governing the administration of foreign exchange the Malaysian Government has announced changes from time to time that relaxed the thresholds and conditions for the repatriation of funds by non-residents.

Following from these new measures there are now no restrictions on repatriation of capital, profits, dividends, interest, fees or rental by foreign direct investors or portfolio investors. However, all remittances abroad must be made in foreign currencies other than the currency of Israel.

EXCHANGE CONTROL APPROVALS AND LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY ("LOFSA") APPROVALS TO BE OBTAINED

For exchange control purposes, the Issuer is deemed a non-resident. In the event the Issuer on lends the proceeds of the Bonds in foreign currency to YTL Corp or any of its Malaysian resident subsidiaries, YTL Corp or that Malaysian subsidiary has to obtain the prior permission of the Malaysian Controller of Foreign Exchange if the aggregate borrowing on a corporate group basis of YTL Corp exceeds an equivalent of RM100 million.

Under the present regime, with effect from 1 April 2007 (as amended on 20 September 2007 and 28 May 2008) (a) a resident company which has no domestic ringgit credit facilities is free to invest in any foreign currency assets and may finance such investments from (i) any amount of its own foreign currency funds retained in accounts in Malaysia or offshore, (ii) any amount of its own ringgit funds converted into foreign currency, including proceeds from the listing of shares through an initial public offering on the Main Market of Bursa Malaysia; and (iii) up to RM100 million equivalent in aggregate on a corporate group basis using foreign currency borrowing provided always that a resident company intending to invest in foreign currency assets must have minimum shareholders' funds of RM100,000 and must have been operating for at least one year; and (b) where a resident company has domestic ringgit credit facilities it may invest in any foreign currency assets and may finance such investments from (i) the resident company's own foreign currency funds maintained in Malaysia or offshore, (ii) any amount of proceeds from the listing of shares through an initial public offering on the Main Market of Bursa Securities; (iii) up to an equivalent of RM50 million in aggregate per calendar year on a corporate group basis from conversion of ringgit funds into foreign currency; and (iv) up to RM100 million equivalent in aggregate on a corporate group basis using foreign currency borrowing provided always a resident company intending to invest in foreign currency assets must have minimum shareholder's funds of RM100,000 and must have been operating for at least one year. The Malaysian Controller of Foreign Exchange has maintained the requirement for the submission of quarterly reports pertaining to, inter-alia, overseas investment exceeding an equivalent of RM50 million and on offshore foreign currency borrowing exceeding the aggregate of RM100 million equivalent.

Accordingly, the Company, which has domestic borrowings, does not require the approval of the Malaysian Controller of Foreign Exchange to remit up to RM50 million in any calendar year on a per corporate group basis from conversion of ringgit funds into foreign currency; and up to RM100 million equivalent in aggregate on a corporate group basis using foreign currency borrowing for investment in any foreign currency assets.

The Company has also registered the Guarantee with Bank Negara in accordance with the provisions of the circular letter (ref: KL.EC.100/6/2007/11 and KL.EC.100/1) dated 1 April 2007 (as amended by the circular letter dated 15 May 2007 (ref: KL.EC.100/6/2007/14; KL.EC.100/1)) issued by the Controller of Foreign Exchange.

The Issuer has sought and obtained the said approval from LOFSA to carry on business and deal with YTL Corp.

FOREIGN INVESTMENT REGULATIONS IN MALAYSIA

Until 30 June 2009, the acquisition of shares and assets in Malaysia was regulated and monitored by the FIC. The FIC guidelines for the acquisition of shares, assets, mergers and takeovers in Malaysia are policy guidelines of a non-statutory nature and do not have the force of law although it is possible that a Malaysian court may hold in the future that they reflect public policy, in which case an agreement which is not in compliance with the FIC guidelines may be decided by a Malaysian court to be void as being against public policy. The FIC guidelines provide that a proposed acquisition of shares shall result directly or indirectly in a more balanced Malaysian participation in ownership and control, should lead directly or indirectly to net economic benefits being derived by the nation in specific areas and should not have adverse consequences in terms of national policies in certain areas. Subject to these guidelines, foreigners may acquire interests in a Malaysian company. The term "interests" is defined to mean holding voting rights or equity or any other rights in a company. On 30 June 2009, the Government announced a repeal of the FIC guidelines requiring that at least 30% of a company's share capital to be held by Bumiputera (i.e. ethnic Malaysian) interests, unless otherwise agreed by the FIC.

However, equity conditions forming part of the licensing requirements imposed by the relevant sector regulators remain applicable. Sector regulators can impose equity conditions on strategic sectors through the implementation of programmes or guidelines for Bumiputera participation through the issuance of licenses, permits, procurements and so forth. Sectors not deemed strategic will not be imposed any equity conditions.

In addition, the Economic Planning Unit (EPU) has issued new guidelines which apply to various transactions involving the dilution of Bumiputera interests and/or Government interests in properties valued at RM20 million and above, whether bought directly or indirectly (through acquisition of companies owning properties). Based on merit of the cases, the EPU may impose on the acquirer company a 30 per cent Bumiputera equity condition.

The Company has received all necessary approvals from Bursa Securities with respect to the issue of the Shares issuable on exchange of the Bonds, including the right of a foreign Bondholder to exchange Bonds for Shares.

DESCRIPTION OF THE SHARES

Set forth below is certain information relating to the share capital of the Company including brief summaries of certain provisions of its Memorandum and Articles of Association (the "**Memorandum and Articles of Association**"), the law of Malaysia relating to companies (the "**Companies Law**") and the listing requirements of Bursa Securities (the "**Listing Requirements**").

GENERAL

YTL Corp was incorporated on 9 November 1982 in Malaysia under the Companies Act, 1965, as a private limited company under the name Construction Marketing (M) Sdn Bhd and later converted into a public company on 12 October 1984 under the name Hongkong Tin Corporation (Malaysia) Berhad. YTL Corp was listed on the Main Market of Bursa Securities on 3 April 1985 and assumed its present name on 1 March 1988. YTL Corp has also been listed on the Foreign Section of the Tokyo Stock Exchange since 29 February 1996. The registered office of YTL Corp is located at 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.

Any provision of the Memorandum and Articles of Association of the Company may be altered only to the extent and in the manner provided by the Companies Law and not otherwise. Pursuant to the Companies Law, the name, objects and "public" status of the Company may not be altered other than by a resolution requiring a 75% majority of the votes cast (a "**Special Resolution**") by members of the Company at a duly convened general meeting. The Company may by Special Resolution passed at a general meeting of Shareholders amend or add to the Articles of Association (the "**Articles**") of the Company.

MEETINGS AND VOTING RIGHTS

Every year, the Company is required, in accordance with the requirements of the Articles and the Companies Law, to hold a general meeting of Shareholders as its annual general meeting. Any other meeting is an extraordinary general meeting. An annual general meeting, and an extraordinary general meeting called for the passing of a Special Resolution, must, subject to the provisions of the Companies law, be called by not less than 21 days' notice in writing, unless the holders of 95% of the shares of the Company carrying voting rights or, in the case of an annual general meeting, all the Shareholders, agree to a shorter notice period. Any other extraordinary general meeting must be called by not less than 14 days' notice in writing.

Extraordinary general meetings may be called by the Directors of the Company whenever they think fit or at the requisition of two or more Shareholders holding not less than 10% of the paid up share capital of the Company. Notice of meetings must be given to all Shareholders having a right to attend and vote thereat except those who have not given the Company an address for service of notices in Malaysia.

Under the Articles, two members present in person or represented by proxy or, in the case of a corporation, by a duly authorised representative, are entitled to vote upon the business to be transacted and shall be a quorum for all purposes.

Subject and without prejudice to any rights or restrictions as to voting for the time being attached to any class of shares of the Company, every member is entitled to vote at any general meeting in person or by proxy or by attorney. Every person present at a general meeting who is a member or a representative of a member has one vote on a show of hands, and in the case of a poll, every person present in person or by proxy or by attorney or other duly authorised representative shall have one vote for every fully paid share of which he is a holder. No Shareholder shall be entitled to vote unless all calls or other sums presently payable by him in respect of the Shares have been paid, nor shall a Shareholder who is of unsound mind be entitled to vote.

Unless a poll is demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn.

ALTERATIONS TO SHARE CAPITAL

The Company may from time to time (i) by a resolution requiring a simple majority of the votes cast (an "Ordinary Resolution") increase its share capital by such sum, divided into shares of such amounts, as the resolution shall prescribe, and (ii) by Special Resolution reduce its capital and any capital redemption reserve fund in any manner authorised under the Articles and subject to any conditions prescribed by the Companies Law.

The Company may also alter the conditions of its Memorandum and Articles of Association by Ordinary Resolution (a) to consolidate and divide its share capital into shares of larger amounts than its existing shares; (b) to cancel any shares not taken or agreed to be taken by any person; or (c) to subdivide its share capital or any part thereof into shares of smaller amount than is fixed by its Memorandum and Articles of Association, subject to the provisions of the Companies Law and so that as between the resulting shares one or more of such shares may by the resolution by which such subdivision is effected be given any preference or advantage as regards to dividend, capital, voting or otherwise over the other or any others of such shares.

VARIATION OF RIGHTS

Subject to the provisions of the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of shares of the class) may be varied with the consent in writing of the holders of not less than three-quarters of the issued shares of that class or with the sanction of a resolution requiring three-quarters of the votes cast passed at a separate meeting of the members of that class, for which meeting 21 days' notice has been given.

To any such separate meeting the provisions of the Articles relating to general meetings shall, mutatis mutandis, apply, but so that the necessary quorum shall be two persons holding or representing by proxy one-third of the issued shares of the class and every holder of shares of the class present in person or by proxy may demand a poll. A dissenting shareholder having not less than 10% of the shares of the class is entitled to apply to the courts to have the resolution set aside.

DIVIDENDS

Subject to any special rights for the time being attached to any shares of the Company, dividends shall be declared and paid upon the Shares in proportion to the amounts paid up or credited as paid up thereon respectively, otherwise than in advance of calls.

The Directors may, with the sanction of an Ordinary Resolution passed at a general meeting from time to time, declare dividends, but no such dividend shall exceed the amount recommended by the Directors. The Directors may, if they think fit, from time to time declare and pay to the members such interim dividends as appear to them to be justified by the profits of the Company. No higher dividend shall be paid than is recommended by the Directors.

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves, which shall at the discretion of the Directors be applicable for such other purposes for which the profits of the Company may lawfully be used without placing the same to reserve and pending such application the Directors may employ such sums, from time to time, in the business of the Company or invest the same in such securities other than the shares of the Company as they may elect. The Directors may also, from time to time, carry forward any profits which they may think prudent not to distribute.

Any dividend, interest or other money payable in cash in respect of Shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. No unpaid dividend or interest shall bear interest as against the Company.

PRE-EMPTIVE RIGHTS AND NEW ISSUE OF SHARES

Save as otherwise provided in Article 52 of the Company's Articles of Association (which provision is incorporated in the Articles of Association of the Company for purposes of compliance with the requirements of Bursa Securities as provided in paragraph (c) of the next section), there are no pre-emptive rights applicable to the issue of new shares or to the transfer of Shares under the Memorandum and Articles of Association.

However, in accordance with the Companies Law, the Directors shall not, without the prior approval of an Ordinary Resolution passed at a general meeting, exercise any power of the Company to issue shares. Any issue of shares in contravention of this requirement is void. Any issue of shares by the Company is also subject to the prior approval of the Securities Commission of Malaysia.

The Shares are under the control of the Directors, who may, subject to the provisions of the Articles and of Bursa Securities, allot and issue the same to such persons on such terms and conditions and at such times as the Directors think fit. The Company shall not issue Shares so as to transfer a controlling interest without prior approval of Shareholders in a general meeting.

REQUIREMENTS OF BURSA SECURITIES

The Shares are listed and quoted on Bursa Securities. By virtue of such listing and quotation, the Company is required by agreement with Bursa Securities and the requirements of the Securities Industry Act 1983 to comply with the terms and conditions of the Listing Requirements which, among other things, provide as follows:

(a) No Director shall participate in an issue of Shares to employees unless Shareholders in a general meeting have approved the specific allotment to be made to such Director.

(b) Subject to any direction to the contrary that may be given by the Shareholders in a general meeting, all new Shares or convertible securities shall, before being issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as circumstances permit, to the amount of the existing Shares or convertible securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or convertible securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or convertible securities offered, the Directors may dispose of those Shares or convertible securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or convertible securities which (by reason of the ratio which the new Shares or convertible securities bear to shares held by persons entitled to any offer of new Shares or convertible securities) cannot, in the opinion of the Directors, be conveniently offered under this provision.

DEALING IN OWN SHARES

Except for the right (in so far as the same is authorised by the Articles) to purchase its shares within certain prescribed parameters, the Companies Law and the Listing Requirements prohibit the Company from in any way purchasing, dealing in or lending money on its own Shares.

REGISTRATION AND TRANSFERS

Pursuant to the Securities Industry (Central Depositories) Act, 1991 (the "**Central Depositories Act**"), Bursa Securities has prescribed the shares of the Company as prescribed securities. Pursuant to the Central Depositories Act, prescribed securities may not be traded on a stock market unless such security has been deposited with Bursa Malaysia Depository Sdn Bhd ("**BMD**"). BMD is the central depository under the Central Depository System in Malaysia and a subsidiary of Bursa Securities. Shareholders were required to mandatorily deposit their Shares with the BMD directly or through Authorised Depository Agents appointed by the BMD from Bursa Securities' Member Companies by opening a securities account on or before 1 December 1998, failing which the shares are transferred to the Minister of Finance (subject to a limited right of appeal by aggrieved shareholders) and may be disposed of by the Minister in accordance with applicable law. The Shares are traded by the members by book entries between securities accounts and therefore there will be no physical transfer of the Shares. Although the deposited Shares are registered in the name of BMD Nominees, the nominee of BMD in the register of members of the Company, the Central Depositories Act provides that BMD Nominees is a bare trustee for the purpose of Section 6A(9)(a) of the Companies Act 1965 and its interest in the Shares shall be disregarded in respect of certain provisions of the Companies Act 1965.

A person is required by the Companies Law to notify the Company and Bursa Securities and by the Securities Industry (Reporting of Substantial Shareholding) Regulations 1998 to notify the Securities Commission in writing stating his name, nationality and address and full particulars of the voting shares of the Company in which that person has an interest or interests (including, unless the interest or interests cannot be related to a particular share or shares, the name of the person who is registered as the holder) and full particulars of each such interest and of the circumstances by reason of which he has that interest, within seven days, in the following circumstances:

(a) if that person has an interest or interests in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amount of those shares, is not less than 5% of the aggregate of the nominal amount of all the voting shares in the Company ("**Substantial Shareholding**");

(b) if there is a change in the Substantial Shareholding; or

(c) if such a person ceases to have a Substantial Shareholding.

TRANSMISSION OF SECURITIES

Where the securities of the Company are listed on an Approved Market Place (as defined in the Securities Industry (Central Depositories) (Exemption) (No. 2) Order, 1998) and the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998, under the rules established by the Central Depositories Act, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders in the jurisdiction of the Approved Market Place (the "**Foreign Register**") to the register of holders maintained by the registrar of the Company in Malaysia (the "**Malaysian Register**"), provided that there is no change in the ownership of such securities and the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.

LIQUIDATION RIGHTS

Subject to the Companies Law, if the Company is wound-up voluntarily the liquidator may, with the sanction of a Special Resolution, divide amongst the members in kind the whole or any part of the assets of the Company, and may set such value as he deems fair upon any property to be divided and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with like sanction, vest the whole or any part of any such assets in trustees upon trusts for the benefit of the contributories as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability. If the Company is wound-up, the members of each class of shareholders shall be entitled to participate equally in direct proportion to the nominal value of their shares, provided that if the share capital of the Company is divided into different classes, the rights of each class in a liquidation shall be in accordance with the terms of the issue of the shares of that class.

INDEMNITY FOR COMPANY'S OFFICERS

Subject to the Companies Law, every Director, agent, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred or sustained by him in defending any proceedings, whether criminal or civil, in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Companies Law in which relief is granted to him by the court in respect of any negligence, default, breach of duty or breach of trust.

TAXATION

The statements made herein regarding taxation are based on the laws in force as of the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective purchasers of Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Bonds and Shares.

MALAYSIA AND THE FEDERAL TERRITORY OF LABUAN

Malaysia includes the Federal Territory of Labuan. Whilst generally, all companies are incorporated under the Companies Act 1965 and are subject to tax under the Income Tax Act 1967, certain companies are incorporated under the Labuan Companies Act 1990 which would then be subject to tax under the Labuan Business Activity Tax Act 1990 in respect of their offshore business activity.

WITHHOLDING TAX ON THE BONDS

Interest, including deferred interest (which together are referred to in this section on Malaysian taxation as "interest") paid by the Issuer on the Bonds or by the Company under the Guarantee to a non-resident of Malaysia will not be subject to withholding tax in Malaysia (which is currently 15%) in the circumstances described below, which apply to the Issuer.

Pursuant to the Income Tax (Exemption) (No. 22) Order 2007, interest received under the following circumstances is exempt from the withholding tax provisions under Section 109 of the Malaysian Income Tax Act, 1967:

(i) interest received from an offshore company (such as the Issuer) by a non-resident person (other than interest accruing to a business carried on by a non-resident person in Malaysia where that non-resident person is licensed to carry on a business under the Banking and Financial Institutions Act 1989, the Islamic Banking Act 1983, the Insurance Act 1996 or the Takaful Act 1984) or another offshore company; or

(ii) interest received from an offshore company (such as the Issuer) by a resident person (other than a person licensed to carry on a business under the Banking and Financial Institutions Act 1989, the Islamic Banking Act 1983, the Insurance Act 1996 or the Takaful Act 1984).

If any interest on the Bonds were to become subject to withholding tax, the Issuer or the Company would pay, subject to certain exceptions, pursuant to the Terms and Conditions of the Bonds or, as the case may be, the Guarantee, such additional amounts as would result in the receipt by the holders of the net amounts after payment of such withholding tax equal to the amounts which would otherwise have been receivable by them had no such payment of withholding tax been required.

Under current Malaysian law, repayment of the principal amount of the Bonds will not be subject to Malaysian withholding tax.

Income Tax

Proceeds from the sale, assignment, transfer or other disposition by a holder of the Shares or Bonds may be subject to Malaysian income tax to the extent that such proceeds constitute income to such holder accruing in or derived from Malaysia or received in Malaysia from outside Malaysia as a result of speculation in the Shares or Bonds or in the ordinary course of carrying on any business in Malaysia.

Tax on Dividends

Under Malaysian law, dividends from Malaysian corporations are subject to Malaysian income tax. The dividend paying corporation is required to deduct tax at source at the present corporate tax rate of 25%. All dividends are declared gross and paid net of such tax. A shareholder receiving Malaysian dividend income will be entitled to claim a tax credit in respect of the tax so deducted against such shareholder's tax liability in Malaysia. However, as regards non-resident individual shareholders who are at present subject to Malaysian income tax at the rate of 26%, the non-resident individual shareholders may be required by the Malaysian tax authorities to pay the difference of 1% since income tax is deducted at source at the rate of 26%. Malaysia has introduced the single tier system in the Budget 2008 to replace the existing imputation tax system. Under the single tier system, corporate income will be taxed at corporate level and is a final tax. No tax is being deducted from dividend paid, credited or distributed to the shareholders under the single tier system.

There is no withholding tax on dividends paid by Malaysian companies.

Capital Gains Tax

Under current legislation in Malaysia, there is no tax on capital gains from the disposition of securities (including shares, bonds and loan stock). Accordingly, there is no tax that will apply to capital gains derived from disposition of the Shares or the Bonds.

There is also no tax on capital gains upon the redemption of the Bonds.

Taxation on Exchange

No Malaysian tax will apply upon the exchange of the Bonds for Shares.

Relief from Taxation

Recipients of interest, dividends or other Malaysian income who are resident in countries having tax treaties with Malaysia may be able to claim double taxation relief in their countries in accordance with such treaties if such income is taxed in their respective countries.

Holders of Shares or Bonds are advised to consult their tax advisers concerning the Malaysian tax implications of holding, exchanging, selling, assigning, transferring or otherwise disposing of the Shares or Bonds.

Stamp Duty

The issue of Shares upon conversion of the Bonds is not subject to stamp duty. Any subsequent transfers of the Shares will be subject to the usual stamp duty applicable for trades of shares listed on Bursa Securities. The rate applicable currently is RM1.00 per RM1,000 of the value of the shares or part thereof. The stamp duty is payable by both the buyer and the seller in respect of contract notes relating to the sale of such shares. However, the stamp duty payable on such contract notes is subject to a maximum of RM200 by virtue of the remission provided on contract notes relating to the sale of any shares, stock or marketable securities which are listed on the stock market of a stock exchange approved under Section 8(2) of the Capital Markets and Services Act 2007.

SUBSCRIPTION AND SALE

Subject to the terms and conditions of a subscription agreement dated 11 March 2010 (the "**Subscription Agreement**") entered into between the Issuer, the Company and the Managers, the Issuer has agreed to sell to the Managers and the Managers have severally agreed with the Issuer to subscribe and pay for the Bonds on 18 March 2010 (or a later date agreed between the Issuer, the Company and the Managers) (the "**Closing Date**") in their respective proportions set forth in the Subscription Agreement and at the issue price less commissions, subject to the reimbursement of expenses.

The Subscription Agreement provides that the Company will indemnify the Managers against certain liabilities. In addition, the Issuer, failing which, the Company, will reimburse certain expenses of the Managers in connection with the issue of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitles the Managers to terminate it in certain circumstances prior to payment for the Bonds.

The Managers or any one of their affiliates may subscribe or purchase the Shares or the Bonds at any time.

The Issuer and the Company have agreed in the Subscription Agreement that, except as described below, neither the Issuer nor the Company nor any person acting on their behalf will issue, offer, sell, contract to sell, pledge, grant any option to purchase or otherwise dispose of any interest in any shares or securities of the same class as the Bonds or Shares or in any securities convertible into, exchangeable for, or which carry rights to subscribe or purchase Bonds or Shares, or securities of the same class as the Bonds or Shares, or enter into a transaction (including a derivative transaction) having an economic effect similar to that of a sale or deposit of any Bonds or Shares (or any securities convertible into or exchangeable for Bonds or Shares) in any depository receipt facility (other than as aforesaid), or announce plans or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers (which consent shall not be unreasonably withheld or delayed) between the date hereof and the date which is 60 days after the Closing Date (both dates inclusive) whether such issue, offer, sale, contract to sell, grant of option or other disposal is restricted to persons in Malaysia or otherwise, subject to certain exceptions as further described in the Subscription Agreement.

YTLSH has agreed that, during the period commencing on 11 March 2010 and ending on the date which is 60 days after the Closing Date, neither it, nor any person acting on its behalf, will (i) offer, sell, contract to sell, grant any option to purchase, grant security over, pledge or otherwise dispose of, any Shares (or any securities convertible or exchangeable for Shares or which carry rights to subscribe or purchase Shares), (ii) enter into a transaction (including a derivative transaction) with a similar economic effect to any of the foregoing, (iii) deposit any Shares (or any securities convertible or exchangeable for Shares or which carry rights to subscribe or purchase Shares) in any depository receipt facilities, or (iv) publicly announce any intention to do so which is contrary to any of the foregoing, in each case without the prior written consent of the Managers (such consent not to be unreasonably withheld or delayed).

Each Manager has represented and agreed that it understands that no action has been or will be taken in any jurisdiction by the Issuer, the Company or any of the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds and the Shares or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each Manager will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular, any amendment or supplement thereto or any other offering or publicity material relating to the Bonds or the Shares, in all cases at its own expense. No Manager is authorised to make any representation or use any information in connection with the issue, subscription, sale and delivery of the Bonds other than as contained in this Offering Circular or any amendment or supplement thereto.

Each Manager has agreed that, until such time as the Managers shall have notified the Company of the time of completion of resales of the Bonds being sold in the offering, it will not, and will cause each of its affiliates not to, make bids or purchases for the purpose of creating actual or apparent active trading in, or raising the price of, the Bonds or the Shares except as allowed in accordance with any applicable securities laws, rules and regulations (including the rules, regulations and guidelines of any stock exchange or other self-regulatory organisation) of any jurisdiction, including, without limitation, any applicable rules and regulations of the U.K. Financial Services Authority, any applicable Malaysian securities law, Bursa Securities, the SGX-ST and the LFX.

UNITED STATES

Each Manager has represented and agreed that the Bonds, the Guarantee and the Shares to be issued upon exchange of the Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Bonds are being offered and sold to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S of the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Rule 902(c) of Regulation S) with respect to the Bonds or the Shares, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition, no transfer of any interest in the Bonds may be made to any US person outside the United States or any person in the United States for a period of 40 days after the later of the commencement of this offering and the closing date of this offering.

Until 40 days after the later of the commencement of the offering of the Bonds and the latest date on which any of the Bonds are issued, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Bonds and the Guarantee (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds and the Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds and the Guarantee within the United States or to, or for the account or benefit of, U.S. persons.

UK

Each Manager has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of FSMA does not apply to the Issuer or the Company; and

(ii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each of the Manager, severally, and not jointly or jointly and severally, has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Bonds to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State at any time:

(i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(iii) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

MALAYSIA

Each Manager has acknowledged that no approval from the Securities Commission has been or will be obtained for the offering of the Bonds in Malaysia. Each Manager has represented and agreed that the Bonds shall not be offered or sold to any person in Malaysia except to persons falling within Schedules 5, 6 and 7 of the Capital Markets and Services Act, 2007.

Each Manager has acknowledged that no prospectus has been or will be registered under the Capital Markets and Services Act, 2007 in respect of the Bonds and the Bonds shall not be issued, offered for subscription or be the subject matter of an invitation to subscribe, to any person in Malaysia except to persons falling within Schedules 5, 6 and 7 of the Capital Markets and Services Act, 2007.

Consequently, each Manager has represented and agreed that it has neither offered, sold or made any invitation, and will not offer, sell or make any invitation, in relation to the Bonds to any person in Malaysia nor has it distributed or published nor will it distribute or publish this Offering Circular or any other offering document or material relating to the Bonds, whether directly or indirectly, to any person in Malaysia except to persons falling within Schedules 5, 6 and 7 of the Capital Markets and Services Act, 2007.

SINGAPORE

Each Manager has acknowledged that this Offering Circular has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (b) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased in reliance of an exemption under Sections 274 or 275 of the SFA, the Bonds and/or the Shares issuable upon exchange of the Bonds shall not be sold within the period of six months from the date of the initial acquisition of the Bonds, except to any of the following persons:

(a) an institutional investor (as defined in Section 4A of the SFA);

(b) a relevant person (as defined in Section 275(2) of the SFA); or

(c) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (under Section 274 of the SFA), or to a relevant person (as defined in Section 275(2) of the SFA) and in accordance with the conditions specified in Section 275 of the SFA;

(2) (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(3) where no consideration is or will be given for the transfer;

(4) where the transfer is by operation of law; or

(5) as specified in Section 276(7) of the SFA.

HONG KONG

Each Manager has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong; and

(ii) it has not issued and will not issue any advertisement, invitation or document relating to the Bonds, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

GENERAL

The Bonds are a new issue of securities with no established trading market. Whilst an application has been made to the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST, and an application will be made to list the Bonds on the LFX, a liquid or active public trading market for the Bonds may not develop. If an active trading market for the Bonds does not develop, the market price and liquidity of the Bonds may be adversely affected. If the Bonds are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the performance of the Group and other factors. See "General Information".

The Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer and/or the Company. They have received customary fees and commissions for these transactions.

The Managers, or their affiliates, may purchase Bonds for their own account and enter into transactions relating to the Bonds, including asset swaps, repackagings and other transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any offering, sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). These transactions may involve a substantial portion of the Bonds. Furthermore, the Managers may make a market with respect to the Bonds but are not obligated to do so, and any market-making with respect to the Bonds may be discontinued at any time without notice.

1. An application has been made to the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST, and an application will be made to list the Bonds on the LFX. Subject to the approval of the SGX-ST, the Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. As long as the Bonds are listed on the SGX-ST, and the rules of the SGX-ST so require, the Issuer and the Company will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive certificates. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore, so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

2. Approval-in-principle has been received from Bursa Securities for the listing of the Shares issuable upon exchange of the Bonds.

3. It is a condition of the completion of this offering that the Issuer and the Company have obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds and the exchange of the Bonds into Shares, except that with respect to approval from Bursa Securities, only approval-in-principle for the issuance of Shares upon exchange of the Bonds will have been obtained. The issue of the Bonds by the Issuer was authorised by resolutions of the Board of Directors of the Issuer on 11 March 2010 and the issue of the Bonds, the giving of the Guarantee and exchange of the Bonds into Shares were authorised by resolutions of the Board of Directors of the Company on 15 December 2009 and 11 March 2010. The issue of the Shares upon the exchange of the Bonds into Shares was authorised by the shareholders of the Company on 5 February 2010.

4. Except as disclosed in this document, there has been no material adverse change in the financial position of the Company or the Group since 31 December 2009 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2009.

5. Neither the Issuer, the Company nor any member of the Group is involved in any litigation or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position of the Issuer, the Company or the YTL Corp Group, nor is the Issuer or the Company aware that any such proceeding is pending or threatened.

6. The consolidated audited financial statements of the Company for the years ended 30 June 2007, 2008 and 2009 have been audited by HLB Ler Lum as indicated in their reports included in this Offering Circular. HLB Ler Lum have reviewed the unaudited financial information for the six months ended 31 December 2009, included in this Offering Circular. HLB Ler Lum have given, and have not withdrawn, their consent to the inclusion of their reports in this Offering Circular. HLB Ler Lum are registered members of the Malaysian Institute of Accountants and are therefore authorized to audit Malaysian public companies under Malaysian law. HLB Ler Lum is Malaysia's representative of HLB International, a worldwide network of independent professional accounting firms.

7. The Bonds have been accepted for clearance through Clearstream and Euroclear. The Bonds have the following identifying numbers:

   ISIN: XS0495834607
   COMMON CODE: 049583460

8. The Bonds do not provide for participating rights in the event of a take-over of the Issuer (as Bondholders do not have any interest in the equity securities of the Issuer). The Bonds do not provide for participating rights in the event of a take-over of the Company (unless the Bondholder has exercised his rights to exchange his Bonds for Shares of the Company in accordance with the Conditions).

9. Copies of the following documents will be available from the specified office of the Principal Agent so long as any of the Bonds remains outstanding:

   (a) the Memorandum and Articles of Association of the Issuer;

   (b) the Memorandum and Articles of Association of the Company;

   (c) the audited consolidated financial statements of the Company in respect of the financial years ended 30 June 2007, 2008 and 2009 and for each subsequent financial year; and

   (d) the Trust Deed and the Agency Agreement.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN MALAYSIAN GAAP AND IFRS

The consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with Malaysian Accounting Standards Board ("**MASB**") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities, also referred to in this Offering Circular as Malaysian GAAP. Malaysian GAAP is consistent in all material respects with the accounting standards issued or adopted by the International Accounting Standards Board (collectively known herein as "IFRS") except for certain areas. The following paragraphs summarise the areas in which differences between Malaysian GAAP and IFRS applicable for annual periods beginning 1 July 2009 could be significant to the Company's financial position and results of operations. No attempt, however, has been made to quantify the effects of such differences, nor has a reconciliation of Malaysian GAAP to IFRS been undertaken. Had any such quantification or reconciliation been done for the Company, other potential significant accounting and disclosure differences may have come to its attention which are not identified below.

Additionally, no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements or notes thereto. Further no attempt has been made to identify future differences between Malaysian GAAP and IFRS as the result of prescribed changes in accounting standards. Regulatory bodies that promulgate Malaysian GAAP and IFRS have significant projects ongoing that could affect future comparisons. MASB has announced plans to fully converge Malaysian Financial Reporting Standards with IFRS by 1 January 2012.

In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the principal differences between Malaysian GAAP and IFRS and how this information might affect the financial information herein.

Financial instruments

Since 1 January 2002, Malaysian GAAP prescribes certain requirements for the presentation of on-balance sheet financial instruments and identifies the information that should be disclosed both for on-balance-sheet (recognised) and off-balance-sheet (unrecognized) financial instruments. Fair value of financial assets and financial liabilities must be disclosed in the notes to the financial statements. This standard does not address the recognition and measurement of financial instruments. However, effective 1 January 2010, Malaysian GAAP will prescribe specific recognition and measurement criteria for financial instruments. IFRS prescribes specific recognition and measurement criteria for financial instruments, including derivative instruments and hedged items.

Further, under IFRS, derivative financial instruments are recorded as either assets or liabilities in the balance sheet and measured at fair value at every reporting date. Fair value changes are recognised in the income statement. Embedded derivatives should be identified separately from the host contract and accounted for separately if certain conditions are met. Under Malaysian GAAP, standalone derivative financial instruments are only recognised upon settlement, while embedded derivatives need not be separately identified and accounted for.

IFRS requires off-market intercompany loans to be measured at fair value on initial recognition and carried at amortised cost subsequently. Under Malaysian GAAP, these loans are initially recognised based on proceeds received, and are subsequently stated at cost. IFRS also prescribes recognition and measurement criteria for hedge accounting. Hedge accounting is permitted only under certain circumstances, provided that the hedging relationship is clearly defined, measurable and actually effective. Under Malaysian GAAP, there is no specific guidance on hedge accounting and the Subsidiaries' combined historical financial statements do not apply hedge accounting.

Under IFRS, risk disclosure is based on information that is provided to top management. Entities are also required to disclose both qualitative and summary quantitative data about their exposures to risks such as capital risk, credit risk, liquidity risk and market risk. This is different from the requirements under Malaysian GAAP where only certain qualitative data on the extent of risk related to financial instruments is required.

Segment information

IFRS requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

Under Malaysian GAAP, an entity determines its primary segmentation (whether business or geographic) based on the dominant source of an entity's risks and returns, while the other segment is regarded as a secondary segment. Reportable segments are determined by identifying separate profiles of risks and returns and then performing a threshold test. Malaysian GAAP requires segment information to be prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated group or entity.

Under IFRS, a component of an entity that sells primarily or exclusively to other operating segments of the entity is included in the definition of an operating segment if the entity is managed that way. However under Malaysian GAAP, reportable segments are limited to those that earn a majority of their revenue from sales to external customers and therefore different stages of vertically integrated operations are not required to be identified as separate segments.

The segments under IFRS would impact the way in which goodwill is allocated and may impact the existing testing of goodwill for impairment.

Presentation of financial statements

Under Malaysian GAAP, a complete set of financial statements comprise of the balance sheet, income statement, statement of changes in equity, cash flows statement and accounting policies and explanatory notes. The statement of changes in equity is prepared to show all changes in equity, whether they are related to owner changes or not.

IFRS prohibits the presentation of items of income and expenses in the statement of changes in equity. Changes in equity are separated between owner changes and non-owner changes. While owner changes are presented in the statement of changes in equity, a separate performance statement is required to present non-owner changes in equity.

REGULATIONS AND MARKET FOR MALAYSIAN SECURITIES

BACKGROUND

The history of the market for Malaysian securities began in the late 19th century when British-incorporated plantation and mining companies' shares were traded through brokers based in Singapore and some towns of Peninsular Malaysia. In 1930, the Singapore Stockbroker' Association was established and provided the foundations of what became in 1964 the "Stock Exchange of Malaysia", later renamed the "Stock Exchange of Malaysia and Singapore". Trading rooms were established in Singapore and Kuala Lumpur and it was operated as a single exchange until 1973 when, following termination of the interchangeability of the Malaysian and Singapore currencies, separate exchanges were established, named respectively the Kuala Lumpur Stock Exchange (the "**KLSE**") and the Stock Exchange of Singapore Ltd. (the "**SES**"). A strong link existed between the KLSE and SES at that time as Malaysian incorporated companies were also listed and traded through the SES, and vice-versa for Singapore incorporated companies. A significant milestone for the KLSE was achieved in 1990 with the delisting of Singapore incorporated companies from the KLSE and vice-versa for Malaysian companies listed on the SES. This move heralded the growth of the KLSE as a stock exchange with a truly Malaysian identity.

Prior to the introduction of the KLSE Second Board (the "**Second Board**") in November 1988, the KLSE provided only a Main Board (the "**Main Board**") for shares listed on the KLSE. The Second Board provided access to the Malaysian equity market for companies having a smaller capital base. With effect from 3 August 2009, the Main Board was merged with the Second Board and re-designated as the Main Market of Bursa Securities ("**Main Market**"), whilst the Mesdaq Market was redesignated as the ACE Market.

The KLSE was demutualised and converted into a public company limited by shares, Kuala Lumpur Stock Exchange Berhad, on 5 January 2004. On the conversion, Kuala Lumpur Stock Exchange Berhad vested and transferred its securities exchange business to its wholly-owned subsidiary, Bursa Securities (then called Malaysia Securities Exchange Berhad) and became an exchange holding company which was renamed Bursa Malaysia Berhad on 14 April 2004.

BURSA SECURITIES

Securities of Malaysian public listed companies are principally traded on the Bursa Securities, the largest securities exchange in Malaysia. Companies are listed either on the Main Market or the ACE Market of Bursa Securities, and are classified into a range of diverse sectors reflecting their core businesses.

Transaction Costs

For all trades in ordinary shares, preference shares and other securities listed and traded on Bursa Securities (excluding certain instruments specified in the rules where the brokerage payable is on a fully negotiated basis between the participating organisation and its clients), the brokerage payable is the minimum brokerage described below or such brokerage on a fully negotiated basis between the participating organisation and its clients subject to a maximum of 0.7% of the contract value, whichever is higher.

A minimum fixed brokerage fee of RM40 for transactions trades on the Bursa Securities (or RM2.00 for transactions relating to loan instruments) (the "**Minimum Fixed Brokerage Fee**") is payable by both the buyer and seller. However, for retail trades executed with a contract value of RM0.1 million or less, the minimum brokerage payable is 0.6% of the contract value or the Minimum Fixed Brokerage Fee, whichever is higher. For retail trades where the contract value exceeds RM0.1 million, the minimum brokerage payable is 0.3% of the contract value or the Minimum Fixed Brokerage Fee, whichever is higher. For trades of particular securities where the outstanding purchase positions are settled against sale positions of the same securities when the sale and purchase transactions are completed on the same contract date, the minimum brokerage payable is 0.15% of the contract value or the Minimum Fixed Brokerage Fee, whichever is higher.

In addition to the above brokerage fees, a clearing fee is payable to Bursa Securities (currently at a rate of 0.03% of the transacted value (payable by both buyer and seller), subject to a cap of RM1,000 for both on-market and direct business transactions and a minimum of RM10 which is applicable to direct business transactions only) and a contract stamp duty of RM1 per RM1,000 of transacted value or part thereof, subject to a maximum of RM200, is payable by both buyer and seller in respect of transactions executed by participating organisations on the Bursa Securities.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who wish to trade less than 100 shares can trade under the odd lot board.

Listing, Disclosure and Reporting Requirements
Companies seeking to list shares on Bursa Securities must meet a series of listing and disclosure requirements embodied in the Listing Requirements and the Equity Guidelines which are established by the SC. The listing requirements include: (a) at least 25% of the issued and paid-up capital to be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each in the case of the Main Market and the ACE Market); and (b) shares are issued by crediting the securities account of the investor maintained with BMD (save and except where it is specifically exempted for compliance with Section 38 of the Securities Industry (Central Depositories) Act 1991, in which event it shall so similarly be exempted for compliance with this provision) and interest(s) held in one or more voting shares where the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than 5% of the aggregate of the nominal amounts of all the voting shares (and any changes in such substantial shareholding) must be disclosed.

A corporation listed on Bursa Securities is required to disseminate immediately any information regarding, among other things, (i) changes in (a) directors, (b) substantial shareholdings (upon the corporation being notified in writing by the shareholder concerned), (c) substantial assets, including the investment or divestment of assets not in the ordinary course of business or (d) the business or prospects for future business of the corporation; (ii) the acquisitions and disposals of assets (not being a transaction of a revenue nature in the ordinary course of business) where the valuation of the transaction exceeds 5% of the corporation's net assets; (iii) the amount or date of any dividend payment or other distribution to shareholders and (iv) any information concerning a corporation or any of its subsidiaries which would be reasonably expected to have a material effect on the price, value or market activity of any of the securities, or the decision of the holder of securities or an investor in determining the investor's choice of actions.

In particular, there are requirements for immediate announcements to be made by a listed corporation with respect to purchases or sales of shares, wherein an immediate announcement is required where there is:

(i) any acquisition (including subscription) of shares in another corporation or any other event which results in such corporation becoming a subsidiary of the listed issuer;

(ii) any disposal of shares in another corporation or any other event which results in such corporation ceasing to be a subsidiary of the listed issuer;

(iii) any acquisition (including subscription) of shares in another listed issuer or any other event which results in the holding being 5% or more of the issued and paid-up capital (excluding treasury shares) of that listed issuer, or

(iv) any disposal of shares in another listed issuer or any other event which results in the holding falling below 5% of the issued and paid-up capital (excluding treasury shares) of that listed issuer.

Quarterly consolidated financial statements of listed corporations must be made public within two months of the end of each quarter of the listed corporation's fiscal year. Audited annual consolidated financial statements must be released to the public within four months of the end of each fiscal year and the annual report must be released to the public within six months of the end of each fiscal year. Bursa Securities may at any time request additional information from a listed corporation's management.

REGULATION

The authority to regulate the Malaysian securities industry is currently vested principally in the SC. In addition, Bursa Securities regulates the organisation and conduct of its members and has established standards for listing securities.

Existing statutes grant the SC power to regulate the contents of prospectuses and to license dealers, investment advisers and their representatives. The SC has powers to enforce (i) prohibitions against fraud, market manipulation and illegal short selling and (ii) requirements that dealers disclose certain conflicts of interest. Malaysian companies must maintain a share register and disclose changes in holdings of directors. Persons having an interest in 5% or more of the voting shares of a public company or a company all or any of the shares in which are listed for quotation on Bursa Securities must disclose such shareholding, and any changes in such shareholding, to the company and, in the case of a company the shares of which are listed on Bursa Securities, Bursa Securities. In addition to a share register, Malaysian companies must also maintain a register disclosing the identity of shareholders with a shareholding of 5% or more and any changes in such shareholding. The SC, in connection with annual licence renewals, reviews dealers' financial condition. In addition, civil remedies are available for violation of prohibitions against trading on material, non-public information and for misleading or incomplete disclosure in a prospectus. However, the ability of the relevant authorities to exercise their statutory enforcement authority, particularly their authority to regulate trading in the secondary market, may be affected by off-exchange trading.

The SC was created on 1 March 1993 pursuant to the Securities Commission Act of 1993 (the "**SCA**") to assume the functions of the Capital Issues Committee, the Panel on Takeovers and Mergers and certain functions of other bodies. The authority of the SC includes the power to regulate the issue of securities and their listing on Bursa Securities, to encourage the development of the securities market, to suppress illegal, dishonourable and improper practices in dealings in securities and to regulate all matters pertaining to unit trust schemes. Subject to certain permitted exceptions, all public companies which intend to issue or offer securities or to list such securities on Bursa Securities must obtain the approval of the SC. In July 2000, amendments were made to the SCA to position the SC as the single regulator of all fund raising activities. The Capital Markets and Services Act 2007 (the "**CMSA**"), which came into force in September 2007, consolidates certain parts of the SCA together with the Securities Industry Act 1983 and the Futures Industries Act 1993, and regulates and provides for matters relating to the activities, markets and intermediaries in the Malaysian capital markets, and for matters consequential and incidental thereto.

Takeovers in Malaysia are governed by the Code on Takeovers and Mergers (the "**Code**") (which is administered by the SC), the Companies Act and the FIC Guidelines. Pursuant to the Code, any acquisition of, among other things, more than 33% of the voting rights of a company triggers a mandatory general offer for the remaining voting rights of the company unless the SC grants a waiver from such requirement. A takeover offer must also be made when a person holding (either singly or acting in concert with others) more than 33% but less than 50% of the voting shares acquires more than 2% of the company's voting shares in any six month period. The Code provides where a takeover offer is made for the voting shares of the company and the company has issued convertible securities, the takeover offer shall include an offer to purchase those securities and appropriate arrangements shall be made to ensure that the interests of the holders of those securities are safeguarded. The Companies Act prohibits, among other things, any acquisition by a company (the "**acquiring company**") of shares in another company in which a shareholder or director of the acquiring company or a person connected to such shareholder or director has a substantial shareholding unless (i) the acquisition takes place more than three years after the shares in that other company were first held by the substantial shareholder or the director of the acquiring company or a person connected to such shareholder or director or (ii) if the acquisition falls within one of the limited exceptions provided in the Companies Act.

Bursa Securities is a self-regulating organisation and governs and monitors the conduct of public listed companies in Malaysia. The Listing Requirements established by Bursa Securities sets out the material listing and disclosure standards for public listed companies. Set against the background of an industry-wide consolidation of the securities legislation, the Listing Requirements were revamped in 2001 with a view to improving corporate governance and transparency of publicly listed companies as well as to enhance efficiency in capital market activities, and again in 2009 to reflect, amongst others, the amendments introduced under the CMSA. The aforementioned revamped Listing Requirements in 2009 came into effect in their entirely on 3 August 2009.

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(Incorporated in Malaysia with limited liability)

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The unaudited consolidated annual financial statements as at 31 December 2009 and for the financial period ended 31 December 2009 set out in the offering circular from pages F-3 to F-18 are extracted without material adjustments, from the unaudited annual financial statements of the Guarantor. These financial statements have been prepared by the Guarantor in accordance with FRS 134 “Interim Financial Reporting” and should be read in conjunction with the audited annual financial statements of the Guarantor for the financial year ended 30 June 2009.

The audited consolidated financial statements set out in the offering circular from pages F-25 to F-233 are extracted without material adjustments, from the audited statutory financial statements of the Guarantor. These financial statements have been prepared by the Guarantor in accordance with the provisions of the Malaysian Companies Act, 1965 and conform with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities (“Malaysian GAAP”) for the relevant financial years for presentation to its shareholders.

The audited consolidated financial statements of the Guarantor for the financial years ended 30 June, 2007, 2008 and 2009 have been reported on without qualification by the auditors, HLB Ler Lum to the shareholders of the Guarantor as a whole, and for no other purpose, in accordance with Section 174 of the Malaysian Companies Act, 1965 and the auditors' reports are reproduced on pages F-19 to F-24. These financial statements have not been re-audited and our audit opinions have not been updated.

Whilst certain of the new accounting standards issued by the Malaysian Accounting Standards Board and adopted by the Guarantor require retrospective application in the first year of adoption, the consolidated financial statements of the earlier financial years set out in the offering circular from pages F-25 to F-233 have not been restated as they are presented based on the relevant years audited statutory financial statements.

The adoption of the new accounting standards has no impact on the result or the shareholders' equity of the YTL Corporation Group except for Financial Reporting Standards (“FRS”) 3 “Business Combinations”, FRS 112 “Income Taxes”, FRS 116 “Property, Plant and Equipment” and FRS 140 “Investment Property”.

For a full appreciation of the changes in accounting policies adopted by the Guarantor, reference can be made to the note on Significant Accounting Policies as set out in pages F-36 to F-58.

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
for the financial period ended 31 December 2009

	6 MONTHS ENDED	
	31.12.2009	**31.12.2008**
	RM'000	**RM'000**
REVENUE	7,857,350	3,363,829
COST OF SALES	(6,278,529)	(2,059,594)
GROSS PROFIT	1,578,821	1,304,235
OTHER OPERATING EXPENSES	(335,241)	(353,767)
OTHER OPERATING INCOME	139,729	363,288
PROFIT FROM OPERATIONS	1,383,309	1,313,756
FINANCE COSTS	(503,701)	(535,652)
SHARE OF PROFITS OF ASSOCIATED COMPANIES	138,261	76,331
PROFIT BEFORE TAXATION	1,017,869	854,435
TAXATION	(263,856)	(193,061)
PROFIT FOR THE PERIOD	754,013	661,374
ATTRIBUTABLE TO:		
SHAREHOLDERS	423,738	302,789
MINORITY INTERESTS	330,275	358,585
PROFIT FOR THE PERIOD	754,013	661,374
EARNINGS PER 50 SEN SHARE		
Basic (Sen)	23.59	20.12
Diluted (Sen)	23.40	18.99

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
as at 31 December 2009

	UNAUDITED AS AT 31.12.2009 RM'000	AUDITED AS AT 30.6.2009 RM'000
ASSETS		
Non-current Assets		
Property, plant & equipment	18,836,114	19,518,609
Investment properties	3,011,074	2,986,901
Prepaid lease payment	146,026	141,106
Investment in subsidiaries	-	181,704
Investment in associated companies	2,665,816	2,329,829
Investments	779,724	673,371
Development expenditure	865,364	849,190
Fixed deposits	454	449
Intangible assets	4,276,192	4,016,726
Other receivables	91,042	57,813
	30,671,806	30,755,698
Current Assets		
Inventories	973,639	1,056,110
Property development costs	502,504	533,153
Trade & other receivables	3,019,304	3,648,648
Income tax assets	65,632	105,115
Amount due from related parties	50,152	29,906
Short term investments	582,162	208,239
Fixed deposits	10,493,759	8,667,515
Cash & bank balances	551,407	409,448
	16,238,559	14,658,134
TOTAL ASSETS	46,910,365	45,413,832

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
as at 31 December 2009 – (continued)

	UNAUDITED AS AT 31.12.2009 RM'000	AUDITED AS AT 30.6.2009 RM'000
EQUITY		
Share capital	949,776	948,496
Share premium	1,285,805	1,503,558
Other reserves	(199,180)	(109,774)
Retained profits	8,373,421	7,997,434
Less : Treasury shares, at cost	(669,297)	(892,549)
Total Equity Attributable to Shareholders of the Company	9,740,525	9,447,165
Minority Interests	1,323,730	953,219
TOTAL EQUITY	11,064,255	10,400,384
LIABILITIES		
Non-current Liabilities		
Long term payables	98,566	103,579
Bonds & borrowings	24,361,033	24,104,776
Deferred income	203,443	198,257
Deferred tax liabilities	2,894,950	2,916,707
Post employment benefit obligations	252,126	253,145
	27,810,118	27,576,464
Current Liabilities		
Trade & other payables	2,515,335	2,818,311
Amount due to related parties	18,292	6,572
Bonds & borrowings	5,200,879	4,339,794
Current tax liabilities	253,166	222,555
Provision for liabilities & charges	48,320	49,752
	8,035,992	7,436,984
TOTAL LIABILITIES	35,846,110	35,013,448
TOTAL EQUITY & LIABILITIES	46,910,365	45,413,832
Net Assets per 50 sen share (RM)	5.42	5.37

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2009

	Attributable to Shareholders of the Company							
	Share capital	Share premium	Retained profits	Treasury shares	Other reserves	Total	Minority interests	Total equity
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1.7.2009	948,496	1,503,558	7,997,434	(892,549)	(109,774)	9,447,165	953,219	10,400,384
Currency translation differences	-	-	-	-	(85,194)	(85,194)	(65,429)	(150,623)
Equity component of Ex. Bonds	-	-	-	-	(2,008)	(2,008)	-	(2,008)
Gain recognised on deemed dilution of interest in subsidiaries	-	-	53,310	-	-	53,310	(56,100)	(2,790)
Income and expenses recognised directly in equity	-	-	53,310	-	(87,202)	(33,892)	(121,529)	(155,421)
Net profit for the period	-	-	423,738	-	-	423,738	330,275	754,013
Total recognised income and expenses for the period	-	-	477,048	-	(87,202)	389,846	208,746	598,592
Share buyback	-	-	-	(2,022)	-	(2,022)	(21)	(2,043)
Dividend paid	-	-	(101,061)	-	-	(101,061)	-	(101,061)
Distribution of treasury shares	-	(229,873)	-	225,274	-	(4,599)	-	(4,599)
Issue of share capital	1,280	12,120	-	-	(2,136)	11,264	-	11,264
Share options granted	-	-	-	-	(68)	(68)	-	(68)
Changes in composition of the Group	-	-	-	-	-	-	161,786	161,786
Balance at 31.12.2009	949,776	1,285,805	8,373,421	(669,297)	(199,180)	9,740,525	1,323,730	11,064,255

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2008

	Attributable to Shareholders of the Company							
	Share capital	Share premium	Retained profits	Treasury shares	Other reserves	Total	Minority interests	Total equity
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2008	816,101	513,721	7,072,154	(889,671)	202,115	7,714,420	3,931,417	11,645,837
Currency translation differences	-	-	-	-	(762,488)	(762,488)	(594,012)	(1,356,500)
Equity component of Ex. Bonds	-	-	-	-	9,799	9,799	-	9,799
Gain recognised on deemed dilution of interest in subsidiaries	-	-	52,715	-	-	52,715	(52,353)	362
Income and expenses recognised directly in equity	-	-	52,715	-	(752,689)	(699,974)	(646,365)	(1,346,339)
Net profit for the period	-	-	302,789	-	-	302,789	358,585	661,374
Total recognised income and expenses for the period	-	-	355,504	-	(752,689)	(397,185)	(287,780)	(684,965)
Share buyback	-	-	-	(1,807)	-	(1,807)	(55,330)	(57,137)
Dividend paid	-	-	(28,521)	-	-	(28,521)	-	(28,521)
Issue of share capital	13,144	98,166	-	-	2,916	114,226	-	114,226
Changes in composition of the Group	-	-	-	-	-	-	498,029	498,029
Balance at 31.12.2008	829,245	611,887	7,399,137	(891,478)	(547,658)	7,401,133	4,086,336	11,487,469

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the financial period ended 31 December 2009

	FOR THE 6 MONTHS ENDED 31.12.2009 RM'000	31.12.2008 RM'000
Net cash from operating activities	952,728	1,105,092
Net cash used in investing activities	(728,480)	(2,164,537)
Net cash from financing activities	1,739,041	(320,305)
Net changes in cash and cash equivalents	1,963,289	(1,379,750)
Cash and cash equivalents brought forward	9,071,219	11,672,974
Cash and cash equivalents carried forward	11,034,508	10,293,224
Cash and cash equivalents comprise:		
Fixed deposits	10,494,213	10,126,837
Cash and bank balances	551,407	206,043
Bank overdraft	(11,112)	(39,656)
	11,034,508	10,293,224

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE FINANCIAL INFORMATION

Disclosure requirements pursuant to FRS 134 – paragraph 16

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2009.

1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard ("FRS") 134, "Interim Financial Reporting" and Chapter 9, part K of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 30 June 2009, except for the adoption of FRS 8, Operating Segments and early adoption of Amendments to FRS 8, Operating Segments effective from the financial period beginning 1 July 2009.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no financial impact on the Group.

2. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

3. EXCEPTIONAL OR UNUSUAL ITEMS

During the current financial quarter, there was no item of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

4. CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There was no change in estimates of amounts reported in prior interim periods and prior financial years.

5. BORROWINGS , DEBT AND EQUITY SECURITIES

a) Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

For the current financial quarter, 832,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme ("ESOS") at a weighted average exercise price of RM4.78 per share. During the current financial year to date, a total of 2,561,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share options granted under the Company's ESOS at a weighted average exercise price of RM4.79 per share.

For the current financial quarter and financial year to date, the Company repurchased 470,300 and 744,700 ordinary shares of RM0.50 each of its issued share capital from the open market, at an average cost of RM7.39 and RM7.38 per share respectively. The total consideration paid for the share buy-back, including transaction costs during the current financial quarter and financial year to date amounted to RM3,474,428 and RM5,496,671 respectively and were financed by internally generated funds. The repurchase of shares are held as treasury shares in accordance with the requirements of Section 6A of the Companies Act, 1965.

During the financial year to date, a total of 35,219,196 treasury shares were distributed as share dividend on 18 September 2009 to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held on 9 September 2009. As at 31 December 2009, the total number of treasury shares held was 102,972,109 ordinary shares.

b) Group Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 31 December 2009 are as follows:-

		RM'000
(i)	Short term	
	- Secured	991,672
	- Unsecured	4,209,207
		5,200,879
(ii)	Long term	
	- Secured	6,031,793
	- Unsecured	18,329,240
		24,361,033

The above include borrowings denominated in foreign currencies as follows :-

In Singapore Dollar ('000)	2,636,779
In US Dollar ('000)	800,354
In Sterling Pound ('000)	1,550,575

Save for the borrowings of RM126.601 million and S$606.348 million by the subsidiary companies of which corporate guarantees are provided by the Company, all other borrowings of subsidiary companies are on a non-recourse basis to the Company.

6. DIVIDEND PAID

A first & final dividend of 15% gross less Malaysian Income Tax of 25% amounting to RM101,061,085 in respect of financial year ended 30 June 2009 was paid on 24 December 2009.

7. SEGMENT REPORTING

Inter-segment pricing is determined based on a negotiated basis.
The Group's segmental report for the period ended 31 December 2009 is as follows:-

	Construction	Information technology & e-commerce related business	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
External revenue	161,675	7,154	1,039,548	139,117	145,620	76,890	6,287,346	-	7,857,350
Inter-segment revenue	63,140	15,663	68,304	60,084	197,668	2,577	-	(407,436)	-
Total revenue	224,815	22,817	1,107,852	199,201	343,288	79,467	6,287,346	(407,436)	7,857,350
Segment results									
Profit from operations	25,014	(576)	229,372	45,273	110,075	8,695	965,456	-	1,383,309
Finance costs									(503,701)
									879,608
Share of profit of associated companies									138,261
Profit before taxation									1,017,869

7. SEGMENT REPORTING

Inter-segment pricing is determined based on a negotiated basis.
The Group's segmental report for the period ended 31 December 2008 is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Cement Manufacturing & trading RM'000	Property investment & development RM'000	Management services & others RM'000	Hotels RM'000	Utilities RM'000	Elimination RM'000	Total RM'000
External revenue	186,629	15,436	1,057,222	65,610	184,337	79,091	1,775,504	-	3,363,829
Inter-segment revenue	11,044	2,081	2,534	117,877	231,744	1,836	-	(367,116)	-
Total revenue	197,673	17,517	1,059,756	183,487	416,081	80,927	1,775,504	(367,116)	3,363,829
Segment results									
Profit from operations	2,221	4,187	224,723	41,640	(1,619)	6,629	781,615	-	1,059,396
Finance costs									(535,652)
									523,744
Fair value gain on investment properties									254,360
Share of profit of associated companies									76,331
Profit before taxation									854,435

8. CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the composition of the Group for the current financial quarter ended 31 December 2009, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following:-

(i) On 14 September 2009, YTL Power International Berhad ("YTL Power") incorporated a wholly-owned subsidiary in Singapore known as YTL DCS Pte Ltd ("YTL DCS") with an issued and paid-up share capital of S$1.00 comprising 1 ordinary share. YTL DCS is intended to be principally involved in investment holding.

(ii) On 5 October 2009, YTL Hotels & Properties Sdn .Bhd. ("YTLHP"), a wholly-owned subsidiary of the Company, completed its acquisition of 80,000 ordinary shares of RM1.00 each representing 80% of the issued and paid-up share capital of Borneo Island Villas Sdn. Bhd. ("BIV"). As a result, BIV has become an indirect subsidiary of the Company.

(iii) On 7 October 2009, YTL Cement (Hong Kong) Limited, a wholly-owned subsidiary of YTL Cement acquired 1 ordinary share of the par value US$1.00 representing the entire issued and paid-up share capital of Industrial Procurement Limited ("Industrial Procurement") for US$1.00. As a result, Industrial Procurement became an indirect subsidiary of the Company.

Industrial Procurement was incorporated in the Cayman Islands with an authorised share capital of US$50,000 comprising 50,000 shares of US$1.00 each. Industrial Procurement will be principally involved in procurement of machinery and industrial equipment, and investment holding.

(iv) On 12 October 2009, YTL Cement announced that its wholly-owned subsidiary, Buildcon Concrete Enterprise Sdn. Bhd. ("BCE") has given its consent to the application by Specialist Cement Sdn. Bhd. ("Specialist Cement"), an 85%-owned subsidiary of BCE, for strike-off of Specialist Cement's name from the companies register under Section 308 of the Malaysian Companies Act, 1965.

Specialist Cement was previously involved in the manufacture and sale of dry concrete products and has remained inactive since ceasing business in 2004.

(v) On 27 October 2009, the Company acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Cornerstone Crest Sdn. Bhd. ("Cornerstone Crest") for a cash consideration of RM2.00. As a result, Cornerstone Crest has become a wholly-owned subsidiary of the Company.

Cornerstone Crest was incorporated on 24 July 2009 and is intended to be principally involved in investment holding.

(vi) On 27 October 2009, Star Hill Living.Com Sdn. Bhd. ("Star Hill Living"), an indirect wholly-owned subsidiary of the Company, has acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Trendy Retailing Sdn. Bhd. ("Trendy Retailing") for a cash consideration of RM2.00. As a result, Trendy Retailing became an indirect wholly-owned subsidiary of the Company.

Trendy Retailing was incorporated on 1 October 2009 and will be principally involved in the retailing business.

(vii) On 30 October 2009, YTL Hotels (Cayman) Limited, an indirect wholly-owned subsidiary of the Company subscribed for 510 ordinary shares representing 51% of the issued and paid-up share capital of M Hotel Management Pte Ltd ("M Hotel") for a consideration of S$510.00. As a result, M Hotel became an indirect subsidiary of the Company.

M Hotel was incorporated in Singapore on 30 October 2009 and has an issued and paid-up share capital of S$1,000.00 comprising 1,000 ordinary shares. M Hotel will be principally involved in hotel management services.

(viii) YTL Cement had on 6 May 2008 announced that it intended to strike off the name of Buildcon Vietnam Limited ("BVL"), a 70%-owned subsidiary of YTL Cement, from the Register of International Business Companies, British Virgin Islands. BVL was officially struck off with effect from 2 November 2009.

(ix) On 26 November 2009, Star Hill Living has acquired 2 ordinary shares of par value RM1.00 each representing the entire issued and paid-up share capital of Natural Adventure Sdn. Bhd. ("Natural Adventure") for a cash consideration of RM2.00. As a result, Natural Adventure has become a wholly-owned subsidiary of Star Hill Living and an indirect wholly-owned subsidiary of the Company.

Natural Adventure was incorporated on 29 October 2009 and will be principally involved in the retailing business.

(x) On 1 December 2009, YTL Cement (Hong Kong) Limited, a wholly-owned subsidiary of YTL Cement, incorporated a wholly-owned subsidiary in the People's Republic of China known as Linan Lu Hong Transport Co. Ltd. ("LLHT") with a registered capital of RMB10 million. LLHT was set up to undertake the business of road transport of goods, storage and associated services.

(xi) On 22 December 2009, YTL Hotels B.V., a wholly-owned subsidiary of YTLHP, acquired 35,000,000 shares of par value THB10 each representing the remaining 50% equity stake in Samui Hotel 2 Co. Ltd ("Samui Hotel") not held by it, for US$420,000 in cash. As a result, Samui Hotel has become an indirect wholly-owned subsidiary of the Company.

Samui Hotel is a company incorporated under the laws of the Kingdom of Thailand and presently has a registered share capital of THB700,000,000 divided into 70,000,000 ordinary shares of THB10 each, and paid-up share capital of THB299,999,000. Samui Hotel is principally engaged in the hotel business.

9. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Since the last annual balance sheet as at 30 June 2009, there were no changes in the contingent liabilities of the Group except for the following:-

As at 31 December 2009, the Company had given corporate guarantees to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows:-

	Total Amount Guaranteed RM'000	**Amount Utilised RM'000**
Bank overdrafts	20,200	2,395
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	143,300	66,600
Revolving credits/term loans	101,031	57,606
Bankers' guarantees	86,000	37,354
	350,531	163,955
	S$'000	**S$'000**
Term loans	633,157	606,348
Bankers' guarantees	13,000	5,366
	646,157	611,714
	US$'000	**US$'000**
Exchangeable Bonds due 2012	300,000	300,000

10. SUBSEQUENT EVENTS

There was no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to 24 February 2010 except for the following:-

(i) On 5 January 2010, Island Air Sdn. Bhd. ("Island Air"), a 80%-owned subsidiary of the Company, acquired 800,000 ordinary shares of RM1.00 each in Nusantara Sakti Sdn. Bhd. ("Nusantara"), representing 100% of the issued and paid-up share capital in Nusantara, from Cekul Teguh Sdn Bhd, for a total consideration of RM4,500,000.00. As a result, Nusantara has become a wholly-owned subsidiary of Island Air and an indirect wholly-owned subsidiary of the Company.

(ii) On 6 January 2010, Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd, a wholly-owned subsidiary of the Company, transferred its 2 ordinary shares of RM1.00 each in YTL Premix Sdn. Bhd. ("YTL Premix"), representing the entire issued and paid-up share capital of YTL Premix to Batu Tiga Quarry Sdn. Bhd. ("BTQ"), a wholly-owned subsidiary of YTL Industries Berhad, which in turn is a wholly-owned subsidiary of the Company, for a total consideration of RM586,348.00. As a result, YTL Premix has become a direct wholly-owned subsidiary of BTQ and remains as an indirect subsidiary of the Company.

(iii) On 17 December 2009, YTLHP entered into a conditional sale and purchase agreement with YTL Land & Development Berhad ("YTLLD"), a subsidiary of the Company, for the disposal of 13,348,451 ordinary shares of RM1.00 each in PDC Heritage Hotel Sdn. Bhd. ("PDCHH") which constitutes 50% of the total issued and paid up share capital of PDCHH for a total cash consideration of RM14,646,585 ("Proposed Disposal").

The Proposed Disposal was completed on 19 January 2010. Consequent thereto, PDCHH ceased to be a subsidiary but became an associate company of YTLLD and the Company.

(iv) On 13 January 2010, YTL Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary in the People's Republic of China, known as Shanghai YTL Hotels Management Co., Ltd. ("SYTLHM"). SYTLHM is a limited liability company and has a registered capital of USD140,000.

SYTLHM is intended to be involved in the business of providing hotel management services, hotel development and design advisory services, and other related services.

(v) Following a voluntary unconditional cash offer made for and on behalf of Holcim Investments (Singapore) Pte Ltd ("Holcim Singapore"), the holding company of Jurong Cement Limited ("JCL") to acquire all the shares in JCL other than those already owned, controlled or agreed to be acquired by Holcim Singapore, subject to the terms set out in the offer document dated 6 January 2010 and revision notification dated 28 January 2010 ("the Offer"), YTL Cement Singapore Pte Ltd, a wholly owned subsidiary of YTL Cement, had on 11 February 2010 accepted the Offer for the disposal of its entire 21.48% stake comprising 9,520,000 shares in JCL. As a result, JCL has ceased to be an associated company of YTL Cement and the Company. The proceeds and gain from the disposal are approximately S$23.8 million (or at S$2.50 per share) and S$14.474 million respectively.

(vi) On 18 February 2010, the following subsidiaries which were incorporated in the Cayman Islands on the same date, became indirect subsidiaries of the Company:-

(a) YTL Utilities Finance 5 Limited ("YTLUF5"); and

(b) YTL Communications International Limited ("YTLCI").

YTLUF5 and YTLCI were each incorporated with an authorised share capital of US$50,000.00 comprising 50,000 shares of US$1.00 each, and issued and paid-up share capital of US$1.00 comprising 1 ordinary share of US$1.00.

The entire issued and paid-up share capital of YTLUF5 is held by YTL Power. YTLCI is 100%-owned by YTL Communications Sdn. Bhd., a 60%-owned subsidiary of YTL Power.

YTLUF5 will be principally involved in the provision of financial services whilst YTLCI is intended to be involved in investment holding.

(Company No. 92647 H)
YTL CORPORATION BERHAD
(Incorporated in Malaysia with limited liability)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YTL CORPORATION BERHAD (Company No: 92647-H)

Report on the Financial Statements

We have audited the financial statements of YTL CORPORATION BERHAD, which comprise the Balance Sheets as at 30 June 2009 of the Group and of the Company, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages F 25 to F 233.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 judgment, 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 controls relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal controls. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YTL CORPORATION BERHAD (Company No: 92647-H) - (Continued)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2009 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 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 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

LER CHENG CHYE
871/3/11(J/PH)
Chartered Accountant

Dated : 15 October 2009
Kuala Lumpur

(Company No. 92647 H)
YTL CORPORATION BERHAD
(Incorporated in Malaysia with limited liability)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YTL CORPORATION BERHAD (Company No: 92647-H)

Report on the Financial Statements

We have audited the financial statements of YTL CORPORATION BERHAD, which comprise the Balance Sheets as at 30 June 2008 of the Group and of the Company, and the Income Statements, Statements Of Changes In Equity and Cash Flow Statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages F 25 to F 233.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 controls relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the financial year then ended.

(Company No. 92647 H)
YTL CORPORATION BERHAD
(Incorporated in Malaysia with limited liability)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YTL CORPORATION BERHAD (Company No: 92647-H) - (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 15 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 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

LER CHENG CHYE
871/3/09(J/PH)
Chartered Accountant

Dated : 16 October 2008
Kuala Lumpur

(Company No. 92647 H)
YTL CORPORATION BERHAD
(Incorporated in Malaysia with limited liability)

AUDITORS' REPORT TO THE MEMBERS OF
YTL CORPORATION BERHAD (Company No: 92647-H)

We have audited the financial statements set out on pages F 25 to F 233. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :-

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of :-

    (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

    (ii) the state of affairs of the Group and of the Company as at 30 June, 2007 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries, of which we are the auditors, have been properly kept in accordance with the provisions of the said Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 15 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' report thereon except as disclosed in Note 15(b) to the financial statements.

AUDITORS' REPORT TO THE MEMBERS OF
YTL CORPORATION BERHAD (Company No: 92647-H) - (Continued)

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

HLB LER LUM
(Firm Number: AF 0276)
Chartered Accountants

LER CHENG CHYE
871/3/09(J/PH)
Partner of the Firm

Dated : 29 October 2007
Kuala Lumpur

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED INCOME STATEMENTS
for the financial year ended 30 June 2007, 2008 and 2009

	Note	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	4	6,015,309	6,549,860	8,892,125
Cost of sales	5	(3,167,435)	(3,516,536)	(5,707,824)
Gross profit		2,847,874	3,033,324	3,184,301
Other operating income		324,431	363,836	439,456
Selling & distribution costs		(195,660)	(177,293)	(124,028)
Administration expenses		(439,118)	(571,147)	(595,756)
Other operating expenses		(270,154)	(108,521)	(104,078)
Finance costs	6	(867,594)	(925,648)	(1,038,808)
Share of profits of associated companies		155,965	215,291	527,110
Profit before tax	7	1,555,744	1,829,842	2,288,197
Income tax expense	8	(121,423)	(453,355)	(886,582)
Profit for the financial year		1,434,321	1,376,487	1,401,615
Attributable to :-				
Equity holders of the Company		755,062	769,786	834,472
Minority interests		679,259	606,701	567,143
		1,434,321	1,376,487	1,401,615
Earnings per share (sen)				
Basic	9	51.37	51.54	54.10
Diluted	9	47.79	47.42	53.66
Dividend per ordinary shares (sen)				
- RM0.50 each	10	30.0	25.0	2.5

The notes set out on pages F34 to F233 form an integral part of these financial statements.

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEETS
as at 30 June 2007, 2008 and 2009

	Note	2007 RM'000	2008 RM'000	2009 RM'000
ASSETS				
Non-current assets				
Property, plant & equipment	11	16,885,443	17,295,728	19,518,609
Prepaid lease payments	12	68,452	76,424	141,106
Investment properties	13	1,379,366	1,612,168	2,986,901
Development expenditure	14	1,041,533	1,124,296	849,190
Investment in subsidiaries	15	181,704	181,704	181,704
Investment in associated companies	16	1,328,826	1,378,352	2,329,829
Investments	17	611,358	798,162	673,371
Fixed deposits	18	424	437	449
Intangible assets	19	941,330	1,130,024	4,016,726
Other receivables	20	-	-	57,813
		22,438,436	23,597,295	30,755,698
Current assets				
Inventories	21	354,049	374,817	1,056,110
Property development costs	22	138,122	175,553	533,153
Trade & other receivables	20	1,880,878	2,208,060	3,624,941
Derivative financial instruments	23	-	-	23,707
Income tax assets		54,342	64,399	105,115
Amount due from related parties	25	13,627	29,280	29,906
Short term investments	26	175,283	281,800	208,239
Fixed deposits	18	8,753,951	11,416,085	8,667,515
Cash & bank balances	18	103,832	311,272	409,448
		11,474,084	14,861,266	14,658,134
Total assets		33,912,520	38,458,561	45,413,832

The notes set out on pages F34 to F233 form an integral part of these financial statements.

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEETS - (Continued)
as at 30 June 2007, 2008 and 2009

	Note	2007 RM'000	2008 RM'000	2009 RM'000
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	27	825,611	816,101	948,496
Share premium	28	652,522	513,721	1,503,558
Other reserves	28	196,321	202,115	(109,774)
Retained earnings		6,542,668	7,072,154	7,997,434
Treasury shares, at cost	27	(922,643)	(889,671)	(892,549)
		7,294,479	7,714,420	9,447,165
Minority interests		3,591,979	3,931,417	953,219
Total equity		10,886,458	11,645,837	10,400,384
Non-current liabilities				
Long term payables	29	110,624	108,997	103,579
Bonds	30	11,100,477	11,470,489	12,953,957
Borrowings	31	3,702,388	4,168,198	11,150,819
Deferred income	32	147,363	133,917	198,257
Deferred tax liabilities	33	2,373,794	2,280,857	2,916,707
Post-employment benefit obligations	34	382,853	315,353	253,145
Total non-current liabilities		17,817,499	18,477,811	27,576,464
Current liabilities				
Trade & other payables	35	1,348,222	1,810,117	2,705,250
Derivative financial instruments	23	-	-	110,135
Amount due to related parties	25	2,934	4,696	6,572
Bonds	30	1,111,443	4,414,181	1,120,665
Borrowings	31	2,576,021	1,863,498	3,219,129
Provision for liabilities & charges	36	47,337	31,073	49,752
Post-employment benefit obligations	34	1,655	3,365	2,926
Current tax liabilities		120,951	207,983	222,555
Total current liabilities		5,208,563	8,334,913	7,436,984
Total liabilities		23,026,062	26,812,724	35,013,448
Total equity and liabilities		33,912,520	38,458,561	45,413,832

The notes set out on pages F34 to F233 form an integral part of these financial statements.

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-- Attributable to equity holders of the Company -->						Minority interests	Total equity
	-- Non distributable --			-- Distributable --				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	RM'000	RM'000
Balance at 1 July 2006								
- as previously reported	782,355	389,756	231,791	6,113,825	(668,269)	6,849,458	2,945,802	9,795,260
- prior years adjustments	-	-	646,018	(680,798)	-	(34,780)	468,708	433,928
- as restated	782,355	389,756	877,809	5,433,027	(668,269)	6,814,678	3,414,510	10,229,188
Currency translation differences	-	-	(40,967)	(2,628)	-	(43,595)	45,676	2,081
Transfer from revaluation reserve	-	-	(646,018)	646,018	-	-	-	-
Adjustment on negative goodwill	-	-	(34,454)	47,199	-	12,745	6,664	19,409
(Expenses)/Income recognised directly in equity	-	-	(721,439)	690,589	-	(30,850)	52,340	21,490
Profit for the financial year	-	-	-	755,062	-	755,062	679,259	1,434,321
Total recognised income and expenses for the financial year	-	-	(721,439)	1,445,651	-	724,212	731,599	1,455,811
Issue of share capital	59,756	425,179	-	-	-	484,935	-	484,935
Treasury shares	(16,500)	(162,413)	-	-	(254,374)	(433,287)	-	(433,287)
Effect of issue of shares by subsidiaries to minority interests	-	-	-	-	-	-	201,148	201,148
Equity component of Irredeemable Convertible Unsecured Loan Stocks	-	-	(210)	-	-	(210)	-	(210)
Equity component of exchangeable bonds	-	-	(931)	-	-	(931)	-	(931)
Revaluation reserve	-	-	7,470	-	-	7,470	-	7,470
Share options granted	-	-	18,300	-	-	18,300	-	18,300
Transfer to statutory reserve	-	-	15,322	(15,322)	-	-	-	-
Dividends paid to minority interests	-	-	-	-	-	-	(394,924)	(394,924)
Acquistion of new subsidiary	-	-	-	-	-	-	16,351	16,351
Increase / (Decrease) arising from changes in composition of the Group	-	-	-	8,087	-	8,087	(203,604)	(195,517)
Acquisition of additional shares in subsidiaries from minority interests	-	-	-	-	-	-	(173,101)	(173,101)
Dividends paid	-	-	-	(328,775)	-	(328,775)	-	(328,775)
Balance at 30 June 2007	825,611	652,522	196,321	6,542,668	(922,643)	7,294,479	3,591,979	10,886,458

The notes set out on pages F34 to F233 form an integral part of these financial statements.

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<------ Attributable to equity holders of the Company ------>						Minority	Total
	------- Non distributable -------			------------ Distributable ----------			interests	equity
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 July 2007								
- as previously reported	825,611	652,522	196,321	6,542,668	(922,643)	7,294,479	3,591,979	10,886,458
- effect of change in accounting policy								
- FRS 112 (Note 47(a))	-	-	-	68,707	-	68,707	55,726	124,433
- prior financial years adjustments (Note 47(c))	-	-	(290)	(53,449)	-	(53,739)	(40,333)	(94,072)
- reclassification of comparative figures (Note 48(b))	-	-	87,384	-	-	87,384	-	87,384
- as restated	825,611	652,522	283,415	6,557,926	(922,643)	7,396,831	3,607,372	11,004,203
Currency translation differences	-	-	(89,048)	-	-	(89,048)	(56,455)	(145,503)
Transfer from revaluation reserve	-	-	(7,627)	7,627	-	-	-	-
(Expenses)/Income recognised directly in equity	-	-	(96,675)	7,627	-	(89,048)	(56,455)	(145,503)
Profit for the financial year	-	-	-	769,786	-	769,786	606,701	1,376,487
Total recognised income and expenses for the financial year	-	-	(96,675)	777,413	-	680,738	550,246	1,230,984
Issue of share capital	5,490	38,551	-	-	-	44,041	-	44,041
Treasury shares	(15,000)	(177,352)	-	-	32,972	(159,380)	-	(159,380)
Effect of issue of shares/warrants by subsidiaries to minority interests	-	-	-	-	-	-	315,679	315,679
Conversion of ICULS	-	-	(4)	-	-	(4)	4	-
Conversion of Exchangeable Bonds 2010	-	-	(11,963)	-	-	(11,963)	11,963	-
Share options granted	-	-	17,346	-	-	17,346	-	17,346
Transfer to statutory reserve	-	-	9,996	(9,996)	-	-	-	-
Dividends paid to minority interests	-	-	-	-	-	-	(327,836)	(327,836)
Acquisition of new subsidiaries	-	-	-	-	-	-	3,681	3,681
Increase arising from changes in composition of the Group	-	-	-	23,676	-	23,676	75,771	99,447
Acquisition of additional shares in subsidiaries from minority interests	-	-	-	-	-	-	(305,463)	(305,463)
Dividends paid	-	-	-	(276,865)	-	(276,865)	-	(276,865)
Balance at 30 June 2008	816,101	513,721	202,115	7,072,154	(889,671)	7,714,420	3,931,417	11,645,837

The notes set out on pages F34 to F233 form an integral part of these financial statements.

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - (Continued)

	<-------------------- Attributable to equity holders of the Company -------------------->						Minority interests	Total equity
	------- Non distributable -------			------------ Distributable ----------				
	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 July 2008	816,101	513,721	202,115	7,072,154	(889,671)	7,714,420	3,931,417	11,645,837
Currency translation differences	-	-	(315,490)	-	-	(315,490)	(271,775)	(587,265)
Capitalised on bonus issues	-	-	200	(200)	-	-	-	-
Transfer	-	-	945	(945)	-	-	-	-
Expenses recognised directly in equity	-	-	(314,345)	(1,145)	-	(315,490)	(271,775)	(587,265)
Profit for the financial year	-	-	-	834,472	-	834,472	567,143	1,401,615
Total recognised income and expenses for the financial year	-	-	(314,345)	833,327	-	518,982	295,368	814,350
Issue of share capital	132,395	989,837	(1,125)	-	-	1,121,107	-	1,121,107
Treasury shares	-	-	-	-	(2,878)	(2,878)	-	(2,878)
Effect of issue of shares/warrants by subsidiaries		-						
to minority interests	-	-	-	-	-	-	576,809	576,809
Conversion of ICULS	-	-	(20)	-	-	(20)	20	-
Share options granted	-	-	3,601	-	-	3,601	-	3,601
Dividends paid to minority interests	-	-	-	-	-	-	(480,214)	(480,214)
Minority interests arising from business combination	-	-	-	-	-	-	(3,057,265)	(3,057,265)
Increase arising from changes in composition of the Group	-	-	-	120,474	-	120,474	(255,891)	(135,417)
Acquisition of additional shares in subsidiaries from								
minority interests	-	-	-	-	-	-	(57,025)	(57,025)
Dividends paid	-	-	-	(28,521)	-	(28,521)	-	(28,521)
Balance at 30 June 2009	948,496	1,503,558	(109,774)	7,997,434	(892,549)	9,447,165	953,219	10,400,384

The notes set out on pages F34 to F233 form an integral part of these financial statements.

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED CASH FLOW STATEMENTS

	2007 RM'000	2008 RM'000	2009 RM'000
Cash flows from operating activities			
Profit before tax	1,555,744	1,829,842	2,288,197
Adjustments for :-			
Adjustment on fair value of investment properties	(30,624)	-	(274,360)
Allowance for diminution in value of unquoted investment	331	-	-
Allowance for doubtful debts/(Allowance for doubtful debts no longer required) - net	155,529	(24,932)	5,639
Allowance for inventories obsolescence	-	-	1,224
Amortisation of development expenditure	207	207	2,220
Amortisation of grant	(6,240)	(5,997)	(5,376)
Amortisation of prepaid lease payments	1,613	1,988	5,146
Bad debts recovered	(341)	(1,513)	(1,063)
Bad debts written off	2,046	1,095	13,689
Defined benefit plan	54,227	41,584	39,708
Deposits written off	-	-	102
Depreciation	699,444	720,375	739,514
Development expenditure charged to Income Statement	3,153	223	-
Dividend income	(44,105)	(41,665)	(39,618)
Gain on disposal of investments	(52,034)	(3,041)	(175)
Gain on disposal of investment properties	-	-	(200)
Gain on disposal of property, plant & equipment	(10,070)	(4,269)	(6,365)
Gain on disposal of prepaid lease payments	(128)	(415)	-
Impairment losses	1,330	1,677	415
Interest expenses	867,594	925,648	1,038,808
Interest income	(368,727)	(506,671)	(250,811)
Inventories written off	15	43	3,648
Investment written off	-	-	15
Negative goodwill recognised in Income Statement	(3,475)	(512)	(95)
Property, plant & equipment written off	384	14,408	20,709
Provision for liability & charges	72,624	(34)	9,981
Share based payments	18,300	17,346	3,601
Share of profits of associated companies	(155,965)	(215,291)	(527,110)
Unrealised (gain)/loss on foreign exchange - net	(35,971)	(31,574)	19,792
Write back of provision of fuel cost	-	-	(207,046)
Operating profit before changes in working capital	2,724,861	2,718,522	2,880,189
Inventories	(19,358)	(2,425)	248,505
Property development costs	51,335	(35,616)	(87,806)
Receivables	255,484	(299,398)	(630,678)
Payables	120,888	89,713	(57,973)
Net changes in related parties balances	(6,855)	(13,906)	(3,382)

The notes set out on pages F34 to F233 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENTS - (Continued)

	2007 RM'000	2008 RM'000	2009 RM'000
Cash generated from operations	3,126,355	2,456,890	2,348,855
Dividends received	87,142	118,335	288,134
Interest paid	(871,397)	(810,536)	(962,378)
Interest received	366,100	490,430	236,929
Payment to a retirement benefits scheme	(91,278)	(84,349)	(100,879)
Income tax paid	(277,229)	(343,326)	(327,145)
Income tax refund	30,264	20,199	3,206
Net cash from operating activities	2,369,957	1,847,643	1,486,722
Cash flows from investing activities			
Acquisition of additional shares/warrants in existing subsidiaries	(323,592)	(18,707)	(1,501)
Acquisition of associated companies	(35)	(17,939)	(691,345)
Acquisition of new subsidiaries (net of cash acquired)	719,737	(75,633)	(7,469,909)
Development expenditure incurred	(9,761)	(81,906)	(23,460)
Grants received in respect of infrastructure assets	48,012	46,855	31,070
Proceeds from disposal of investment properties	-	-	1,844
Proceeds from disposal of property, plant & equipment	35,567	9,252	17,514
Proceeds from disposal of prepaid lease payments	465	722	-
Proceeds from disposal of investments	155,685	111,200	69,123
Proceeds from redemption of investments	-	27,519	-
Withdraw from short term investments	-	-	132,598
Proceeds from disposal of subsidiary (net of cash disposed)	26	-	-
Proceeds from disposal of shares in existing subsidiary	100,597	-	-
Purchase of investment properties	-	(229,368)	(1,099,568)
Purchase of property, plant & equipment	(1,125,971)	(1,782,246)	(1,327,707)
Purchase of prepaid lease payments	-	(2,312)	-
Purchase of short term investments	(103,328)	(105,152)	(57,709)
Purchase of intangible assets	(668)	-	-
Purchase of investments	(11,189)	(156,162)	(63,289)
Net cash used in investing activities	(514,455)	(2,273,877)	(10,482,339)

The notes set out on pages F34 to F233 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENTS - (Continued)

	2007 RM'000	2008 RM'000	2009 RM'000
Cash flows from financing activities			
Dividends paid	(328,775)	(276,865)	(28,521)
Dividends paid to minority shareholders of subsidiaries	(394,924)	(327,834)	(480,214)
Repurchase of own shares by the Company (at net)	(343,976)	(159,380)	(2,878)
Repurchase of subsidiaries' shares by subsidiaries	(413,960)	(417,630)	(72,688)
Proceeds from borrowings	1,816,543	2,646,653	9,916,393
Proceeds from issue of shares in subsidiaries to minority shareholders	200,840	118,861	576,829
Proceeds from issue of bonds	2,212,859	3,023,096	920,000
Proceeds from issue of shares	395,624	44,041	1,121,107
Repayment of bonds	(1,000,080)	(125,000)	(2,660,607)
Repayment of borrowings	(1,294,049)	(1,266,798)	(2,462,264)
Net cash from financing activities	850,102	3,259,144	6,827,157
Net changes in cash and cash equivalents	2,705,604	2,832,910	(2,168,460)
Effects of exchange rate changes	4,605	2,277	(433,295)
Cash and cash equivalents brought forward	6,127,578	8,837,787	11,672,974
Cash and cash equivalents carried forward	8,837,787	11,672,974	9,071,219

The notes set out on pages F34 to F233 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in Note 15 to the Financial Statements. During the financial year of 2009, the Group acquired PowerSeraya Limited and as a consequence, the Group has adopted operating energy facilities and undertake oil trading activities.

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 of the Company is as follows :-

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

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

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risk.

The Group'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. The Board regularly reviews these risks and approves treasury policies, which cover the management of these risks. It is not the Group's policy to engage in speculative transactions.

(a) Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into by subsidiaries. However, the effect of the foreign currency risk is limited as the subsidiaries trade and obtain borrowings predominantly in their 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.

(b) Interest rate risk

The Group finances its operations through a mixture of shareholders' funds and borrowings. Interest rates exposures arise from the Group's borrowings and deposits. It is the Group's policy to manage its interest costs within predictable and desired range through the use of fixed and floating rate debts and derivative financial instruments. Except for the deposits that have been pledged to financial institutions for banking facilities granted to a subsidiary, deposits with licensed financial institutions are held for short term and not for speculative purposes.

(c) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group. Credit risk of the Group arises mainly from trade receivables, fixed deposits, short term investments and interest rate swaps.

The Group seeks to invest cash assets safely and profitably with creditworthy institutions. All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

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.

The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

(d) Market risk

The Group manages its exposure to fluctuation in prices of key products used in its operations through floating and fixed price contracts in order to establish determinable prices of products used.

The Group operates substantially under a business regime of contractual sales or price regulation in its business segments of Power Generation and Water and Sewerage. The Group considers its market risk to be minimal as the tariff rates applicable to these business segments are either protected by agreement or set by industry regulators.

(e) Liquidity and cash flow risk

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below) and comply with the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The preparation of financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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. These estimates and judgments are based on Directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 44 of the Financial Statements.

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

In respect of the financial year ended 2009

There are no new accounting standard, amendments to published standards and interpretations to existing standards effective for the Group’s and the Company’s financial year ended 30 June 2009 and applicable to the Company.

(b) Property, plant & equipment and depreciation

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

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

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

In respect of the financial year ended 30 June 2007

Infrastructure assets comprise a network of systems of mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines, sea outfalls and infrastructure investigations and studies. Expenditure on infrastructure assets relating to enhancements of the network is treated as additions, which are included after deducting connection charges and grants. The system or network is required to be maintained in perpetuity and on this basis was deemed to have no finite useful economic life in previous years. Accordingly, no depreciation was charged to the Income Statement in relation to the use of the infrastructure assets due to its immateriality. During the financial year, the Group revised the useful lives of infrastructure assets to 110 years. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for current and future periods will increase by RM23,560,188.

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

Freehold land and freehold oil palm plantation are not amortised.

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

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

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

	%
Buildings	1 - 20
Infrastructure & site facilities	0.9 - 20
Plant & machinery	4 - 20
Furniture, fixtures & equipment	10 - 50
Vehicles	10 - 33 1/3

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

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

(c) Impairment of non-financial assets

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

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

An impairment loss is charged to the Income Statement 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 Income Statement 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 Income Statement, a reversal of that impairment loss is recognised as income in the Income Statement.

(d) Leases

(i) Finance leases - the Group as lessee

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

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

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

(ii) Operating leases - the Group as lessee

In respect of the financial year ended 30 June 2008 and 2009

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

In respect of the financial year ended 30 June 2007, 2008 and 2009

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

In respect of the financial year ended 30 June 2008 and 2009

Upfront payments on leasehold land are classified as prepaid lease payments and amortised on the straight line basis over the remaining lease period.

(iii) Operating leases - the Group as lessor

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

(e) Investment properties

Investment properties include those portions of properties and land under operating leases that are held for long-term rental yields and/or for capital appreciation.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties are initially recognised at cost and subsequently carried at fair value, representing open-market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the Income Statement as part of other income.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement.

(f) 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 3(c) of the Financial Statements.

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

(ii) Project development expenditure

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

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

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. The capitalised development expenditure is amortised over its estimated useful life.

(g) Investment in subsidiaries and basis of consolidation

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between net disposal proceeds and their carrying amounts is included in the Income Statement.

Subsidiaries are entities in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Refer to Note 3(k) of the Financial Statements for the accounting policy on goodwill on acquisition of subsidiaries.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the Income Statement.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases.

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

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

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

(h) Investment in associated companies

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses.

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.

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

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

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. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Unrealised profits arising on transactions between the Group and its associated companies which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associated companies. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

On disposal of investments in associated companies, the difference between the net disposal proceeds and their carrying amounts is included in the Income Statement.

(i) Joint ventures

Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the Income Statement the Group's share of the results of jointly controlled entities for the financial year. The Group's investments in jointly controlled entities are carried in the Balance Sheet at an amount that reflects its share of the net assets of the jointly controlled entities and includes goodwill on acquisition.

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

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

Jointly controlled operations

When a subsidiary company is party to a joint arrangement that company accounts directly for its part of income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

(j) Investments

Investments in non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Short term investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases or decreases in the carrying amount of short term investments are credited or charged to the Income Statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the Income Statement.

(k) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associated companies over the fair value of the Group's share of the fair value of their identifiable net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in the balance sheet as intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Goodwill on acquisitions of associated companies is included in the carrying amount of the investment in associated companies. Such goodwill is tested for impairment as part of the overall balance.

(l) Inventories

(i) Developed properties

Inventories of developed properties held for resale are stated at the lower of cost and net realisable value. Cost of developed properties is determined using an appropriate basis of allocation and consists of land cost, construction costs and development costs incurred.

(ii) Other inventories

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

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

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

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

(m) 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.

Property development revenue are recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the balance sheet date as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

When the financial outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

Any anticipated loss on property development projects (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of property development revenue recognised in the Income Statement over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over property development revenue recognised in the Income Statement is classified as progress billings.

(n) Receivables

Receivables are stated at cost less any allowances for doubtful debts. Known bad debts are written off and doubtful debts are provided for based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

(o) Construction contracts

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

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

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

When the total of costs incurred on construction contracts plus, recognised profits (less 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 (less recognised losses), the balance is classified as amount due to customers on contracts.

(p) Share capital

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

The portion of a convertible bond representing the value of the conversion option at the time of issue is included in equity. The value of the conversion option is not changed in subsequent periods. Upon conversion of the bond to equity shares, the amount credited to share capital and share premium is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised. If the bond is redeemed, the conversion option is transferred to retained earnings.

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

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

Purchase of own 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 profits or both.

(q) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(r) 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 Income Statement over the period of the bonds and borrowings.

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

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

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

(s) Grants and contributions

Grants and contributions in respect of specific qualifying expenditure on property, plant & equipment are included in non current liability as deferred income. The income is recognised in the Income Statement over the expected useful economic life of the related assets or otherwise to match them with the related costs which they are intended to compensate, on a systematic basis.

(t) Income tax and deferred tax

Income tax on the income statement 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 balance sheet 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 balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(u) Provisions

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

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

(v) Restructuring provisions

Restructuring provisions mainly comprise employee termination payments, and are recognised in the financial year in which the Group becomes legally or constructively committed to the payment. Future operating costs are not provided for. Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms. Costs related to the on-going activities of the Group are not provided in advance.

(w) 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 Income Statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Sale of electricity

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

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

Revenue from supply of clean water and treatment and disposal of waste water represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. The Group has chosen not to recognise as turnover the bills raised for customers who have a record of two years non-payment.

In respect of the financial year ended 2009

(iv) Sale of physical fuel

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

(v) Property development projects

Revenue from property development projects is accounted for by the stage of completion method as described in Note 3(m) of the Financial Statements.

(vi) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3(o) of the Financial Statements.

(vii) Interest income

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

(viii) Dividend income

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

(ix) Rental income

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

(x) Hotel and restaurant 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.

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Employee benefits

(i) Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

(ii) Post-employment benefits

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Defined contribution plan

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

Defined benefit plan

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet 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 balance sheet 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 balance sheet date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Plan assets in excess of the defined benefit obligation are subject to the asset limitation specified in FRS 119.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the Income Statement is determined by the corridor method in accordance with FRS 119 and is charged or credited to income over the average remaining service life of the related employees participating in the defined benefit plan.

(iii) Share-based compensation

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

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted and the number of share options to be vested by vesting date. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. For options granted 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.

(z) 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 Income Statement.

(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 the presentation currency as follows :-

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;

- income and expenses for each Income Statement are translated at the applicable average exchange rate; and

- all resulting exchange differences are recognised as a separate component of equity.

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 Income Statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 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.

(aa) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

(ii) Financial instruments not recognised on the balance sheet

The Group is a party to financial instruments that comprise interest rate swap agreements. These instruments are not recognised in the financial statements on inception except that amounts paid on inception are recognised as prepaid interest and amortised as a component of interest expense over the period of the contract.

(a) Interest rate swap contracts

Any differential to be paid or received on an interest rate swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate swaps or on repayment of the borrowings are taken to the Income Statement.

In respect of the financial year ended 2009

(b) Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

In respect of the financial year ended 2009

(c) Fuel oil swaps

The Group has entered into fuel oil swaps that used to hedge forecast physical fuel oil and natural gas purchases. Gains and losses arising from fuel oil swaps are transferred to the cost of inventory of fuels upon acquisition are subsequently transferred to the Income Statement in the periods when the underlying fuels are consumed for the production of electricity.

(iii) Fair value estimation for disclosure purposes

The fair value of publicly traded derivatives and securities is based on quoted market prices at the Balance Sheet date.

The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows. The fair value of foreign currency forward contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each Balance Sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar instruments.

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

In respect of the financial year ended 30 June 2007

The Group has taken advantage of the exemption provided by FRS 132 'Financial Instruments: Disclosure and Presentation' not to reclassify compound instruments issued by the Group prior to 1 July, 2003 into liability and equity components. These instruments (together with their associated interest) continue to be classified according to their legal form.

In respect of the financial year ended 30 June 2007

Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS is a compound instrument which contains both a liability component and an equity component. The fair value of the liability component is determined by discounting the future contractual cash flows of principal and interest payments at the prevailing market rate for equivalent non-convertible loan stocks. This amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instrument.

The fair value of the equity component represented by the conversion option is determined by deducting the fair value of the liability component from the notional amount of the loan stocks and is included in shareholders' equity.

(bb) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, 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 Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts.

(cc) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

4. REVENUE

	2007 RM'000	2008 RM'000	2009 RM'000
Sale of electricity	1,127,569	1,125,897	3,238,927
Sale of water, treatment and disposal of waste water	2,649,102	2,785,882	2,510,687
Sale of goods	1,184,026	1,582,661	2,065,478
Sale of fuel oil	-	-	137,045
Rendering of services	229,253	182,113	161,587
Property development projects	235,570	109,495	122,330
Construction contracts revenue	129,783	223,865	242,366
Hotel & restaurant operations	164,625	175,133	162,657
Rental income			
- investment properties	21345	37,475	43,647
- other properties	10455	12,435	10,820
Interest income	226,832	273,561	157,420
Dividends			
- quoted investments, in Malaysia	3,311	8,924	3,316
- unquoted investments, outside Malaysia	33,438	32,419	35,845
	6,015,309	6,549,860	8,892,125

5. COST OF SALES

Included in cost of sales are the following :-

	2007 RM'000	2008 RM'000	2009 RM'000
Cost of inventories sold	698,766	1,054,212	1,449,684
Construction contracts costs	143,188	184,160	218,738
Property development costs	187,190	78,275	99,301

6. FINANCE COSTS

	2007 RM'000	2008 RM'000	2009 RM'000
Interest expenses			
- Bonds interest	508,628	665,902	707,496
- Borrowings interest	368,895	282,258	359,986
	877,523	948,160	1,067,482
Less : Amount capitalised in			
- Property, plant & equipment	-	-	(6,409)
- Development expenditure	-	(13,044)	(634)
- Property developments costs	(8,580)	(7,947)	(20,357)
- Construction contracts	(1,349)	(1,521)	(1,274)
Finance expenses recognised in Income Statement	867,594	925,648	1,038,808

7. PROFIT BEFORE TAX

	2007 RM'000	2008 RM'000	2009 RM'000
Profit before tax is stated after charging :-			
Allowance for doubtful debts - net	155,529	-	5,639
Allowance for inventories obsolescence	-	-	1,224
Amortisation of development expenditure (Note 14)	207	207	2,220
Amortisation of prepaid lease payments (Note 12)	1,613	1,988	5,146
Auditors' remuneration			
- *statutory*			
- current financial year	2,753	3,116	3,547
- under-provision in prior financial year	17	9	47
- *others*	994	1	1
Bad debts written off	2,046	1,095	13,689
Deposits written off	-	-	102
Depreciation (Note 11(a))	699,444	720,375	739,514
Directors' remuneration			
- emoluments	35,436	36,667	20,897
- fees			
- current financial year	940	960	950
- under-provision in prior financial year	-	20	-
- benefits in kind	343	253	196
Employee benefits expense (Note 37)	496,095	534,504	496,779
Hiring of plant & machinery	16,093	15,985	9,948
Impairment losses	1,330	1,677	415
Inventories written off	15	43	3,648
Investment written off	-	-	15
Loss on foreign exchange - net			
- unrealised	-	-	19,792
Property, plant & equipment written off	384	14,408	20,709
Provision for liabilities & charges (Note 36)	72,624	(34)	9,981
Rental of land & buildings	9,926	12,462	19,333

	2007 RM'000	2008 RM'000	2009 RM'000
And crediting (other than those disclosed in Note 4 of the Financial Statements) :-			
Adjustment on fair value of investment properties (Note 13)	-	-	274,360
Allowance for doubtful debts no longer required - net	-	24,932	-
Amortisation of grant (Note 32)	6,240	5,997	5,376
Bad debts recovered	341	1,513	1,063
Gain on disposal of investment properties	-	-	200
Gain on disposal of investments	52,034	3,041	175
Gain on disposal of prepaid lease payments	128	415	-
Gain on disposal of property, plant & equipment	10,070	4,269	6,365
Gain on foreign exchange - net			
- realised	16,897	71,945	19,038
- unrealised	35,971	31,574	-
Gross dividend from quoted investments within Malaysia	7,356	322	457
Hiring income from plant, machiney & equipment	4,191	589	868
Interest income	141,895	233,110	98,072
Negative goodwill recognised in Income Statement	3,475	512	95
Rental income			
- investment properties	1,715	1,697	1,603
- other properties	1,116	1,075	2,574
Write back of provision of fuel cost	-	-	207,046

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM6,778,867 (2008: RM6,908,926, 2007: RM7,710,602).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM77,852 (2008: RM120,472, 2007: RM111,779).

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

Year ended 30 June 2007 Group	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive directors	715	12,830	7,668	15,189	36,402
Non-executive directors	225	-	-	92	317

Year ended 30 June 2008 Group	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive directors	725	13,160	9,408	14,256	37,549
Non-executive directors	255	-	-	96	351

Year ended 30 June 2009	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive Directors	710	13,160	4,180	3,643	21,693
Non-executive Directors	240	-	-	110	350

Included in the remuneration of Directors are the following:

	2007 RM'000	2008 RM'000	2009 RM'000
Defined contribution plan	2,480	2,774	2,101
Share options expenses	12,331	11,229	1,346

The number of Directors of the Group whose total remuneration fall within the following bands for the financial year ended 30 June 2007, 2008 and 2009 are as follows :-

		2007		2008		2009
		No. of Directors		No. of Directors		No. of Directors
Range of remuneration	Executive	Non-Executive	Executive	Non-Executive	Executive	Non-Executive
Below RM50,001	-	-	-	-	-	-
RM50,001 - RM100,000	-	3	-	3	-	2
RM100,001 - RM150,000	-	1	-	1	-	2
RM300,001 - RM350,000	-	-	-	-	1	-
RM950,001 - RM1,000,000	-	-	-	-	1	-
RM1,900,001 - RM1,950,000	-	-	1	-	-	-
RM1,950,001 - RM2,000,000	1	-	1	-	1	-
RM2,150,001 - RM2,200,000	1	-	-	-	1	-
RM2,250,001 - RM2,300,000	-	-	-	-	1	-
RM2,300,001 - RM2,350,000	-	-	-	-	1	-
RM2,550,001 - RM2,600,000	-	-	-	-	1	-
RM3,050,001 - RM3,100,000	-	-	-	-	1	-
RM3,150,001 - RM3,200,000	1	-	-	-	-	-
RM3,250,001 - RM3,300,000	1	-	-	-	-	-
RM3,300,001 - RM3,350,000	-	-	1	-	-	-

	2007		2008		2009	
	No. of Directors		No. of Directors		No. of Directors	
Range of remuneration	Executive	Non-Executive	Executive	Non-Executive	Executive	Non-Executive
RM3,500,001 - RM3,550,000	-	-	1	-	-	-
RM3,700,001 - RM3,750,000	1	-	-	-	-	-
RM3,800,001 - RM3,850,000	1	-	1	-	-	-
RM3,900,001 - RM3,950,000	-	-	1	-	-	-
RM4,000,001 - RM4,050,000	1	-	1	-	-	-
RM4,600,001 - RM4,650,000	1	-	-	-	-	-
RM4,800,001 - RM4,850,000	-	-	1	-	-	-
RM5,900,001 - RM5,950,000	-	-	-	-	1	-
RM9,550,001 - RM9,600,000	1	-	-	-	-	-
RM10,100,001 - RM10,150,000	-	-	1	-	-	-

8. INCOME TAX EXPENSE

	2007 RM'000	2008 RM'000	2009 RM'000
Current income tax			
- Malaysian income tax	182,026	184,499	169,026
- Foreign income tax	63,651	220,344	131,676
Deferred tax (Note 33)	(124,254)	48,512	585,880
	121,423	453,355	886,582
Current income tax			
- current financial year	237,440	404,671	349,783
- (Over)/Under-provision in prior financial years	8,237	172	(49,081)
- Origination and reversal of temporary differences	(70,920)	48,512	143,412
- Over provision of deferred tax in prior financial years	(53,334)	-	-
- Deferred tax arising from change in legislation*	-	-	442,468
	121,423	453,355	886,582

In respect of the financial year ended 30 June 2009

*The UK Finance Act 2008 includes provisions which abolish industrial building allowances with effect from 1 April 2011. This means that Wessex Water Services Limited, a UK subsidiary of the Group, will not be able to claim industrial building allowances on affected assets after 2011. This change was introduced by reducing the rate of allowance that may be claimed from 1 April 2008 to 31 March 2011 at which point the allowances will be removed. Applying Accounting Standard FRS 112 Income Taxes, the removal of these allowances has resulted in an exceptional deferred tax charge of RM442.5 million.

In respect of the financial year ended 30 June2007, 2008 and 2009

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%, 2007: 27%) of the estimated assessable profit for the financial year. In the prior financial year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act 1967 is as follows :

		2007	2008
On the first RM500,000 of chargeable income	:	20%	20%
In excess of RM500,000 of chargeable income	:	27%	26%

In respect of the financial year ended 30 June 2009

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

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 Company is as follows :-

	2007 RM'000	2008 RM'000	2009 RM'000
Profit before tax	1,555,744	1,829,842	2,288,197
Income tax using Malaysian tax rate of 25% (2008: 26%, 2007: 27%)	420,051	475,759	572,049
Non-deductible expenses	220,793	159,300	166,273
Income not subject to tax	(249,778)	(148,458)	(131,865)
Different tax rates in other countries	21,523	37,835	7,938
Double deductible expenses	-	-	(706)
(Over)/Under-provision in prior financial years	8,237	172	(49,081)
Tax effect on share of profits of associated companies	(592)	(55,991)	(131,778)
Tax effect of under-provision of deferred tax	(172,748)	1,581	17,117
Change in tax rates	(126,063)	(16,843)	(5,833)
Deferred tax arising from change in legislation	-	-	442,468
	121,423	453,355	886,582

In respect of the financial year ended 30 June 2007

Subject to agreement with the Inland Revenue Board, the Company has exempt income estimated at RM15,008,587 pursuant to Section 12 of the Income Tax (Amendment) Act, 1999, from which tax exempt dividends can be declared.

Based on prevailing tax rate applicable to dividends and the estimated tax credits under Section 108 of the Income Tax Act, 1967 and the tax exempt account balance as mentioned above, the unappropriated profits of the Company as at 30 June 2007 available for distribution by way of dividends without additional tax liabilities being incurred amounted to RM862,084,061. This is, however, subject to confirmation by the Inland Revenue Board.

If the balance of the unappropriated profits of RM1,631,911,645 were distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 short fall of approximately RM635,814,258.

In respect of the financial year ended 30 June 2008 and 2009

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. On 1 January 2008, the single-tier tax system came into effect in Malaysia. Under this system, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under the single-tier system are tax exempt in the hands of shareholders. Companies can make an irrevocable election to disregard the Section 108 balance and opt to pay dividends under the single-tier tax system.

The Company did not make an election to disregard the Section 108 balance, and may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 available to frank approximately RM276,466,000 (2008: RM321,135,000) of its retained earnings as at 30 June 2009, if paid out as dividends. The remaining profits of RM2,704,425,000 (2008: RM2,255,038,000) can be distributed as exempt dividends under the single-tier tax system.

In addition, the Company has tax exempt income as at 30 June 2009 arising from the Income Tax (Amendment) Act 1999, relating to tax waived on income earned in 1999 amounting to approximately RM15,009,000 (2008: RM15,009,000) that is available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the Inland Revenue Board.

9. EARNINGS PER SHARE ("EPS")

(i) Basic EPS

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

	2007	2008	2009
Profit for the financial year attributable to equity holders of the Company (RM'000)	755,062	769,786	834,472
Weighted average number of ordinary shares in issue for basic EPS ('000)	1,469,897	1,493,487	1,542,453
Basic EPS (sen)	51.37	51.54	54.10

(ii) Diluted EPS

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	2007	2008	2009
Profit for the financial year attributable to equity holders of the Company (RM'000)	755,062	769,786	834,472
Weighted average number of ordinary shares in issue for basic EPS as above ('000)	1,469,897	1,493,487	1,542,453
Adjustment for ordinary shares deemed issued at no consideration on assumed exercise of Options and Warrants ('000)	110,213	129,711	12,784
	1,580,110	1,623,198	1,555,237
Diluted EPS (sen)	47.79	47.42	53.66

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

10. DIVIDENDS

	2007		2008		2009	
	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	Gross dividend per share (sen)	Amount of dividend, net of tax RM'000
Dividend paid in respect of :-						
(a) Financial Year ended 30 June 2006						
- final, less 28% tax	7.5	82,170	-	-	-	-
(b) Financial Year ended 30 June 2007						
- first interim, less 27% tax	7.5	81,836	-	-	-	-
- second interim, less 27% tax	7.5	82,037	-	-	-	-
- third interim, less 27% tax	7.5	82,732	-	-	-	-
(c) Financial year ended 30 June 2007						
- final, less 27% tax	-	-	2.5	27,432	-	-
(d) Financial year ended 30 June 2008	-	-	7.5	83,225	-	-
- first interim, less 26% tax						
- second interim, less 26% tax	-	-	7.5	83,125	-	-
- third interim, less 26% tax	-	-	7.5	83,083	-	-
- final, less 25% tax	-	-	-	-	2.5	28,521
Dividend recognised as distribution to ordinary equity holders of the Company	30.0	328,775	25.0	276,865	2.5	28,521
Proposed final dividend, less 25% tax (2008: 25% tax) (2007: 27% tax)	2.5	37,629	2.5	37,380	7.5	121,780

In respect of the financial year ended 30 June 2007

At the forthcoming Annual General Meeting, a final dividend In respect of the financial year ended 30 June 2007 of 2.5 sen per share less Malaysian Income Tax will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2008.

In respect of the financial year ended 30 June 2008

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2008 of 2.5 sen per share less Malaysian Income Tax will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2009.

In respect of the financial year ended 30 June 2009

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2009 of 7.5 sen per share less Malaysian Income Tax will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2010.

11. PROPERTY, PLANT & EQUIPMENT

In respect of the financial year ended 30 June 2007

	Land & buildings*	Infrastructure & site facilities	Plant & machinery	Furniture, fixtures & equipment	Vehicles	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation							
At 1.7.2006, as restated	5,397,471	5,041,720	8,309,261	482,428	237,715	714,208	20,182,803
Arising on acquisition	1,694	-	-	3,041	1,170	-	5,905
Additions	47,761	226,179	365,377	32,199	11,130	448,261	1,130,907
Disposals	(21,304)	-	(88,254)	(4,809)	(13,157)	-	(127,524)
Written off	(128)	-	(12,709)	(1,440)	(1,245)	-	(15,522)
Grants & Contributions	-	(49,482)	-	-	-	-	(49,482)
Transfers/Others	72,109	157,045	223,434	4,774	-	(489,211)	(31,849)
Translation differences	93,970	137,342	105,425	9,367	(159)	18,336	364,281
At 30.6.2007, as restated	5,591,573	5,512,804	8,902,534	525,560	235,454	691,594	21,459,519
Accumulated Depreciation							
At 1.7.2006, as restated	806,262	13,664	2,749,656	244,662	141,234	-	3,955,478
Arising on acquisition	-	-	-	1,089	76	-	1,165
Charge for the financial year	128,049	48,839	462,943	36,708	23,446	-	699,985
Disposals	(8,590)	-	(78,143)	(4,597)	(10,697)	-	(102,027)
Written off	-	-	(12,701)	(1,373)	(1,064)	-	(15,138)
Transfers/Others	(3,396)	-	-	(1,050)	-	-	(4,446)
Translation differences	8,825	258	25,892	3,988	96	-	39,059
At 30.6.2007, as restated	931,150	62,761	3,147,647	279,427	153,091	-	4,574,076
Net Book Value							
At 30.6.2007, as restated	4,660,423	5,450,043	5,754,887	246,133	82,363	691,594	16,885,443

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

	Freehold land	Freehold oil palm plantation	Building on freehold land	Building on long term leasehold land	Building on short term leasehold land	Factory & other buildings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or valuation							
At 1.7.2006							
At cost	125,697	-	101,277	804,927	21,469	4,335,488	5,388,858
At valuation	5,904	2,000	709	-	-	-	8,613
	131,601	2,000	101,986	804,927	21,469	4,335,488	5,397,471
Arising on acquisition	-	-	-	-	1,694	-	1,694
Additions	2,894	-	2,171	4,896	-	37,800	47,761
Disposals	(1,922)	-	(392)	-	-	(18,990)	(21,304)
Written off	-	-	-	(128)	-	-	(128)
Transfers/Others	(8,865)	-	(10,916)	2,436	6,789	82,665	72,109
Translation differences	1,402	-	-	844	-	91,724	93,970
At 30.6.2007	125,110	2,000	92,849	812,975	29,952	4,528,687	5,591,573
Representing :-							
At cost	119,067	-	92,269	812,975	29,952	4,528,687	5,582,950
At valuation	6,043	2,000	580	-	-	-	8,623
At 30.6.2007	125,110	2,000	92,849	812,975	29,952	4,528,687	5,591,573

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

	Freehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Accumulated Depreciation							
At 1.7.2006							
At cost	-	-	12,057	112,082	2,493	679,547	806,179
At valuation	-	-	83	-	-	-	83
			12,140	112,082	2,493	679,547	806,262
Arising on acquisition	-	-	-	-	-	-	-
Charge for the financial year	-	-	-	-	-	-	-
Disposals	-	-	1,179	15,925	770	110,175	128,049
Written off	-	-	(27)	-	-	(8,563)	(8,590)
Transfers/Others	-	-	-	-	-	-	-
Translation differences	-	-	(1,570)	(167)	-	(1,659)	(3,396)
At 30.6.2007	-	-	-	-	-	8,825	8,825
	-	-	11,722	127,840	3,263	788,325	931,150
Net Book Value :-							
At cost							
At valuation	119,067	-	80,666	685,135	26,689	3,740,362	4,651,919
At 30.6.2007	6,043	2,000	461	-	-	-	8,504
	125,110	2,000	81,127	685,135	26,689	3,740,362	4,660,423

In respect of the financial year ended 30 June 2008

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation							
At 1.7.2007	5,591,573	5,512,804	8,902,534	525,560	235,454	691,594	21,459,519
Arising on acquisition	47,972	-	147,728	6,682	929	12,956	216,267
Additions	98,098	250,846	378,137	51,243	54,323	967,455	1,800,102
Disposals	(3,170)	-	(8,359)	(684)	(12,700)	-	(24,913)
Written off	(4,622)	-	(87,242)	(731)	(386)	-	(92,981)
Grants & contributions	-	(46,855)	-	-	-	-	(46,855)
Transfers	41,261	37,899	130,215	47,025	-	(265,774)	(9,374)
Translation differences	(218,861)	(327,317)	(262,074)	(23,932)	(1,899)	(53,716)	(887,799)
At 30.6.2008	5,552,251	5,427,377	9,200,939	605,163	275,721	1,352,515	22,413,966
Accumulated Depreciation							
At 1.7.2007	931,150	62,761	3,147,647	279,427	153,091	-	4,574,076
Arising on acquisition	5,056	-	26,670	1,535	320	-	33,581
Charge for the financial year	135,782	50,030	478,314	33,578	24,219	-	721,923
Disposals	(211)	-	(7,318)	(577)	(11,824)	-	(19,930)
Written off	(1,751)	-	(75,926)	(709)	(187)	-	(78,573)
Transfers	(24)	-	12	(12)	-	-	(24)
Translation differences	(24,967)	(3,888)	(73,522)	(10,244)	(194)	-	(112,815)
At 30.6.2008	1,045,035	108,903	3,495,877	302,998	165,425	-	5,118,238
Net Book Value							
At 30.6.2008	4,507,216	5,318,474	5,705,062	302,165	110,296	1,352,515	17,295,728

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

	Freehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Cost or valuation							
At 1.7.2007							
At cost	119,067	-	3,730,142	813,275	917,593	2,873	5,582,950
At valuation	6,043	2,000	580	-	-	-	8,623
	125,110	2,000	3,730,722	813,275	917,593	2,873	5,591,573
Arising on acquisition	57	-	-	47,915	-	-	47,972
Additions	5,036	-	50,842	26,697	15,523	-	98,098
Disposals	(1,526)	-	-	(1,255)	-	(389)	(3,170)
Written off	-	-	(4,622)	-	-	-	(4,622)
Transfers	(3,332)	-	38,328	5,951	314	-	41,261
Translation differences	(5,386)	-	(215,385)	1,938	(28)	-	(218,861)
At 30.6.2008	119,959	2,000	3,599,885	894,521	933,402	2,484	5,552,251
Representing :-							
At cost	115,393	-	3,599,415	894,521	933,402	2,484	5,545,215
At valuation	4,566	2,000	470	-	-	-	7,036
At 30.6.2008	119,959	2,000	3,599,885	894,521	933,402	2,484	5,552,251

	Freehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Accumulated Depreciation							
At 1.7.2007							
At cost	-	-	408,613	127,885	393,187	1,346	931,031
At valuation	-	-	119	-	-	-	119
	-	-	408,732	127,885	393,187	1,346	931,150
Arising on acquisition							
Charge for the financial year	-	-	-	5,056	-	-	5,056
Disposals	-	-	92,566	17,462	25,631	123	135,782
Written off	-	-	-	(134)	-	(77)	(211)
Transfers	-	-	(1,751)	-	-	-	(1,751)
Translation differences	-	-	(24)	-	-	-	(24)
At 30.6.2008	-	-	(25,274)	307	-	-	(24,967)
	-	-	474,249	150,576	418,818	1,392	1,045,035
Net Book Value :-							
At cost	115,393	-	3,125,270	743,945	514,584	1,092	4,500,284
At valuation	4,566	2,000	366	-	-	-	6,932
At 30.6.2008	119,959	2,000	3,125,636	743,945	514,584	1,092	4,507,216

In respect of the financial year ended 30 June 2009

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation							
At 1.7.2008	5,552,251	5,427,377	9,200,939	605,163	275,721	1,352,515	22,413,966
Arising on acquisition	58,548	-	1,465,823	13,054	661	1,341,626	2,879,712
Additions	51,532	223,715	325,563	62,623	25,961	714,024	1,403,418
Disposals	(820)	-	(10,318)	(1,007)	(11,022)	(6,615)	(29,782)
Written off	(10,674)	-	(29,307)	(13,479)	(19)	-	(53,479)
Grants & contributions	-	(28,777)	-	-	-	-	(28,777)
Transfers	86,714	170,410	553,524	67,993	6,399	(883,625)	1,415
Translation differences	(356,401)	(528,780)	(397,644)	(40,436)	(4,364)	(124,275)	(1,451,900)
At 30.6.2009	5,381,150	5,263,945	11,108,580	693,911	293,337	2,393,650	25,134,573
Accumulated depreciation & impairment losses							
At 1.7.2008	1,045,035	108,903	3,495,877	302,998	165,425	-	5,118,238
Arising on acquisition	-	-	227	156	49	-	432
Charge for the financial year	119,535	45,337	513,875	36,376	26,532	-	741,655
Impairment losses	-	-	-	262	-	-	262
Disposals	(129)	-	(9,352)	(521)	(8,930)	-	(18,932)
Written off	(1,145)	-	(18,480)	(13,126)	(19)	-	(32,770)
Transfers	7	-	-	-	-	-	7
Translation differences	(43,788)	(7,784)	(123,031)	(17,767)	(558)	-	(192,928)
At 30.6.2009	1,119,515	146,456	3,859,116	308,378	182,499	-	5,615,964
Representing :-							
Accumulated depreciation	1,119,515	146,456	3,859,116	308,116	182,499	-	5,615,702
Accumulated impairment losses	-	-	-	262	-	-	262
	1,119,515	146,456	3,859,116	308,378	182,499	-	5,615,964
Net Book Value							
At 30.6.2009	4,261,635	5,117,489	7,249,464	385,533	110,838	2,393,650	19,518,609

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

	Freehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Cost/Valuation							
At 1.7.2008	115,393	-	3,599,415	894,521	933,402	2,484	5,545,215
At cost	4,566	2,000	470	-	-	-	7,036
At valuation	119,959	2,000	3,599,885	894,521	933,402	2,484	5,552,251
Arising on acquisition	-	-	765	-	57,783	-	58,548
Additions	2,219	-	48,666	638	9	-	51,532
Disposals	-	-	-	(808)	(12)	-	(820)
Written off	-	-	(10,674)	-	-	-	(10,674)
Transfers	5,329	-	80,633	(680)	1,432	-	86,714
Translation differences	(10,341)	-	(347,149)	1,002	87	-	(356,401)
At 30.6.2009	117,166	2,000	3,372,126	894,673	992,701	2,484	5,381,150
Representing :-							
At cost	112,600	-	3,371,656	894,673	992,701	2,484	5,374,114
At valuation	4,566	2,000	470	-	-	-	7,036
At 30.6.2009	117,166	2,000	3,372,126	894,673	992,701	2,484	5,381,150

Company No: 92647-H
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Freehold land	Freehold oil palm plantation	Building on freehold land	Building on long term leasehold land	Building on short term leasehold land	Factory & other buildings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated Depreciation							
At 1.7.2008	-	-	474,145	150,576	418,818	1,392	1,044,931
At cost	-	-	104	-	-	-	104
At valuation	-	-	474,249	150,576	418,818	1,392	1,045,035
Arising on acquisition	-	-	-	-	-	-	-
Charge for the financial year	-	-	72,559	18,970	27,883	123	119,535
Disposals	-	-	-	(129)	-	-	(129)
Written off	-	-	(1,145)	-	-	-	(1,145)
Transfers	-	-	-	-	7	-	7
Translation differences	-	-	(43,825)	10	27	-	(43,788)
At 30.6.2009	-	-	501,838	169,427	446,735	1,515	1,119,515
Net Book Value :-							
At cost	112,600	-	2,869,932	725,246	545,966	969	4,254,713
At valuation	4,566	2,000	356	-	-	-	6,922
At 30.6.2009	117,166	2,000	2,870,288	725,246	545,966	969	4,261,635

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

	2007 RM'000	2008 RM'000	2009 RM'000
Income Statement (Note 7)	699,444	720,375	739,514
Amount due from contract Customers (Note 24)	541	1,548	2,141
	699,985	721,923	741,655

(b) Assets under finance lease

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

	2007 RM'000	2008 RM'000	2009 RM'000
Plant & machinery	535,491	461,462	377,332
Motor vehicles	8,610	8,693	20,808
	544,101	470,155	398,140

(c) Security

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

	2007 RM'000	2008 RM'000	2009 RM'000
Freehold land	9,035	9,035	9,035
Buildings	1,113,865	1,074,930	1,043,716
Infrastructure & site facilities	8,512	7,378	6,242
Plant & machinery	2,421,742	2,316,082	2,156,484
Furniture, fixtures & equipment	4,472	1,806	2,893
Vehicles	24,835	23,759	22,985
Assets under construction	-	35,912	56,403
	3,582,461	3,468,902	3,297,758

(d) Revaluation

Certain land and buildings of the Group were revalued by the Directors based on valuations carried out by independent professional valuers on the open market basis. The net book value of the property, plant & equipment that would have been carried at historical cost less accumulated depreciation are as follows :-

Group

	2007	2008	2009
	RM'000	RM'000	RM'000
Freehold land	3,870	2,204	2,876
Buildings	1,340	1,288	459
	5,210	3,492	3,335

(e) Borrowing Cost

Included in property, plant & equipment of the Group is interest capitalised during the financial year amounting to RM6,408,644 (2008 & 2007: Nil).

12. PREPAID LEASE PAYMENTS

	2007 RM'000	2008 RM'000	2009 RM'000
At cost/valuation			
At beginning of the financial year	90,565	86,102	96,041
Arising from acquisition of subsidiary	-	7,955	69,054
Additions	-	2,312	-
Disposals	(378)	(328)	-
Currency translation differences	-	-	778
Transfer from property, plant & equipment	-	-	11
Transfer to investment properties	(4,085)	-	-
At end of the financial year	86,102	96,041	165,884
Less : Accumulated amortisation			
At beginning of the financial year	16,351	17,650	19,617
Amortisation (Note 7)	1,613	1,988	5,146
Disposals	(41)	(21)	-
Currency translation differences	-	-	15
Transfer to investment properties	(273)	-	-
At end of the financial year	17,650	19,617	24,778
Carrying amount at end of the financial year	68,452	76,424	141,106
Representing :-			
Long term leasehold land			
- cost	52,702	61,792	68,088
- valuation	192	190	188
Short term leasehold land			
- cost	15,558	14,442	72,830
	68,452	76,424	141,106

13. Investment Properties

In respect of the financial year ended 30 June 2007

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
At beginning of the year	890,209	473,736	1,363,945
Addition on Fair value adjustment	5,822	-	5,822
Additions from acquisition	125,000	-	125,000
Additions from subsequent expenditure	-	-	-
Disposed during the year	-	(94,377)	(94,377)
Costs transferred from property, plant & equipment	13,276	21,993	35,269
Costs transferred from prepaid lease payment	-	3,812	3,812
Costs transferred to land held for property development cost	(22,758)	(37,347)	(60,105)
At end of the year	1,011,549	367,817	1,379,366

In prior years, certain freehold land of the Group was subject to a charge in favour of banks for term loans granted (Note 31). This charge was discharged during the current financial year.

In respect of the financial year ended 30 June 2008

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
At beginning of the financial year	1,011,549	367,817	1,379,366
Additions from acquisition	69,404	159,805	229,209
Additions from subsequent expenditure	159	-	159
Transfer from property, plant & equipment	4,139	-	4,139
Currency translation differences	(705)	-	(705)
At end of the financial year	1,084,546	527,622	1,612,168

In respect of the financial year ended 30 June 2009

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
At beginning of the financial year	1,084,546	527,622	1,612,168
Additions from acquisition	-	1,092,772	1,092,772
Additions from subsequent expenditure	6,557	239	6,796
Disposal	(1,644)	-	(1,644)
Fair value gain recognised in the Income Statement (Note 7)	213,360	61,000	274,360
Currency translation differences	(4,292)	6,741	2,449
At end of the financial year	1,298,527	1,688,374	2,986,901

The fair value of the certain properties was estimated at RM1.55 billion based on valuation by independent professionally qualified valuers. Valuations were based on current prices in an active market for major properties except for the properties in certain locations because this information was not available there. For these properties, the Group used discounted cash flow projections.

Investment properties with net book value of RM1.4 billion (2008: RM1.2 billion) have been pledged as security for term loans.

14. DEVELOPMENT EXPENDITURE

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

In respect of the financial year ended 30 June 2007

	Freehold land	Leasehold land	Development cost	Total
	RM'000	RM'000	RM'000	RM'000
(a) Land held for property development				
At beginning of the year	194,897	33,022	262,438	490,357
Costs incurred during the financial year	2,880	206	5,376	8,462
Costs written off to Income Statement	-	-	(110)	(110)
Costs transferred from investment properties	22,758	-	37,347	60,105
Costs transferred to property development costs (Note 22)	-	(1,191)	(3,352)	(4,543)
At end of the financial year	220,535	32,037	301,699	554,271
(b) Project development expenditure				
At beginning of the financial year	30,334	42,896	89,088	162,318
Arising from acquisition of subsidiaries	328,320	-	7,768	336,088
Costs incurred during the financial year	-	-	1,299	1,299
Cost charged to Income Statement	-	-	(2,393)	(2,393)
Amortisation (note 7)	-	-	(207)	(207)
Cost written off during the financial year	-	-	(634)	(634)
Costs transferred to property, plant & equipment	(8,500)	-	(503)	(9,003)
Others	-	-	(206)	(206)
At end of the financial year	350,154	42,896	94,212	487,262
(c) Internet portal development expenditure				
At beginning of the year	-	-	1,024	1,024
Charged to Income Statement	-	-	(16)	(16)
Amortised during the year	-	-	-	-
Impairment loss	-	-	(1,008)	(1,008)
At end of the financial year	-	-	-	-
Total	570,689	74,933	395,911	1,041,533

* From the Group's year-end assessment of impairment of non-financial assets, it was noted that certain market indicators suggested that the fair value of internet portal development expenditure carried by a subsidiary is now negligible. This led to the recognition of RM1,007,848 impairment loss during the year.

In respect of the financial year ended 30 June 2008

	Freehold land RM'000	Leasehold land RM'000	Development cost RM'000	Total RM'000
(a) Land held for property development:				
At beginning of the financial year	220,535	32,037	301,699	554,271
Additions	3,720	1,611	21,046	26,377
Transfer to property development cost (Note 22)	(3,232)	(76)	(1,330)	(4,638)
At end of the financial year	221,023	33,572	321,415	576,010
(b) Project development expenditure				
At beginning of the financial year	350,154	42,896	94,212	487,262
Arising from acquisition of subsidiaries	-	-	714	714
Cost incurred during the financial year	-	-	55,529	55,529
Amortisation (Note 7)	-	-	(207)	(207)
Cost charged to Income Statement	-	-	(223)	(223)
Transfer from property, plant & equipment	4,168	-	1,043	5,211
At end of the financial year	354,322	42,896	151,068	548,286
Total	575,345	76,468	472,483	1,124,296

In respect of the financial year ended 30 June 2009

	Freehold land RM'000	Leasehold land RM'000	Development cost RM'000	Total RM'000
(a) Land held for property development				
At beginning of the financial year	221,023	33,572	321,415	576,010
Additions	970	922	3,514	5,406
Transfer (to)/from property development cost (Note 22)	(2,446)	-	92,844	90,398
At end of the financial year	219,547	34,494	417,773	671,814
(b) Project development expenditure				
At beginning of the financial year	354,322	42,896	151,068	548,286
Cost incurred during the financial year	-	-	18,054	18,054
Amortisation (Note 7)	-	-	(2,220)	(2,220)
Transfer to property, plant & equipment	-	-	(1,419)	(1,419)
Transfer to property development costs (Note 22)	(334,208)	-	(51,117)	(385,325)
At end of the financial year	20,114	42,896	114,366	177,376
Total	239,661	77,390	532,139	849,190

Included in development expenditure of the Group are interest capitalised during the financial year amounting to RM634,076 (2008: RM13,044,340) (2007: Nil).

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

In respect of the financial year ended 30 June 2007

	Freehold land	Leasehold land	Development cost	Total
	RM'000	RM'000	RM'000	RM'000
Cost:				
Land held for property development	220,535	32,037	301,699	554,271
Project development expenditure	350,154	42,896	95,662	488,712
Internet portal development expenditure	-	-	2,133	2,133
	570,689	74,933	399,494	1,045,116
Accumulated amortisation :				
Project development expenditure	-	-	(1,450)	(1,450)
Internet portal development expenditure	-	-	(1,125)	(1,125)
	-	-	(2,575)	(2,575)
Accumulated impairment loss :				
Internet portal development expenditure	-	-	(1,008)	(1,008)
	-	-	(1,008)	(1,008)
Net book value :				
Land held for property development	220,535	32,037	301,699	554,271
Project development expenditure	350,154	42,896	94,212	487,262
Internet portal development expenditure	-	-	-	-
	570,689	74,933	395,911	1,041,533

In respect of the financial year ended 30 June 2008

	Freehold land	Leasehold land	Development cost	Total
	RM'000	RM'000	RM'000	RM'000
Cost:				
Land held for property development	221,023	33,572	321,415	576,010
Project development expenditure	350,154	42,896	156,893	549,943
Internet portal development expenditure	-	-	2,133	2,133
	571,177	76,468	480,441	1,128,086
Accumulated amortisation :				
Project development expenditure	-	-	(1,657)	(1,657)
Internet portal development expenditure	-	-	(1,125)	(1,125)
	-	-	(2,782)	(2,782)
Accumulated impairment loss :				
Internet portal development expenditure	-	-	(1,008)	(1,008)
	-	-	(1,008)	(1,008)
Net book value :				
Land held for property development	221,023	33,572	321,415	576,010
Project development expenditure	350,154	42,896	155,236	548,286
Internet portal development expenditure	-	-	-	-
	571,177	76,468	476,651	1,124,296

In respect of the financial year ended 30 June 2009

	Freehold land RM'000	Leasehold land RM'000	Development cost RM'000	Total RM'000
Cost :				
Land held for property development	219,547	34,494	417,773	671,814
Project development expenditure	20,114	42,896	118,243	181,253
Internet portal development expenditure	-	-	2,133	2,133
	239,661	77,390	538,149	855,200
Accumulated amortisation :				
Project development expenditure	-	-	(3,877)	(3,877)
Internet portal development expenditure	-	-	(1,125)	(1,125)
	-	-	(5,002)	(5,002)
Accumulated impairment losses :				
Internet portal development expenditure	-	-	(1,008)	(1,008)
	-	-	(1,008)	(1,008)
Net book value :				
Land held for property development	219,547	34,494	417,773	671,814
Project development expenditure	20,114	42,896	114,366	177,376
	239,661	77,390	532,139	849,190

15. SUBSIDIARIES

(a) Investment in subsidiaries

	2007 RM'000	2008 RM'000	2009 RM'000
#Quoted warrants, at cost	181,704	181,704	181,704
	181,704	181,704	181,704
Market value			
- Quoted warrants	697,054	508,269	686,163
The number of warrants held in a subsidiary is as follows('000):-			
YTL Power International Berhad			
- Warrant 2000/2010	726,098	726,098	726,098

Quoted warrants

i) Warrants 2000/2010

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 RM1.17 (2008: RM1.20) (2007: RM1.39) payable in cash. The exercise price of the warrants will be increased annually by two (2) sen from thereon until the ninth anniversary of the date of issue. 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 before 8 January 2010. Any warrant which has not been exercised at date of maturity will lapse and cease to be valid for any purpose.

Details of the subsidiaries are as follows :-

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2007 %	2008 %	2009 %
	Airzed Services Sdn. Bhd. (Formerly known as Intellectual Learning Sdn. Bhd.)	Malaysia	2007 & 2008 Education & training using advanced technology 2009 Providing wire line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	74.07	74.29	29.14
	Airzed Broadband Sdn. Bhd.	Malaysia	Providing wire line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	-	36.40	36.43
	Amanresorts Sdn. Bhd.	Malaysia	Dormant	52.88	61.12	61.15
	Arah Asas Sdn. Bhd.	Malaysia	Property development	100.00	100.00	100.00
*	Austasia Metal Sdn. Bhd.	Malaysia	Inactive	100.00	100.00	100.00
	Austasia Timbers Malaysia Sdn. Bhd.	Malaysia	Inactive	100.00	100.00	100.00
	Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	100.00	100.00	100.00
	Awan Serunding Sdn. Bhd.	Malaysia	2007 & 2008 Investment holding 2009 Dormant	49.72	49.86	49.78

NOTES TO THE FINANCIAL STATEMENTS

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
	Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	100.00	100.00	100.00
	Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	100.00	100.00	100.00
	Bayumaju Development Sdn. Bhd.	Malaysia	Property development	52.88	61.12	61.15
	Bizsurf MSC Sdn. Bhd.	Malaysia	Providing wireless network distribution equipment & services, broadband & internet services & other internet related services	-	44.57	44.60
*	Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	52.88	61.12	61.15
	Borneo Cosmeceutical Sdn. Bhd.	Malaysia	Development of holiday resorts	-	90.00	90.00
	Budaya Bersatu Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
	Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	49.72	49.86	49.78
	Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	49.72	49.86	49.78
	Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	25.08	25.15	25.11
	Buildcon Desa Sdn. Bhd.	Malaysia	2007 & 2008 Manufacture & sale of ready-mixed concrete 2009 Inactive	25.36	25.43	49.78
	Builders Brickworks Sdn. Bhd.	Malaysia	Inactive	93.80	93.80	93.80
	Business & Budget Hotels Sdn. Bhd.	Malaysia	Investment holding & property investment	100.00	100.00	100.00
	Business & Budget Hotels (Penang) Sdn. Bhd.	Malaysia	Hotel & resort operator	51.00	51.00	51.00
	Business & Budget Hotels (Seberang Jaya) Sdn. Bhd.	Malaysia	Inactive	51.00	51.00	51.00
	Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	100.00	100.00	100.00

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2007 %	2008 %	2009 %
Cane Creations (Marketing) Sdn. Bhd.	Malaysia	2007 Trading in cane furniture, local handicrafts & accessories 2008 & 2009 Trading in cane furniture, local handicrafts, accessories & related services	100.00	100.00	100.00
Cane Creations Sdn. Bhd.	Malaysia	Manufacture & trading of cane furniture	100.00	100.00	100.00
C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Granite quarrying	-	100.00	100.00
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	49.72	49.86	49.78
Construction Lease(M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	100.00	100.00	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	51.00	51.00	51.00
Divine View Sdn. Bhd	Malaysia	2007 & 2008 Investment holdings 2009 Commercial trading property dealing investment holding	-	100.00	100.00
Dynamic Marketing Sdn. Bhd	Malaysia	Trading of building & construction materials	100.00	100.00	100.00
Dynamic Project Development Sdn. Bhd.	Malaysia	Civil engineering works and construction	100.00	100.00	100.00
Dynamic Property Management Sdn. Bhd.	Malaysia	Property development	100.00	100.00	100.00
Emerald Hectares Sdn. Bhd.	Malaysia	2007 & 2008 Property development 2009 Property development & related services	70.00	70.00	70.00
Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony services	66.66	66.86	66.91

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
	First Commercial Development Sdn. Bhd.	Malaysia	Property investment	100.00	100.00	100.00
	Gemilang Pintar Sdn. Bhd.	Malaysia	General trading, investment holding & property investment	70.00	70.00	70.00
	GKM-SPYTL JV Sdn. Bhd	Malaysia	Inactive	100.00	100.00	100.00
	Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	100.00	100.00	100.00
	Island Air Sdn. Bhd.	Malaysia	Chartering of aircrafts	80.00	80.00	80.00
	Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry operator, manufacture of granite blocks, aggregates, chippings & crusher run	100.00	100.00	100.00
	Kampung Tiong Development Sdn. Bhd.	Malaysia	2008 Development of holiday resort 2009 Property development	-	70.00	70.00
	Katagreen Development Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
	Kenneison Construction Materials Sdn. Bhd.	Malaysia	2008 Manufacturing, selling & distribution of premix product, construction building materials & hiring of machinery 2009 Inactive	-	100.00	100.00
	Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	-	100.00	100.00
	Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	100.00	100.00	100.00
*	Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	52.88	61.12	61.15
	Magna Boundary Sdn. Bhd.	Malaysia	Development of holiday resorts	-	90.00	90.00

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
	Marble Valley Sdn. Bhd.	Malaysia	2007 Dormant 2008 Hotel operator and management 2009 Management investment holding	80.00	80.00	80.00
	Marble Valley Two Sdn. Bhd.	Malaysia	2008 Management and operation of boutique hotel 2009 Hotel operator	-	64.00	64.00
*	Mayang Sari Sdn. Bhd.	Malaysia	Inactive	52.88	61.12	61.15
	Mini-Mix Sdn. Bhd.	Malaysia	Inactive	49.72	49.86	49.78
	Mutual Prospect Sdn. Bhd.	Malaysia	Quarry operators & proprietors	-	100.00	100.00
	Niche Retailing Sdn. Bhd.	Malaysia	Dormant	-	-	100.00
	Noriwasa Sdn. Bhd.	Malaysia	Dormant	52.88	61.12	61.15
*	Pahang Cement Sdn. Bhd.	Malaysia	2007 Manufacture & sale of ordinary portland cement & clinker 2008 & 2009 Manufacture & sale of ordinary portland cement, clinker & related products	49.72	49.86	49.78
*	Pahang Cement Marketing Sdn. Bhd.	Malaysia	2007 Marketing of cement products 2008 Marketing of cement products, retailers of cement and related products 2009 Inactive	49.72	49.86	49.78

Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
Pakatan Perakbina Sdn. Bhd.	Malaysia	2007 Property development & building construction 2008 & 2009 Property development	52.88	61.12	61.15
PDC Heritage Hotel Sdn. Bhd.	Malaysia	2007 Dormant 2008 & 2009 Property development	51.00	51.00	51.00
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of clinker, ordinary portland cement & blended cement	32.24	32.33	32.28
Permai Property Management Sdn. Bhd.	Malaysia	2007 & 2008 Inactive 2009 Property management related services	100.00	100.00	100.00
PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products	32.24	32.33	32.28
Pinnacle Trend Sdn. Bhd.	Malaysia	2008 Property Investment 2009 Investment holding company	-	100.00	100.00
Pintar Projek Sdn. Bhd.	Malaysia	2007 & 2008 Management of real estate investment trust fund 2009 Management of real estate investment trust funds, licensing of trademarks & brand management	70.00	70.00	70.00
Prestige Lifestyles & Living Sdn. Bhd.	Malaysia	Trading of furniture, accessories & related services	-	-	51.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	59.30	59.30	59.30

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
	PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Developing & operating a property portal knowns PropertyNetAsia.com.my & the provision of related services	44.44	44.57	44.60
	Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
	PYP Sendirian Berhad	Malaysia	Property development	52.88	61.12	61.15
	Restoran Kisap Sdn. Bhd.	Malaysia	Restaurant operator	100.00	100.00	100.00
	Satria Sewira Sdn. Bhd.	Malaysia	Property development & Investment	100.00	100.00	100.00
	Sentul Park Koi Centre Sdn. Bhd.	Malaysia	2007 Breeders and dealers of fish, other marine products, property investment & investment holding 2008 & 2009 Breeders, wholesalers, retailers and distributors of Koi fish	55.00	55.00	55.00
*	Sentul Park Management Sdn. Bhd.	Malaysia	2007 Park management 2008 Dormant 2009 Inactive	37.02	42.78	42.81
*	Sentul Raya City Sdn. Bhd.	Malaysia	2007 & 2008 Property investment 2009 Inactive	37.02	42.78	42.81
*	Sentul Raya Golf Club Berhad	Malaysia	Inactive	37.02	42.78	42.81
*	Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	37.02	42.78	42.81
	Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	49.72	49.86	49.78

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
	Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	49.72	49.86	49.78
#	SMC Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	-	-	49.78
	Specialist Cement Sdn. Bhd.	Malaysia	Inactive	42.26	42.38	42.31
	Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	-	100.00	100.00
*	SR Property Management Sdn. Bhd.	Malaysia	2007 Provision of property management services 2008 & 2009 Property management	52.88	61.12	61.15
	Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00	100.00
	Star Hill Living.Com Sdn. Bhd.	Malaysia	2007 & 2008 Trading of painting & related services 2009 Project management services, trading of painting, furniture, accessories & related services	100.00	100.00	100.00
	Starhill Real Estate Investment Trust	Malaysia	Real estate investment trust	65.03	65.34	65.25
	Straits Cement Sdn. Bhd.	Malaysia	2007 Manufacture & sale of cement & development of greefield integrated cement plant 2008 & 2009 Manufacture & sale of cement	49.72	49.86	49.78
	Suri Travel & Tours Sdn. Bhd.	Malaysia	2007 & 2008 Car rental & air ticketing 2009 Rental of motor vehicles, air ticketing and other related services	70.00	70.00	70.00
	Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	52.88	61.12	61.15

Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.	Malaysia	Civil engineering works, construction, property development & real estate investment, investment holding& related services	100.00	100.00	100.00
Transportable Camps Sdn. Bhd.	Malaysia	Trading & rental of transportable cabins & wood based products	100.00	100.00	100.00
Trend Acres Sdn. Bhd.	Malaysia	2008 Investment in properties and property of development 2009 Investment holding	-	100.00	100.00
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	49.72	49.86	49.78
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	52.88	61.12	61.15
Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	37.04	44.57	44.60
YMax Sdn. Bhd.	Malaysia	Providing broadband internet access & related services	-	50.51	50.55
Y-Max Solutions Holdings Sdn. Bhd.	Malaysia	2007 Dormant 2008 & 2009 Investment holding	51.85	52.00	52.04
Yap Yew Hup Brickworks (Perak) Sdn. Bhd.	Malaysia	Inactive	93.80	93.80	93.80
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	100.00	100.00	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
Yeoh Tiong Lay Realty Sdn. Bhd.	Malaysia	Realty, investment & management services	100.00	100.00	100.00
YTL Building Products Sdn. Bhd.	Malaysia	Dormant	49.72	49.86	49.78
YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	49.72	49.86	49.78

Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
YTL Cement Marketing Sdn. Bhd.	Malaysia	2007 & 2008 Marketing of cement product 2009 Sale & marketing of cementitous products	49.72	49.86	49.78
YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts, helicopters, ships & vehicles	100.00	100.00	100.00
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	90.00	90.00	90.00
YTL Communication Sdn. Bhd. (Formerly known as Y-Max Infra Sdn. Bhd.)	Malaysia	2008 Providing wire line & wireless broadband access services 2009 Providing wire line & wireless broadband access services & other related services	-	74.29	30.87
YTL Corp Finance (Labuan) Limited	Malaysia	Special purpose vehicle for issuance of securities and investment holding	100.00	100.00	100.00
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
YTL Digital Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
YTL Energy Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
YTL e-Solutions Berhad	Malaysia	2007 Provision of incubation services for technology companies, internet & non-internet related businesses, provision of consultancy & advisory services for electronic or internet commerce businesses	74.07	74.29	74.34

Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
		2008 & 2009 Investment holding, provision of incubation services including developing and incubating technology companies, internet contents of all descriptions & non- internet related businesses and provision of consultancy & advisory services in relation to the business of electronic commerce or internet commerce solutions			
YTL Heritage Hotels Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
YTL Hotel Management Services Sdn. Bhd.	Malaysia	Providing professional & commercial education & training in hospitality	70.00	70.00	70.00
YTL Hotels Central Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
YTL Hotels & Properties Sdn. Bhd.	Malaysia	Investment holding & management services	100.00	100.00	100.00
YTL Industries Berhad	Malaysia	2007 & 2008 Investment holding, property development, property investment & trading in cement 2009 Investment holding, property development & property investment	100.00	100.00	100.00
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media & up-to-date information via electronic media	73.91	74.13	74.18

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
*	YTL Land & Development Berhad	Malaysia	Investment holding & the provision of financial, treasury & secretarial services	52.88	61.12	61.15
*	YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	52.88	61.12	61.15
	YTL Land Sdn. Bhd.	Malaysia	2007 & 2008 Property investment 2009 Property investment & property management	100.00	100.00	100.00
	YTL Majestic Hotel Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00
*	YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintenance & operating power plants	57.13	55.55	51.45
*	YTL Power International Berhad	Malaysia	Investment holding & provision of administrative & technical support services	57.13	55.55	51.45
	YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power stations	100.00	100.00	100.00
	YTL Premix Sdn. Bhd.	Malaysia	2007 & 2008 Inactive 2009 Trading of building materials & related services	100.00	100.00	100.00
	YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	100.00	100.00	100.00
	YTL Quarry Sdn. Bhd.	Malaysia	Dormant	49.72	49.86	49.78
	YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	79.89	79.94	79.92
	YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	-	75.00	75.00
	YTL Vacation Club Berhad	Malaysia	Dormant	100.00	100.00	100.00
*	Buildcon Vietnam Limited	British Virgin Islands	Dormant	34.80	34.90	34.84

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	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
*	Concrete Industries Pte. Ltd.	Singapore	Dormant	-	-	49.78
*	Dynamic Marketing (UK) Limited	England & Wales	Inactive	100.00	100.00	100.00
*	Geneco Limited	England & Wales	Business of converting waste to energy & producing renewable energy	-	-	51.45
*	Genesis-Alliance Retail Pte. Ltd.	Singapore	Retailing of furniture	-	-	51.00
*	Ideal World Pte. Ltd.	Singapore	Wholesale of furniture	-	-	51.00
*	Industrial Resources Limited	Cayman Islands	Investment holding & procurement	-	-	49.78
*	Infoscreen Networks Plc	United Kingdom	2007 Digital narrowcasting & digital media content development& delivery solutions 2008 & 2009 Investment holding	73.91	74.13	74.18
*	Lakefront Pte. Ltd.	Singapore	Real estate developer	70.00	70.00	70.00
*	P.T. Jepun Bali	Indonesia	Managing & operating a hotel	100.00	100.00	100.00
*	P.T. YTL Simen Indonesia	Indonesia	Dormant	-	-	49.78
*	P.T. YTL Jawa Timur	Indonesia	Construction management, consultancy services & power station operation services	57.13	55.55	51.45
*	PetroSeraya Pte. Limited	Singapore	Oil trading & oil tank leasing	-	-	51.45

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
*	PowerSeraya Limited	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)	-	-	51.45
*	Sandy Island Pte. Ltd.	Singapore	Real estate developer	70.00	70.00	70.00
*	Seraya Energy & Investment Pte. Limited	Singapore	Investment holding	-	-	51.45
*	Seraya Energy Pte. Limited	Singapore	Sale of electricity	-	-	51.45
*	S.A. SC Technology France	France	Waste treatment processes	57.13	55.55	-
*	SC Technology GmbH	Switzerland	Waste treatment processes	57.13	55.55	51.45
*	SC Technology Denmark ApS	Denmark	Waste treatment processes	57.13	55.55	-
*	SC Technology Deutschland GmbH	Germany	Waste treatment processes	57.13	55.55	51.45
*	SC Technology Nederlands BV	Netherlands	Waste treatment processes	57.13	55.55	51.45
*	Starhill Global REIT Investments Limited	Cayman Islands	Investment holding	-	-	100.00
*	Starhill Global REIT Management Limited	Cayman Islands	Investment holding	-	-	100.00
*	Wessex Electricity Utilities Limited	England & Wales	Ownership & operation of electricity infrastructure	-	-	51.45
*	Wessex Engineering & Construction Services Ltd.	England & Wales	Engineering & construction services	57.13	55.55	51.45
*	Wessex Gas Utilities Limited	England & Wales	Ownership & operation of gas infrastructure	-	-	51.45
*	Wessex Logistics Limited	England & Wales	Dormant	57.13	55.55	51.45

	Name of Company	Wales Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	 2008 %	 2009 %
*	Wessex Promotions Limited	England & Wales	Entertainment promotion	57.13	55.55	51.45
*	Wessex Property Services Limited	England & Wales	Dormant	57.13	55.55	51.45
*	Wessex Spring Water Limited	England & Wales	Dormant	57.13	55.55	51.45
*	Wessex Water Commercial Limited	England & Wales	Dormant	57.13	55.55	51.45
*	Wessex Water Engineering Services Limited	England & Wales	Dormant	57.13	55.55	51.45
*	Wessex Water Enterprises Limited	England & Wales	Water supply & waste water services	57.13	55.55	51.45
	Wessex Water International Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
*	Wessex Water Limited	England & Wales	Investment holding	57.13	55.55	51.45
*	Wessex Water Pension Scheme Trustee Limited	England & Wales	2008 Dormant 2007& 2009 Management of Wessex Water Pension Scheme	57.13	55.55	51.45
*	Wessex Water Services Finance Plc	England & Wales	Issue of bonds	57.13	55.55	51.45
*	Wessex Water Services Limited	England & Wales	Water supply & waste water services	57.13	55.55	51.45
*	Wessex Water Trustee Company Limited	England & Wales	Dormant	57.13	55.55	51.45
*	Wimax Capital Management Ltd.	United Kingdom	Acquiring WiMAX spectrum & undertaking activities utilizingWiMAX related technologies	-	59.43	59.47
*	YTL Cayman Limited	Cayman Islands	Ownership & chartering of yachts & vessels	100.00	100.00	100.00

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2007 %	2008 %	2009 %
*	YTL Cement (Hong Kong) Limited	Hong Kong	Investment holding	-	49.86	49.78
*	YTL Cement Marketing Singapore Pte. Ltd.	Singapore	Sales & marketing of cement, cementitious products & other related construction products	-	49.86	49.78
*	YTL Cement Singapore Pte. Ltd.	Singapore	2007 Investment holding and general importers & exporters of construction materials 2008 & 2009 Investment holding, sale & marketing of construction products	49.72	49.86	49.78
*	YTL Concrete (S) Pte. Ltd.	Singapore	2007 Dormant 2008 & 2009 Manufacture & sale of ready-mixed concrete & related products	49.72	49.86	49.78
*	YTL Construction (S) Pte. Ltd.	Singapore	Construction related activities& real estate developer	-	-	100.00
*	YTL Construction (SA) (Proprietary) Ltd.	South Africa	Inactive	100.00	100.00	100.00
*	YTL Construction GmbH	Germany	Dormant	-	100.00	100.00
*	YTL Construction International (Cayman) Ltd.	Cayman Islands	Investment holding in construction relation activities	-	100.00	100.00
*	YTL Construction (Thailand) Limited	Thailand	Construction activities	-	74.89	74.89
*	YTL Corp Finance (Cayman) Ltd.	Cayman Islands	Dormant	100.00	100.00	100.00
*	YTL Corporation (UK) PLC	England & Wales	2007 & 2008 Dormant 2009 Inactive	100.00	100.00	100.00

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
*	YTL-CPI Power Limited	Hong Kong	Dormant	29.14	28.33	26.24
*	YTL Engineering Limited	England & Wales	Dormant	57.13	55.55	51.45
*	YTL Events Limited	England & Wales	Providing public entertainment events & public relations services	57.13	55.55	51.45
*	YTL (Guernsey) Limited	Guernsey	Investment & property holding	100.00	100.00	100.00
*	YTL Hotels B.V	Netherlands	Investment holding	-	100.00	100.00
*	YTL Hotels (Cayman) Limited	Cayman Islands	Dormant	-	100.00	100.00
*	YTL Hotel Management Saint Tropez SARL	France	Hotel operations & management services	-	100.00	100.00
*	SCI YTL Hotels Saint Tropez	France	Acquisition, management, renting and administration and/or resale of real estate	-	100.00	100.00
	YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	57.13	55.55	51.45
	YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	57.13	55.55	51.45
	YTL Jawa Power B.V.	Netherlands	Investment holding	57.13	55.55	51.45
	YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
	YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	57.13	55.55	51.45
	YTL Jawa Power Holdings Limited	Cyprus	Investment holding	57.13	55.55	51.45
	YTL Jawa Power Services B.V.	Netherlands	Investment holding	57.13	55.55	51.45

	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
	YTL Power Australia Limited	Cayman Islands	Investment holding Islands	57.13	55.55	51.45
*	YTL Power Finance (Cayman) Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
	YTL Power International Holdings Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
*	YTL Power Services (Cayman) Ltd.	Cayman Islands	2008 & 2009 Investment holding and provision of operations and maintenance services of power plants	-	100.00	100.00
*	YTL PowerSeraya Pte. Limited (Formerly known as Sabre Energy Industries Pte. Limited)	Singapore	Investment holding	-	-	51.45
*	YTL Singapore Pte. Ltd.	Singapore	Property investment	99.99	99.99	100.00
	YTL Seraya Limited	Cayman Islands	Investment holding	-	-	51.45
*	YTL Services Limited	England & Wales	Dormant	57.13	55.55	51.45
	YTL Utilities Finance Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
	YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
	YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
	YTL Utilities Finance 4 Limited	Cayman Islands	Financial services	-	-	51.45
*	YTL Utilities Holdings (S) Pte Limited (Formerly known as Sabre Energy Resources Pte. Limited)	Singapore	Investment holding	-	-	51.45

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	Name of Company	Place of Incorporation	Effective Principal Activities	Equity Interest 2007 %	2008 %	2009 %
*	YTL Utilities (S) Pte. Limited (Formerly known as Sabre Energy Holdings Pte. Limited)	Singapore	Investment holding	-	-	51.45
	YTL Utilities Holdings Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
	YTL Utilities Limited	Cayman Islands	Investment holding	57.13	55.55	51.45
*	YTL Utilities (UK) Limited	England & Wales	Investment holding	57.13	55.55	51.45
*	YTL Westwood Properties Pte. Ltd.	Singapore	Real estate developer	-	100.00	100.00
*	Zhejiang Hangzhou Dama Cement Co. Ltd. (Formerly known as Zhejiang Lin'an Jin Yuan Cement Co. Ltd.)	The People's Republic of China	Manufacture & sale of cement & cementitious products	-	49.86	49.78
*	Zhejiang YTL Cement Marketing Co. Ltd.	The People's Republic of China	Sale & marketing of cement & cementitious products	-	-	49.78

* Subsidiaries not audited by HLB Ler Lum
\# 2007 & 2008, SMC Mix Sdn. Bhd. was an associated company

In the respect of the financial year ended 30 June 2007, 2008 and 2009

In compliance with the licence requirement, additional financial information to that contained in its statutory accounts have been prepared by Wessex Water Services Limited for its water and waste water business in accordance with guidance issued by the Director General of Water Services in the United Kingdom. These accounts measure profitability on the basis of real financial capital maintenance in the context of assets, which are valued at the current cost value to the business. Specifically modern equivalent asset values arising from the latest periodic review are incorporated into the regulatory financial statements. Assets acquired and in operational use are valued at the replacement cost of their operating capability. Therefore, the tangible fixed assets value as at 31 March 2007, 2008 and 2009 as disclosed in the current cost Balance Sheet of Wessex Water Services Limited was RM65,550 million [GBP11,188 million] (2008: RM72,479 million [GBP11,131 million]) (2007: RM73,493 million [GBP 10,625 million]).

(b) Subsidiaries' financial statements

In the respect of the financial year ended 30 June 2007

The unaudited financial statements of Buildcon Vietnam Limited, YTL Cayman Limited and YTL (Guernsey) 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.

In the respect of the financial year ended 30 June 2008

The unaudited financial statements of Buildcon Vietnam Limited, YTL Cayman Limited, PT Jepun Bali, YTL Construction (SA) (Proprietary) Limited, YTL Corp Finance (Cayman) Limited, YTL Construction (Thailand) Limited, YTL Construction International (Cayman) Ltd., YTL Hotel Management Saint Tropez *SARL*, YTL Hotels (Cayman) Limited, YTL Hotels B.V, *SCI* YTL Hotels Saint Tropez, YTL Power Services (Cayman) Ltd., YTL Construction GmbH and YTL (Guernsey) 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.

In the respect of the financial year ended 30 June 2009

The unaudited financial statements of Buildcon Vietnam Limited, YTL Cayman Limited, PT Jepun Bali, YTL Construction (SA) (Proprietary) Limited, YTL Corp Finance (Cayman) Limited, YTL Construction (Thailand) Limited, YTL Construction International (Cayman) Ltd., YTL Hotel Management Saint Tropez *SARL*, YTL Hotels (Cayman) Limited, YTL Hotels B.V, *SCI* YTL Hotels Saint Tropez, YTL Power Services (Cayman) Ltd., YTL Construction GmbH, YTL (Guernsey) Limited, Starhill Global REIT Investments Limited and Starhill Global REIT Management 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 subsidiaries acquired

In respect of the financial year ended 30 June 2007

(i) On 14 September, 2006, YTL Hotels & Properties Sdn. Bhd. ("YTLHP"), a wholly-owned subsidiary of the Company, subscribed for 1,000,000 ordinary shares of RM1.00 each representing 80% of the issued and paid-up share capital of Marble Valley Sdn. Bhd. ("MVSB") for a cash consideration of RM1,000,000.

(ii) On 26 January, 2007, wholly-owned subsidiaries, YTLHP and YTL (Guernsey) Limited acquired 4,999 ordinary shares of USD100 each and 1 ordinary share of USD100 respectively in PT Jepun Bali, representing 100% of the issued and paid-up share capital of PT Jepun Bali for a total cash consideration of USD 1,750,000. As a result of the acquisition, PT Jepun Bali became a subsidiary of YTLHP and an indirect subsidiary of the Company.

PT Jepun Bali is a limited liability company incorporated in Indonesia on 23 June, 1999. It has an authorised share capital of USD825,000 comprising 8,250 shares of USD100 each.

(iii) On 16 May, 2007, YTL e-Solutions Berhad ("YTLE") subscribed for 3,499,998 ordinary shares of RM1.00 each at par value per share, and 31,500,000 redeemable preference shares of RM0.10 each at RM1.00 per share for a total cash consideration of RM 34,999,998 in the capital of Y-Max Solutions Holdings Sdn. Bhd. (formerly known as Titan Awards Sdn. Bhd.) ("YSHSB"). As a result of the shares subscription, YSHSB became a 70%-owned subsidiary of YTLE.

In respect of the financial year ended 30 June 2008

(i) On 28 August 2007, YTL Cement (Hong Kong) Limited, a wholly-owned subsidiary of YTL Cement Berhad ("YTL Cement"), entered into a transfer of equity interests contract ("Contract") with the various parties set out therein for the purchase of the entire equity interest in Zhejiang Lin'an Jin Yuan Cement Co. Ltd. ("Jin Yuan"), a company incorporated in the People's Republic of China, for a total cash consideration of Renminbi (RMB) 150,000,000 or its foreign currency equivalent. Jin Yuan became an indirect subsidiary of YTL Cement and the Company following completion of the Contract on 15 November 2007.

(ii) On 12 October 2007, Batu Tiga Quarry Sdn. Bhd. , a wholly-owned subsidiary of YTL Industries Berhad which in turn is a wholly-owned subsidiary of the Company, entered into the Share Sale Agreements with Kenneison Quarries Sdn. Bhd. for the acquisition of 2,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Kenneison Construction Materials Sdn. Bhd., and 1,201,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Kenneison Northern Quarry Sdn. Bhd. for total cash consideration of RM17,000,000 and RM500,000 respectively. The acquisitions were completed on 31 October 2007.

On 2 December 2008, YTL Power Seraya Pte Limited, a wholly-owned subsidiary of YTL Power International Berhad, entered into the share purchase agreement with Temasek Holdings (Private) Limited for the acquisition of 884,971,148 ordinary shares in PowerSeraya Limited, representing a 100% equity interest in PowerSeraya Limited for a purchase consideration of S$3,600 million (approximately RM8,568 million based on the prevailing exchange rate of SGD1.00 : RM2.38). The acquisition was completed on 6 March 2009

(d) Increase in equity stake

In the respect of the financial year ended 30 June 2007

On 4 June, 2007, YTLE announced that it had entered into an agreement with Chew Pang Hua, Su Chua Teck and Extiva Communications Sdn. Bhd. ("Extiva") for the acquisition of an additional 100,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital of Extiva from Chew Pang Hua and Su Chua Teck for a total cash consideration of RM 4,000,000. The acquisition, which resulted in an increase in YTLE's equity stake in Extiva to 90%, was completed on 25 June 2007.

(e) Summary of effect of acquisition of subsidiaries

(i) The effect of the newly acquired subsidiaries on the financial results for the financial year is as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
Revenue	749	114,946	2,479,795
(Loss) / Profit for the financial year	(7,029)	(7,330)	179,594

If the acquisitions had occurred on 1 July 2008, the Group's revenue and profit for the financial year would have been RM 14,913,953,000 (2008: RM 6,636,007,396) (2007: RM 6,016,057,193) and RM1,430,304,000 (2008: RM 1,357,563,600) (2007: RM 748,035,350) respectively.

The effect of the acquisition of these subsidiaries on the financial position as at 30 June, 2007 is as follows :-

	2007 RM'000
Property, plant & equipment	5,516
Development expenditure	336,088
Investment in associated companies	-
Unquoted investments	-
Inventories	233
Receivables	1,665
Inter-company balances	(11,582)
Cash & cash equivalents	1,103,253
Payables	(5,097)
Post-employment benefit obligations	(23)
Borrowings	(1,034,878)
Taxation	(71)
Goodwill on acquisition	355
	395,459
Minority interests	(1,997)
Purchase consideration	(1,058,353)
(Decrease)/Increase in net assets	(664,891)

In the respect of the financial year ended 30 June 2008 and 2009

(ii) The assets and liabilities arising from the acquisition of subsidiaries during the financial year and the aggregate effects of such acquisitions on the cash flows of the Group were as follows:

	2008		2009	
	Fair values recognised on acquisition	Carrying amounts in acquiree's books	Fair values recognised on acquisition	Carrying amounts in acquiree's books
	RM'000	RM'000	RM'000	RM'000
Identifiable assets and liabilities :-				
Property, plant & equipment	182,686	182,686	2,879,280	2,879,280
Prepaid lease payments	7,955	7,955	69,054	69,054
Development expenditure	714	714	-	-
Inventories	17,422	17,422	623,415	699,650
Trade & other receivables	24,356	24,356	1,373,740	1,373,740
Derivative financial instruments	-	-	62,800	62,800
Income tax assets	-	-	24	24
Inter-company Balance	(292)	(292)	-	-
Cash & bank balances	32,345	32,345	621,202	621,202
	265,186	265,186	5,629,515	5,705,750
Total assets				
Bonds	-	-	(839,895)	(839,895)
Borrowings	(75,618)	(75,618)	(703,112)	(703,112)
Current tax liabilities	(643)	(643)	(10,422)	(10,422)
Deferred income	-	-	(69,149)	(69,149)
Deferred tax liabilities	-	-	(218,054)	(218,054)
Derivative financial instruments	-	-	(240,066)	(240,066)
Provision for liabilities & charges	-	-	(19,198)	-
Trade & other payables	(139,034)	(139,034)	(851,782)	(851,782)
Total liabilities	(215,295)	(215,295)	(2,951,678)	(2,932,480)
Identifiable net assets	49,891	49,891	2,677,837	2,773,270
Minority interests	(3,240)	(3,240)	3,057,265	-
Identifiable net assets acquired	46,651	46,651	5,735,102	2,773,270
Goodwill on consolidation	75,881		2,836,749	
Share of profit of associated company, now subsidiary	-		(700)	
Amount previously accounted for as associated company	-		(100)	
Cash consideration paid	122,532		8,571,051	
Less : Purchase consideration due but not paid	(14,554)			
Less : Cash & cash equivalents in subsidiaries acquired	(32,345)		(621,202)	
Assumption of loan from PowerSeraya Limited owed by Temasek	-		(479,940)	
Net cash outflow on acquisition	75,633		7,469,909	

16. INVESTMENT IN ASSOCIATED COMPANY

(a) Investment in associated companies

	2007 RM'000	2008 RM'000	2009 RM'000
Unquoted shares, at cost	883,120	854,162	1,099,714
Quoted shares, outside Malaysia, at cost	20,169	21,862	507,886
Share of post acquisition profits	425,537	502,328	722,229
	1,328,826	1,378,352	2,329,829
Market value of quoted shares outside Malaysia	44,178	44,375	439,166

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Details of the associated companies are as follows :-

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2007 %	2008 %	2009 %
	Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel & resort operator	50.00	50.00	50.00
*	Express Rail Link Sdn. Bhd.	Malaysia	Operation & maintenance of the ERL railway system between KLIA in Sepang & KL Sentral Station	50.00	50.00	50.00
	Happy Steamboat Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	-	-	50.00
^	Jimah Power Generation Sdn. Bhd.	Malaysia	Inactive	27.99	27.21	25.21
	North South Development Sdn. Bhd.	Malaysia	2007 & 2008 Property development 2009 Realty, investment & management services	49.00	49.00	49.00
	RME-SPYTL Sdn. Bhd.	Malayisa	Inactive	50.00	-	-
#	SMC Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	24.86	24.93	-
	Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	50.00	50.00	50.00
@*	Teknologi Tenaga Perlis (Overseas) Consortium Sdn. Bhd.	Malaysia	Dormant	17.14	16.67	15.44
	Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	50.00	50.00	50.00
	Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	50.00	50.00	50.00
	ZE-SPYTL Sdn. Bhd.	Malaysia	Inactive	50.00	50.00	50.00
*	Bristol Wessex Billing Services Limited	England & Wales	Joint Venture billing company	28.57	27.78	25.73
^*	Eastern & Oriental Express Ltd.	Bermuda	Ownership & management of the luxury train service known as the ‘Eastern & Oriental Express’	32.00	32.00	32.00
*	ElectraNet Transmission Services Pty Ltd	Australia	Principal electricity transmission network service provider	19.14	18.61	17.24
^*	Jurong Cement Limited	Singapore	Investment holding	10.41	10.71	10.69
*	P.T. Jawa Power	Indonesia	To construct, commission & operate a coal-fired thermal power station	20.00	19.44	18.01

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2007 %	2008 %	2009 %
^* Starhill Global Real Estate	Singapore	Invest in prime real estate Investment Trust	-	-	26.57
^* YTL Pacific Star REIT Management Holdings Pte. Ltd.	Singapore	Investment holding	-	-	50.00
* Samui Hotel 2 Co. Ltd.	Thailand	Hotel operations	-	50.00	50.00
^* Surin Bay Company Limited	Thailand	Hotel operations	49.00	49.00	49.00
* YTL (Thailand) Limited	Thailand	Investment holding	-	49.90	49.90

* Companies not audited by HLB Ler Lum
@ Companies with financial year end of 31 October
^ Companies with financial year end of 31 December
# Became subsidiary during the financial year of 2009

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.

In respect of financial year ended 30 June, 2007, 2008 and 2009

(b) The summarised financial information of the associated companies are as follows :-

	2007 RM'000	2008 RM'000	2009 RM'000
Non-current assets	7,333,702	6,762,250	11,713,998
Current assets	1,637,739	1,843,510	1,718,880
Current liabilities	(516,722)	(575,844)	(902,782)
Non-current liabilities	(5,247,121)	(4,591,499)	(6,041,452)
Net assets	3,207,598	3,438,417	6,488,644
Revenue	2,083,616	2,589,938	3,015,554
Profit for the financial year	588,209	603,289	159,510

Goodwill amounting to RM223,356,000 (2008: RM40,860,000)(2007:RM37,179,000) was included in the carrying amount of investment in associated companies.

There are no material accumulated and current financial year unrecognised losses for certain associated companies because the Group's share of losses exceeded its interest in those associated companies.

(c) Significant associated companies acquired

On 28 October 2008, the Company entered into the following Share Purchase Agreements ("SPA"):-

(i) SPA with Macquarie Real Estate Singapore Pte. Ltd. ("MRES") and Macquarie Bank Limited ("MBL") for the acquisition of 247,101,000 units in Macquarie Prime Real Estate Investment Trust ("MP REIT") representing 26% of the total issued units from MRES for total cash consideration of approximately S$202,622,820 or S$0.82 per unit ("MP REIT Acquisition"); and

(ii) SPA with MBL for the acquisition from MBL of the following for a cash consideration of S$62,000,000 :-

(i) 1,500,000 ordinary shares in Prime REIT Management Holdings Pte. Ltd. ("PRMH") representing 50% of the total PRMH shares in issue;

(ii) 1 class A redeemable preference share in PRMH ("PRMH A") representing the entire PRMH A in issue; and

(iii) 1 class B redeemable preference share in PRMH ("PRMH B") representing the entire PRMH B in issue.

("PRMH Acquisition").

(The MP REIT Acquisition and PRMH Acquisition are collectively referred to as "the Acquisitions").

The Acquisitions were completed on 31 December 2008. Following the completion of the Acquisitions, MP REIT and PRMH have been renamed Starhill Global Real Estate Investment Trust ("Starhill Global REIT") and YTL Pacific Star REIT Management Holdings Pte. Ltd. ("YPSRMH") with effect from 31 December 2008 and 1 January 2009 respectively.

17. INVESTMENTS

	2007	2008	2009
	RM'000	RM'000	RM'000
Quoted investments			
- Within Malaysia	16,188	23,210	22,903
- Outside Malaysia	113	106	109
Unquoted investments			
- Within Malaysia	18,956	100,235	40,235
- Outside Malaysia	576,754	675,264	610,777
	612,011	798,815	674,024
Accumulated impairment losses	(653)	(653)	(653)
	611,358	798,162	673,371
Market value of quoted investments			
Within Malaysia	92,020	25,454	24,814
Outside Malaysia	39	18	20
	92,059	25,472	24,834

The directors are of the opinion that it is not practicable within the constraints of cost to estimate the fair value of shares in unquoted corporations reliably. However, it is the directors' view that the carrying value of investments in unquoted corporations approximated its fair value at balance sheet as the investee companies are profitable and are in net tangible assets position.

18. CASH & CASH EQUIVALENTS

	2007 RM'000	2008 RM'000	2009 RM'000
Fixed deposits			
- licensed banks	8,727,711	11,407,046	8,667,964
- other corporations	26,664	9,476	-
	8,754,375	11,416,522	8,667,964
Cash & bank balances	103,832	311,272	409,448
Bank overdrafts (Note 31(H))	(20,420)	(54,820)	(6,193)
	8,837,787	11,672,974	9,071,219

Fixed deposits of a certain subsidiary amounting to RM485,570 (2008: RM437,143)(2007: RM424,166) have been pledged to financial institutions for banking facilities granted to that subsidiary.

Cash and bank balances of the Group included amounts totaling RM3,418,786 (2008: RM6,492,264)(2007: RM14,367,433) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

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

	2007 %	2008 %	2009 %
Deposits with licensed banks	2.00 – 5.50	1.40 - 7.01	0.02 - 5.62
Deposits with other corporations	2.60 – 3.50	2.99 - 3.55	-

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2008: 1 day to 365 days)(2007: 1 to 54 days). Bank balances are deposits held at call with banks.

19. INTANGIBLE ASSETS

	2007 RM'000	2008 RM'000	2009 RM'000
Goodwill	941,330	1,130,024	4,016,726
At cost			
At beginning of the financial year	848,159	941,330	1,131,701
Arising from acquisition of new subsidiaries	5,076	75,881	2,836,749
Arising from acquisition of additional shares in existing subsidiaries	65,761	8,683	5,513
Arising from deemed acquisition due to share buy-back by the listed subsidiaries	41,575	122,634	15,413
Realisation of goodwill upon deemed dilution of interest in subsidiaries	(5,375)	(16,827)	(45,111)
Realisation of goodwill on disposal of shares in subsidiaries	(13,866)	-	-
Currency translation differences	-	-	74,291
At end of the financial year	941,330	1,131,701	4,018,556
Accumulated impairment			
At beginning of the financial year	-	-	(1,677)
Impairment charge	-	(1,677)	(153)
At end of the financial year	-	(1,677)	(1,830)
Carrying amount at end of the financial year	941,330	1,130,024	4,016,726

Goodwill is allocated for impairment test to the individual entity which is also the cash-generating unit (CGU) identified according to the respective companies.

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.

The recoverable amount of the CGU is determined based on value-in-use calculation. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering periods up to June 2012.

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

	2008	2009
	RM'000	RM'000
Utilities*	829,100	3,739,856
Cement manufacturing & trading*	121,230	96,892
Property development*	92,060	92,180
Others	87,634	87,798
	1,130,024	4,016,726

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 is computed based on fair value less costs to sell calculations. Fair value is determined using the observable market prices of relevant shares listed on a stock exchange.

20. TRADE & OTHER RECEIVABLES

	2007 RM'000	2008 RM'000	2009 RM'000
Non-current assets			
Prepayments	-	-	56,958
Other receivables	-	-	855
	-	-	57,813
Current assets			
Trade receivables	1,159,158	1,218,361	1,298,135
Progress billings & final sum receivables	-	267,336	299,205
Retention sum	1,843	2,995	4,294
Accrued billings in respect of property development costs	252,322	20,199	11,065
Accrued income	250,236	325,296	864,301
Amount due from contract customers (Note 24)	17,768	53,716	27,659
Other receivables	374,434	437,377	404,347
Deposits	11,211	105,136	78,015
Prepayments	116,789	56,164	219,014
Amounts recoverable from a supplier*	-	-	191,659
Amounts receivable from former shareholder of foreign subsidiary	-	-	344,272
	2,183,761	2,486,580	3,741,966
Less : Allowance for doubtful debts			
- Trade receivables	(302,788)	(278,390)	(116,455)
- Other receivables	(95)	(130)	(570)
	1,880,878	2,208,060	3,624,941

The Group's normal credit terms of trade receivables ranged from 7 days to 180 days (2008: 7 days to 180 days)(2007: 7 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or groups of customers other than that related to its power generation business where it supplies to a single customer, which is a credit worthy entity. As at 30 June 2009, 15% (2008: 13%)(2007: 13%) of trade receivables of the Group were due from a customer in relation to the sale of electricity.

* *A subsidiary of the Company entered into a Gas Supply Agreement ('GSA') on 15 March 1993. Under this agreement, the price of gas to be supplied is calculated by reference to a market price-related formula. However, since 1 May 1997, the Government of Malaysia has fixed the price of gas. Accordingly, the market price-related formula applicable under the GSA has not been used. As a consequence, a dispute exists over whether a discount provided for under the market price-related formula is applicable under the GSA. The Government has informed the subsidiary company that with effect from 1 January 2002, the discount has been reinstated. On 28 November 2008, the gas supplier has advised the subsidiary company that the discount effective from 1 January 2000 has been withdrawn. As such, as at 30 June 2009, a sum of RM191,659,204 were paid under protest. The Directors are confident that the amount will be fully recoverable.*

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YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

21. INVENTORIES

	2007	2008	2009
	RM'000	RM'000	RM'000
At cost			
Properties held for sale	37,828	22,412	26,716
Finished goods	17,173	24,875	38,529
Work-in-progress	28,660	27,785	29,398
Raw materials	40,442	77,016	93,231
Consumable stores	14,653	13,752	11,839
Spare parts	177,733	175,062	179,688
At net asset realisable value			
Fuel	-	-	643,472
Properties held for sale	37,560	33,915	33,237
	354,049	374,817	1,056,110

22. PROPERTY DEVELOPMENT COST

2007	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Others# RM'000	Total RM'000
Cumulative property development costs :-					
At beginning of the financial year	-	32,687	580,825	(36,301)	577,211
Cost incurred during the financial year	-	20,205	146,849	-	167,054
Transfer from land held for property development (Note 14)	-	1,191	3,352	-	4,543
Transfer to inventories	-	(2,062)	(29,137)	-	(31,199)
Reversal of completed projects	-	(198)	(167,240)	-	(167,438)
At end of the financial year	-	51,823	534,649	(36,301)	550,171

Cumulative cost recognised in Income Statement :-	RM'000
At beginning of the financial year	(392,297)
Recognised during the financial year	(187,190)
Reversal of completed projects	167,438
At end of the financial year	(412,049)
Property development costs at end of the financial year	138,122

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

2008	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Others# RM'000	Total RM'000
Cumulative property development costs :-					
At beginning of the financial year	-	51,823	534,649	(36,301)	550,171
Cost incurred during the financial year	-	(9,244)	123,136	-	113,892
Transfer from land held for property development (Note 14)	3,232	76	1,330	-	4,638
Transfer to inventories	-	(259)	(2,565)	-	(2,824)
Reversal of completed projects	-	(37,168)	(244,603)	-	(281,771)
At end of the financial year	3,232	5,228	411,947	(36,301)	384,106

Cumulative cost recognised in Income Statement :-

At beginning of the financial year	(412,049)
Recognised during the financial year	(78,275)
Reversal of completed projects	281,771
At end of the financial year	(208,553)
Property development costs at end of the financial year	175,553

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YTL CORPORATION BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

2009	Freehold land RM'000	Leasehold land RM'000	Development cost RM'000	Others# RM'000	Total RM'000
Cumulative property development costs					
At beginning of the financial year	3,232	5,228	411,947	(36,301)	384,106
Cost incurred during the financial year	7,096	4,240	163,860	-	175,196
Transfer from/(to) land held for property development (Note 14)	2,446	-	(92,844)	-	(90,398)
Transfer from project development expenditures (Note 14)	334,208	-	51,117	-	385,325
Transfer to inventories	-	(21)	(17,691)	-	(17,712)
Reversal of completed projects	(1,230)	(413)	(155,050)	36,301	(120,392)
Translation differences	3,906	-	584	-	4,490
At end of the financial year	349,658	9,034	361,923	-	720,615
Cumulative cost recognised in Income Statement :-					
At beginning of the financial year					(208,553)
Recognised during the financial year					(99,301)
Reversal of completed projects					120,392
At end of the financial year					(187,462)
Property development costs at end of the financial year					533,153

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Others included Adjustment and Provision of foreseeable losses amounting to RM Nil (2008: RM24,669,000, 2007: RM24,669,000) and RM Nil (2008: RM11,632,000, 2007: RM11,632,000) respectively.

In prior financial year, the Adjustment to property development costs arose from measurements by the consultants and project managers, of work-in-progress on a project suspended in 1998, which are deemed final by the Directors of the Group. A corresponding amount has been adjusted to reduce the provision previously made in respect of these works. The financial statements do not include any adjustment that would arise should these measurements not be finally determined on the basis adopted.

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM 20,356,891 (2008: RM 7,946,258, 2007:RM 8,580,000).

23. DERIVATIVE FINANCIAL INSTRUMENTS

In respect of the financial year ended 30 June 2009

The derivative financial assets and liabilities arise from the acquisition of PowerSeraya Limited on 6 March 2009. These financial derivatives are recognised at fair value as at that date. The derivative financial assets and liabilities recorded as at 30 June 2009 are the remaining open contracts, which will be realised upon maturity.

24. CONSTRUCTION CONTRACTS

	2007	2008	2009
	RM'000	RM'000	RM'000
Aggregate costs incurred to date	292,136	558,521	667,773
Recognised profits less recognised losses	62,135	92,389	87,382
	354,271	650,910	755,155
Progress billings	(359,156)	(677,624)	(804,520)
	(4,885)	(26,714)	(49,365)
Amount due to contract customers classified as current liabilities (Note 35)	22,653	80,430	77,024
Amount due from contract customers (Note 20)	17,768	53,716	27,659

Included in aggregate costs incurred to date of the Group are depreciation charged and interest capitalised during the financial year amounting to RM 2,141,014 (2008: RM 1,548,186, 2007: RM 541,000) and RM 1,274,126 (2008: RM 1,520,894, 2007: RM 1,349,000) respectively.

25. AMOUNT DUE FROM/TO RELATED PARTIES

	2007 RM'000	2008 RM'000	2009 RM'000
(a) Amount due from related parties			
Amount due from holding company	-	98	140
Amount due from related companies	3,046	20,445	24,031
Amount due from associated companies	10,581	8,737	5,735
	13,627	29,280	29,906
(b) Amount due to related parties			
Amount due to holding Company	8	-	-
Amount due to related companies	2,926	4,696	6,572
	2,934	4,696	6,572

(c) The amount due from/to related parties pertains mainly to trade receivables/payables, advances and payments on behalf. The outstanding amounts are unsecured, interest free and have no fixed terms of repayment except for advances given to a subsidiary amounting RM44.8 million (2008: RM39.8 million, 2007: RM21.8 million) which bear interest rates of 4.4% per annum (2008: 4.4% per annum, 2007: 4.5% per annum) (2007: 4.4% to 10% per annum).

(d) Holding company

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

26. SHORT TERM INVESTMENTS

	2007 RM'000	2008 RM'000	2009 RM'000
Unquoted debt securities of corporations in Malaysia and investment linked funds			
At cost	175,283	281,800	208,239

Short-term investments comprise commercial papers and investment-linked funds, which would mature within the next financial year or are renewable on a monthly basis. The Directors are of the opinion that it is not practicable within the constraints of cost to estimate the fair value of these investments reliably. However, it is the Directors' view that the carrying value of these investments approximated their fair values.

27. SHARE CAPITAL

	2007 RM'000	2008 RM'000	2009 RM'000
Authorised :-			
At beginning and end of the financial year - 3,000,000,000 ordinary shares of RM0.50 each	1,500,000	1,500,000	1,500,000
Issued and fully paid			
At beginning of the financial year (2007: 1,564,710,610 2008: 1,651,222,695 2009: 1,632,201,289) ordinary shares of RM0.50 each	782,355	825,611	816,101
Exercise of ESOS options (2007: 66,500) (2008: 22,000) (2009: 1,803,000) ordinary shares of RM0.50 each	33	11	902
Exercise of warrants (2007: 119,446,035) (2008: 10,965,594) (2009: 262,986,949) ordinary shares of RM0.50 each	59,723	5,479	131,493
Cancellation of treasury shares (2007: 33,000,000) (2008: 30,000,000) (2009: Nil) ordinary shares of RM0.50 each	(16,500)	(15,000)	-
At end of the financial year (2007: 1,651,222,695) (2008: 1,632,201,289) (2009: 1,896,991,238) ordinary shares of RM0.50 each	825,611	816,101	948,496

In respect of the financial year ended 30 June 2009

During the financial year, 1,803,000 new ordinary shares of RM0.50 each were issued by the Company for cash by virtue of the exercise of ESOS at an exercise price of RM4.81 per share. The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, 262,986,949 new ordinary shares of RM0.50 each were issued by the Company for cash by virtue of the exercise of warrants at an exercise price of RM4.23 per share. The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

Out of a total of 1,896,991,238 (2008: 1,632,201,289) ordinary shares of RM0.50 issued and fully paid-up ordinary shares, 137,446,605 (2008: 137,010,505) ordinary shares of RM0.50 are held as treasury shares by the Company.

a) Treasury Shares

In respect of the financial year ended 30 June 2007, 2008 and 2009

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 7 December 2006, 7 December 2007 & 2 December 2008. 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 of 2009, the Company repurchased 436,100 (2008: 21,947,400, 2007: 113,840,300) of its issued share capital from the open market. The average price paid for the shares repurchased was RM6.60 (2008: RM7.61, 2007: RM6.88) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

In financial year 2008, the Company had resold 1,000,000 (2007: 61,700,000) treasury shares in the open market at an average price of RM6.48 (2007: RM 5.67) per share, for a total cash consideration (net of expenses) of RM6,480,000 (2007: RM351,106,00) In addition, the Company also cancelled 30,000,000 (2007: 33,000,000) of treasury shares at an average price of RM6.45 (2007: RM5.42) amounting to RM 193,410,000 (2007: RM178,913,000).

As at 30 June 2009, the Company held as treasury shares a total of 137,446,605 (2008: 137,010,505, 2007: 146,063,105) of its 1,896,991,238 (2008: 1,632,201,289, 2007: 1,651,222,695) issued ordinary shares. Such treasury shares are held at a carrying amount of RM892,549,000 (2008: RM889,671,000, 2007: RM 922,643,000).

b) Warrants

In respect of the financial year ended 30 June 2007, 2008 and 2009

The Warrants 1997/2007 and Warrants 1999/2009 were constituted under the Deed Poll dated 20 September 1997 and 31 July 1999.

Each of the Warrants 1997/2007 and Warrants 1999/2009 entitles the holder to the right of allotment of one ordinary share in the Company for every warrant held at a revised subscription price of RM2.75 and RM4.23 per share respectively ("Revised Subscription Price") which are payable in cash. The initial subscription price was RM3.80 and RM5.45 per share respectively and subsequently adjusted to RM2.95 and RM4.54 per share before being adjusted to the Revised Subscription Price. The subscription price and number of warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

In addition, the initial exercise price of Warrants 1999/2009 is also subject to adjustments under "step-up pricing mechanism" as set-out in the Deed Poll dated 31 July 1999.

The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

The subscription rights of the Warrants 1997/2007 and Warrants 1999/2009 expired on 21 September 2007 and 26 June 2009 respectively and the said warrants were removed from the official list of Bursa Malaysia Securities Berhad ("BMSB") on 24 September 2007 and 29 June 2009 respectively.

The total number of warrants that remain unexercised are as follows :-

	2007 Number of warrants '000	2008 Number of warrants '000	2009 Number of warrants '000
At beginning of the financial year	394,132	274,686	263,534
Exercise of warrants	(119,446)	(10,957)	(262,987)
Expiry of Warrants 1997/2007	-	(195)	-
Expiry of Warrants 1999/2009	-	-	(547)
At end of the financial year	274,686	263,534	-

(c) Share options

At an Extraordinary General Meeting held on 16 October 2001, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS" or "Scheme") for eligible employees and executive directors of the Group.

The main features of the ESOS are as follows :-

(i) The ESOS shall be in force for a period of ten (10) years, effective from 30 November 2001.

(ii) The maximum number of shares which may be made available under the ESOS shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at the time of offering the option.

(iii) Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer for an option ("Offer Date") the employee :-

(a) has attained the age of eighteen (18) years;

(b) is employed by and on the payroll of a company within the Group; and

(c) has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including executive directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the Bye-Laws not being met, at any time and from time to time.

(iv) The price payable for shares under the ESOS shall be based on the five-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than 10%, if deemed appropriate.

(v) Subject to Clause 14 of the Bye-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the options to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 11 and 12 of the Bye-Laws, the options can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to the Company, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

(vi) The grantee shall be prohibited from disposing the ordinary shares of the Company so allotted to him for a period of twelve (12) months from the date on which the options are exercised. However, the options committee may as its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the Company at any earlier or other period.

(vii) The persons whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Information with respect to the number of options granted to employees and Directors of the Group under the ESOS is as follows :-

Financial year ended 30.6.2007

Date granted	Exercisable period		Subscription price RM	At beginning of financial year '000	Offered and accepted '000	Exercised '000	Lapsed '000	At end of financial year '000
				Number of share options				
Scheme								
*16.10.2002	16.10.2005 29.11.2011	-	2.79	305	-	(67)	(11)	227
01.07.2005	01.07.2008 29.11.2011	-	4.81	47,599	-	-	(358)	47,241
07.08.2006	07.08.2009 29.11.2011	-	4.41	-	727	-	(98)	629
				47,904	727	(67)	(467)	48,097

Financial year ended 30.6.2008

			Number of share options				
Date Granted	Exercise period	Exercise price RM	At beginning of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
Scheme							
*16.10.2002	16.10.2005-29.11.2011	2.79	227	-	(22)	(21)	184
01.07.2005	01.07.2008-29.11.2011	4.81	47,241	-	-	(317)	46,924
07.08.2006	07.08.2009-29.11.2011	4.41	629	-	-	(67)	562
16.01.2008	16.01.2011-29.11.2011	6.93	-	983	-	(118)	865
			48,097	983	(22)	(523)	48,535

Financial year ended 30.6.2009

			Number of share options				
Date Granted	Exercise period	Exercise price RM	At beginning of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
Scheme							
*16.10.2002	16.10.2005-29.11.2011	2.79	184	-	-	(28)	156
01.07.2005	01.07.2008-29.11.2011	4.81	46,924	-	(1,803)	(148)	44,973
07.08.2006	07.08.2009-29.11.2011	4.41	562	-	-	(27)	535
16.01.2008	16.01.2011-29.11.2011	6.93	865	-	-	(126)	739
			48,535	-	(1,803)	(329)	46,403

* FRS 2 not applicable to these options.

Out of the 46,403,000 (2008: 48,535,000, 2007 : 48,097,000) outstanding options, 45,129,000 (2008: 47,108,000, 2007: 227,000) options are exercisable.

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

	Share options granted on 1.7.2005	Share options granted on 7.8.2006	Share options granted on 16.1.2008
Valuation assumptions :-			
Expected volatility	24.7%	21.5%	25.3%
Expected dividend yield	5.2%	5.6%	2.4%
Expected option life	3 - 4 years	3 - 4 years	3 - 4 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.2%	4.1%	3.5%

The volatility is based on statistical analysis of daily share prices over the three to four years before the grant dates. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

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

	2007 RM'000	2008 RM'000	2009 RM'000
Share options granted	18,300	17,346	3,601

28. NON-DISTRIBUTABLE RESERVES

(A) Share premium

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	389,756	652,522	513,721
Shares issued upon exercise of warrants	335,716	38,501	980,941
Shares issued upon exercise of ESOS	152	50	7,771
Cancellation of treasury shares	(162,413)	(178,410)	-
Sale of treasury shares	89,311	1,058	-
Transfer from share options reserve on exercise of ESOS [Note 28(B)(v)]	-	-	1,125
At end of the financial year	652,522	513,721	1,503,558

(B) Other reserves

	2007 RM'000	2008 RM'000	2009 RM'000
Capital reserve [Note 28(B)(i)]	102,439	102,345	102,673
Equity component of exchangeable bonds [Note 28 (B)(ii)]	34,301	106,292	114,853
Equity component of Irredeemable Convertible Unsecured Loan Stocks [Note 28 (B)(iii)]	24,159	24,155	24,135
Exchange difference reserve [Note 28 (B)(iv)]	(31,836)	(115,268)	(442,327)
Share options reserve [Note 28 (B)(v)]	18,300	35,646	38,122
Statutory reserve [Note 28 (B)(vi)]	41,331	48,945	52,770
Revaluation reserve [Note 28 (B)(vii)]	7,627	-	-
	196,321	202,115	(109,774)

The movements in each category of reserves are as follows:

(i) Capital reserve

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	102,529	102,439	102,345
Capitalised from retained earnings due to bonus issue in subsidiaries	-	-	200
Currency translation differences	(90)	(94)	128
At end of the financial year	102,439	102,345	102,673

(ii) Equity component of exchangeable bonds

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	35,232	121,685	106,292
Conversion of bonds to ordinary shares of YTL Power International Berhad during the financial year	(931)	(11,963)	-
Currency translation differences	-	(3,430)	8,561
At end of the financial year	34,301	106,292	114,853

(iii) Equity component of Irredeemable Convertible Unsecured Loan Stock ('ICULS')

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	24,369	24,159	24,155
Conversion of ICULS to ordinary shares of YTL Cement Berhad	(210)	(4)	(20)
At end of the financial year	24,159	24,155	24,135

(iv) Exchange difference reserve

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	9,041	(32,126)	(115,268)
Currency translation differences	(40,877)	(83,142)	(328,004)
Transfer to retained earnings		-	945
At end of the financial year	(31,836)	(115,268)	(442,327)

(v) Share options reserve

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	-	18,300	35,646
ESOS expenses recognised during the financial year			
- recognised in Income Statement	18,300	17,346	3,601
- allocated to subsidiaries	-	-	-
Transfer to share premium on exercise of ESOS [Note 28(A)]	-	-	(1,125)
At end of the financial year	18,300	35,646	38,122

(vi) Statutory reserve

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	26,009	41,331	48,945
Share of associated companies' statutory reserves transferred from retained earnings	15,322	9,996	-
Currency translation differences	-	(2,382)	3,825
At end of the financial year	41,331	48,945	52,770

(vii) Revaluation reserve

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	646,175	7,627	-
Revaluation (deficit)/surplus arising from investment properties in subsidiaries	(638,548)	-	-
Transfer to retained earnings	-	(7,627)	-
At end of the financial year	7,627	-	-

29. LONG TERM PAYABLES

	2007	2008	2009
	RM'000	RM'000	RM'000
Amount due to Keretapi Tanah Melayu Berhad ("KTMB")	69,216	67,696	67,696
Deposits	29,100	30,687	26,563
Payables	12,308	10,614	9,320
	110,624	108,997	103,579

Amount due to KTMB represents the balance of the total purchase consideration of not less than RM 105,616,000 (2008: RM 105,616,000, 2007: RM 105,616,000) for the acquisition of the Sentul Raya Development Project Site from KTMB. The amount outstanding will be settled by way of phased development, construction and completion of the Railway Village by YTL Land & Development Berhad ("YTL L&D"), a subsidiary of the Company, for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between YTL L&D and KTMB as amended pursuant to the Supplementary Development Agreement dated 21 December 2000.

Deposits are due within one to five years from the balance sheet date.

Payables comprise mainly deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure.

30. BONDS	2007 RM'000	2008 RM'000	2009 RM'000
Current :-			
Medium Term Notes [Note 30(A)]	100,000	2,400,000	400,000
5.875% Guaranteed Unsecured Bonds [Note 30(B)]	-	1,300,542	-
Guaranteed Variable Coupon Bonds Due 2009 [Note30(C)]	-	651,139	-
Fixed Rate Bonds [Note 30(D)]	125,000	62,500	-
Zero Coupon Exchangeable Guaranteed Bonds Due 2010 [Note 30(E)]	886,443	-	720,665
	1,111,443	4,414,181	1,120,665

	2007 RM'000	2008 RM'000	2009 RM'000
Non current :-			
Fixed Rate Bonds [Note 30(D)]	62,500	-	-
5.875% Guaranteed Unsecured Bonds [Note 30(B)]	1,379,113	-	-
Guaranteed Variable Coupon Bonds Due 2009 [Note 30(C)]	691,710	-	-
Medium Term Notes [Note 30(A)]	1,699,462	899,553	2,619,644
Zero Coupon Exchangeable Guaranteed Bonds Due 2010 [Note 30(E)]	1,010,131	644,037	-
3.52% Retail Price Index Guaranteed Bonds [Note 30(F)]	392,372	383,864	358,311
5.75% Guaranteed Unsecured Bonds [Note 30(G)]	2,388,445	2,249,523	2,025,252
5.375% Guaranteed Unsecured Bonds [Note 30(H)]	1,368,118	1,288,570	1,160,128
1.75% Index Linked Guaranteed Bonds [Note 30(I)]	1,054,313	1,032,625	963,885
1.369% and 1.374% Index Linked Guaranteed Bonds [Note 30(J)]	1,054,313	1,032,625	963,885
Zero Coupon Exchangeable Guaranteed Bonds Due 2012 [Note 30(K)]	-	921,187	1,028,400
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds [Note 30(L)]	-	979,776	911,702
3.0% Redeemable Non Guaranteed Unsecured Bonds [Note 30(M)]	-	2,038,729	2,072,180
3.97% Unsecured Bonds [Note 30(N)]	-	-	850,570
	11,100,477	11,470,489	12,953,957
Total	12,211,920	15,884,670	14,074,622

The periods in which the Bonds of the Group attain maturity are as follows:-

	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 2007				
Fixed Rate Bonds	125,000	62,500	-	187,500
5.875% Guaranteed Unsecured Bonds	-	1,379,113	-	1,379,113
Guaranteed Variable Coupon Bonds Due 2009	-	691,710	-	691,710
3.52% Retail Price Index Guaranteed Bonds	-	-	392,372	392,372
5.75% Guaranteed Unsecured Bonds	-	-	2,388,445	2,388,445
5.375% Guaranteed Unsecured Bonds	-	-	1,368,118	1,368,118
Medium Term Notes	100,000	800,000	899,462	1,799,462
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	886,443	1,010,131	-	1,896,574
1.75% Index Linked Guaranteed Bonds	-	-	1,054,313	1,054,313
1.369% and 1.374% Index Linked Guaranteed Bonds	-	-	1,054,313	1,054,313
	1,111,443	3,943,454	7,157,023	12,211,920

	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 2008				
Fixed Rate Bonds	62,500	-	-	62,500
5.875% Guaranteed Unsecured Bonds	1,300,542	-	-	1,300,542
Guaranteed Variable Coupon Bonds Due 2009	651,139	-	-	651,139
3.52% Retail Price Index Guaranteed Bonds	-	-	383,864	383,864
5.75% Guaranteed Unsecured Bonds	-	-	2,249,523	2,249,523
5.375% Guaranteed Unsecured Bonds	-	-	1,288,570	1,288,570
Medium Term Notes	2,400,000	300,000	599,553	3,299,553
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	-	644,037	-	644,037
1.75% Index Linked Guaranteed Bonds	-	-	1,032,625	1,032,625
1.369% and 1.374% Index Linked Guaranteed Bonds	-	-	1,032,625	1,032,625
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	-	921,187	-	921,187
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	-	-	979,776	979,776
3.0% Redeemable Non-Guaranteed Unsecured Bonds	-	2,038,729	-	2,038,729
	4,414,181	3,903,953	7,566,536	15,884,670

	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 2009				
Medium Term Notes	400,000	2,619,644	-	3,019,644
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	720,665	-	-	720,665
3.52% Retail Price Index Guaranteed Bonds	-	-	358,311	358,311
5.75% Guaranteed Unsecured Bonds	-	-	2,025,252	2,025,252
5.375% Guaranteed Unsecured Bonds	-	-	1,160,128	1,160,128
1.75% Index Linked Guaranteed Bonds	-	-	963,885	963,885
1.369% and 1.374% Index Linked Guaranteed Bonds	-	-	963,885	963,885
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	-	1,028,400	-	1,028,400
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	-	-	911,702	911,702
3.0% Redeemable Non Guaranteed Unsecured Bonds	-	2,072,180	-	2,072,180
3.97% Unsecured Bonds	-	850,570	-	850,570
	1,120,665	6,570,794	6,383,163	14,074,622

The interest rates of the Group as at the balance sheet date are as follows:-

	2007 %	2008 %	2009 %
Weighted average effective interest rate			
Fixed Rate Bonds	10.000	-	-
Medium Term Notes	4.210	3.611	4.656
5.875% Guaranteed Unsecured Bonds	5.875	5.875	5.875
Guaranteed Variable Coupon Bonds Due 2009	5.875	5.875	5.875
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	3.375	3.375	3.375
3.52% Retail Price Index Guaranteed Bonds	7.390	7.599	7.155
5.75% Guaranteed Unsecured Bonds	5.750	5.75	5.845
5.375% Guaranteed Unsecured Bonds	5.375	5.375	5.505
1.75% Index Linked Guaranteed Bonds	5.620	5.788	5.446
1.369% and 1.374% Index Linked Guaranteed Bonds	5.240	5.338	5.074
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	3.375	3.375	3.375
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	-	2.793	4.902
3.0% Redeemable Non Guaranteed Unsecured Bonds	-	4.850	4.850
3.97% Unsecured Bonds	-	-	4.210

The fair value of the Bonds of the Group as at the balance sheet date is as set out below:-

	Carrying amount RM'000	Fair value RM'000
In respect of the financial year ended 30 June 2007		
Fixed Rate Bonds	187,500	198,576
5.875% Guaranteed Unsecured Bonds	1,379,113	1,366,653
Guaranteed Variable Coupon Bonds Due 2009	691,710	691,710
3.52% Retail Price Index Guaranteed Bonds	392,372	445,624
5.75% Guaranteed Unsecured Bonds	2,388,445	2,419,775
5.375% Guaranteed Unsecured Bonds	1,368,118	1,304,676
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	1,896,574	1,914,855
1.75% Index Linked Guaranteed Bonds	1,054,313	1,024,704
1.369% and 1.374% Index Linked Guaranteed Bonds	1,054,313	982,424
In respect of the financial year ended 30 June 2008		
Fixed Rate Bonds	62,500	64,370
5.875% Guaranteed Unsecured Bonds	1,300,542	1,288,619
Guaranteed Variable Coupon Bonds Due 2009	651,139	651,140
3.52% Retail Price Index Guaranteed Bonds	383,864	431,934
5.75% Guaranteed Unsecured Bonds	2,249,523	2,110,618
5.375% Guaranteed Unsecured Bonds	1,288,570	1,135,771
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	644,037	721,022
1.75% Index Linked Guaranteed Bonds	1,032,625	1,244,173
1.369% and 1.374% Index Linked Guaranteed Bonds	1,032,625	1,161,943
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	921,187	998,834
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	979,776	1,157,779
3.0% Redeemable Non Guaranteed Unsecured Bonds	2,038,729	2,124,259
In respect of the financial year ended 30 June 2009		
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	720,665	852,524
3.52% Retail Price Index Guaranteed Bonds	358,311	306,571
5.75% Guaranteed Unsecured Bonds	2,025,252	1,930,343
5.375% Guaranteed Unsecured Bonds	1,160,128	1,062,718
1.75% Index Linked Guaranteed Bonds	963,885	1,084,362
1.369% and 1.374% Index Linked Guaranteed Bonds	963,885	946,861
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	1,028,400	1,169,887
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	911,702	938,087
3.0% Redeemable Non Guaranteed Unsecured Bonds	2,072,181	2,229,221
3.97% Unsecured Bonds	850,570	855,418

The carrying amounts of the medium term notes of the Group and of the Company at the balance sheet date approximated their fair values.

(A) MEDIUM TERM NOTES ("MTNs")

In respect of the financial year ended 30 June 2007

The MTNs of the Company were constituted under the MTNs Programme Agreement and MTNs Trust Deed both dated 18 June, 2004, and the First Supplemental MTNs Trust Deed dated 13 July, 2004.

A nominal value of RM500 million of MTNs was issued on 25 June, 2004 to refinance the Company's RM500 million nominal value 8.5% Redeemable Non-Guaranteed Unsecured Bonds 1999/2004. The coupon rate of the MTNs is 5.30% per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June, 2009 at nominal value.

The nominal value of RM1.3 billion unsecured MTNs ranging between 1 year to 11 years were issued by YTL Power Generation Sdn. Bhd. ("YTLPG"), a subsidiary of the Group, pursuant to a Facility Agreement dated 16 July, 2003. Interest is payable semi-annually. The facility bears interest rates ranging from 3.80% to 4.55% per annum.

A principal amount of RM100 million was repaid by YTLPG during the financial year.

During the financial year, YTLPG issued an additional unsecured MTNs at a nominal value of RM100 million for a period of 1 year which bears an interest rate of 3.80% per annum. Interest is payable semi-annually.

In respect of the financial year ended 30 June 2008

(i) The MTNs of the Company were constituted under the MTNs Programme Agreement and MTNs Trust Deed both dated 18 June 2004, and the First Supplemental MTNs Trust Deed dated 13 July 2004.

A nominal value of RM500 million of MTNs was issued on 25 June 2004 to refinance the Company's RM500 million nominal value 8.5% Redeemable Non-Guaranteed Unsecured Bonds 1999/2004. The coupon rate of the MTNs is 5.30% per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June 2009 at nominal value.

(ii) The nominal value of RM1.3 billion unsecured MTNs ranging between 1 year to 11 years were issued by YTL Power Generation Sdn. Bhd. ("YTLPG"), a subsidiary of the Group, pursuant to a Facility Agreement dated 16 July 2003. Interest is payable semi-annually. The MTNs bear interest rates ranging from 3.93% to 4.55% per annum.

A principal amount of RM100 million was repaid by YTLPG during the financial year.

During the financial year, YTLPG issued an additional unsecured MTNs at a nominal value of RM100 million for a period of 1 year which bears an interest rate of 3.955% per annum. Interest is payable semi-annually.

(iii) The MTNs of YTL Power International Berhad ("YTLPI") were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2008.

During the financial year, YTLPI issued RM1,500,000,000 MTNs which bear interest rates ranging from 3.841% to 3.965% per annum.

In respect of the financial year ended 30 June 2009

(i) The MTNs of the Company were constituted under the MTNs Programme Agreement and MTNs Trust Deed both dated 18 June 2004, and the First Supplemental MTNs Trust Deed dated 13 July 2004.

A nominal value of RM500 million of MTNs was issued on 25 June 2009 to refinance the Company's existing RM500 million nominal value MTNs. The coupon rate of the MTNs is 4.85% per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June 2014 at nominal value.

(ii) The nominal value of RM1.3 billion unsecured MTNs ranging between 1 year to 11 years were issued by YTL Power Generation Sdn. Bhd. ("YTLPG"), a subsidiary of the Group, pursuant to a Facility Agreement dated 16 July 2003. Interest is payable semi-annually. The MTNs bear interest rates ranging from 3.93% to 4.55% per annum.

A principal amount of RM400,000,000 of MTNs of YTLPG was repaid during the financial year.

During the financial year, YTLPG reissued two additional unsecured MTNs at a nominal value of RM200,000,000 each for period of 1 year and 2 years which bearing an interest rate at 4.23% and 4.43% per annum respectively. Interests are payable semi-annually.

(iii) The MTNs of YTL Power International Berhad ("YTLPI") were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2008.

During the financial year, YTLPI repaid and reissued RM1,500,000,000 and RM1,220,000,000 of the MTNs respectively. The facility bears interest rates ranging from 4.55% to 5.55% per annum.

(B) 5.875% GUARANTEED UNSECURED BONDS

In respect of the financial year ended 30 June 2007,2008 and 2009

On 30 March 1999, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP300,000,000 nominal value of 5.875% Guaranteed Unsecured Bonds due 2009 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 30 March 1999. The nominal value of GU Bonds issued amounted to GBP300,000,000. The net proceeds of the GU Bonds were used for refinancing existing financial indebtedness and for general corporate purposes).

The principal features of the GU Bonds are as follows :-

(i) The GU Bonds bear interest at 5.875% per annum, payable annually on 30 March of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 30 March 2009 at their nominal value together with all accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if :-

- Wessex Water Services Limited loses its Appointment;
- The Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- A Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either :-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The Bonds were repaid on 30 March 2009.

(C) GUARANTEED VARIABLE COUPON BONDS DUE 2009

In respect of the financial year ended 30 June 2007, 2008 and 2009

On 30 March 2001, GBP100,000,000 nominal value of the GU Bonds mentioned in Note [30(B)] of the Financial Statements were redeemed by the issue of GBP100,000,000 Guaranteed Variable Coupon Bonds ('GVC Bonds') due 2009 by Wessex Water Services Finance Plc unconditionally and irrevocably guaranteed by Wessex Water Services Limited.

The nominal value of GVC Bonds issued amounted to GBP100,000,000. Interest payable on the GVC Bonds is calculated by reference to ratings assigned to the GVC Bonds. The GVC Bonds are unsecured and the interest rate since issuance was 5.875% payable semi-annually in arrears on 30 September and 30 March of each year. Other features of the GVC Bonds remain similar to those of the GU Bonds mentioned in Note 30(B) of the Financial Statements.

The Bonds were repaid on 30 March 2009.

(D) FIXED RATE BONDS

In respect of the financial year ended 30 June 2007,2008 and 2009

The Fixed Rate Bonds were issued by a subsidiary of the Group, YTL Power Generation Sdn. Bhd., pursuant to a Subscription Agreement dated 30 October 1993 and bear interest at a rate of 10% per annum. The principle amount of the bonds issued under the Subscription Agreement was RM1,500,000,000.

The Fixed Rate Bonds are secured by fixed and floating charges over all assets of the subsidiary, both present and future. The Fixed Rate Bonds are repayable in half-yearly equal instalments commencing from the year 1999.

The Fixed Rate Bonds were fully repaid on 15 November 2008.

(E) ZERO COUPON EXCHANGEABLE GUARANTEED BONDS DUE 2010

In respect of the financial year ended 30 June 2007 ,2008 and 2009

On 9 May 2005, YTL Power Finance (Cayman) Limited ("YTLPF"), a subsidiary of the Group, issued USD250 million nominal value 5-year Exchangeable Guaranteed Bonds at 100% nominal value ('ZCEG Bonds') which were listed on the Singapore Exchange Securities Trading Limited on 10 May 2005. Each ZCEG Bond entitles its registered holder to exchange for fully paid ordinary shares ("Shares") of a subsidiary, YTL Power International Berhad ("YTLPI"), with a par value of RM0.50 each at an initial exchange price of RM2.277 per Share at a fixed exchange rate of USD1.00 = RM3.80. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the ZCEG Bonds as set out in the Trust Deed dated 9 May 2005. The exchange price has been revised to RM1.94 per Share with effect from 26 December 2008.

The net proceeds from the issue of the ZCEG Bonds will be used by YTLPI to finance its offshore investments and projects and/or for the potential repayment of foreign currency borrowings.

The principal features of the ZCEG Bonds which mature on 9 May 2010 ("Maturity Date") are as follows :-

(i) The ZCEG Bonds carry no coupon, have a maturity yield of 3.375% and have a put option at 110.56% on 9 May 2008. However, no put options were received by YTLPI on 9 May 2008.

(ii) The ZCEG Bonds which constitute direct, unsubordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTLPF shall at all times rank pari passu and without any preference or priority among themselves.

(iii) The ZCEG Bonds will be unconditionally and irrevocably guaranteed by YTLPI.

(iv) Final redemption

Unless previously purchased and cancelled, redeemed or exchanged, the ZCEG Bonds will be redeemed on 9 May 2010 at 118.22% of their principal amount.

(v) Mandatory exchange option of YTLPF or YTLPI

On or at any time after 23 May 2008 but not less than 21 days prior to the Maturity Date, either YTLPF or YTLPI may, in respect of all (but not some) of the outstanding ZCEG Bonds exercise an option to mandatorily exchange the ZCEG Bonds for Shares, provided that the volume weighted average price of the Shares into which each USD100,000 principal amount of ZCEG Bonds can be exchanged for each of 20 consecutive trading days ending on a date no earlier than five trading days prior to the date of notice of mandatory exchange was at least 120% of the early redemption amount of such USD100,000 principal amount of ZCEG Bonds. YTLPF or YTLPI, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash.

(vi) Redemption at the option of YTLPF

YTLPF may redeem the ZCEG Bonds, in whole but not in part, at their early redemption amount if less than 10% of the aggregate principal amount of the ZCEG Bonds originally issued is still outstanding.

(vii) Redemption by bondholders upon delisting of YTLPI Shares or a change of control of YTLPI.

The ZCEG Bonds may be redeemed at the option of bondholders at their early redemption amount at the relevant redemption date upon the YTLPI Shares ceasing to be listed on Bursa Malaysia Securities Berhad or upon a change of control of YTLPI.

The nominal value of the ZCEG Bonds amounting to USD250,000,000 and USD184,400,000 remained outstanding as at 30 June 2008 and 30 June 2009 (2007: USD243,400), net of amortised fees and discount.

(F) 3.52% RETAIL PRICE INDEX GUARANTEED BONDS

In respect of the financial year ended 30 June 2007, 2008 and 2009

On 10 December 2001, Wessex Water Services Finance Plc (‘Issuer’), a subsidiary of the Group, issued GBP50,000,000 nominal value of 3.52% Guaranteed Retail Price Index with Zero Floor Bonds due 2023 (‘RPIG Bonds’) unconditionally and irrevocably guaranteed by Wessex Water Services Limited (‘Guarantor’), a subsidiary of the Group. The RPIG Bonds were constituted under a Trust Deed dated 10 December 2001 and are unsecured.

The principal features of the RPIG Bonds are as follows :-

(i) The RPIG Bonds bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2007, 2008 and 2009 is 7.39%, 7.80% & 6.52% respectively.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the RPIG Bonds will be redeemed in full by the Issuer on 30 July 2023 at their indexed value together with all accrued interest on the surrender of the RPIG Bonds.

(iii) The Issuer may, at any time, purchase the RPIG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All RPIG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the RPIG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the RPIG Bonds to the Issuer if :-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the RPIG Bonds being downgraded below investment grade.

‘Appointment’ refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. ‘Restructuring Event’ refers to either :-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of RPIG Bonds issued of GBP50,000,000 remained outstanding as at 30 June 2007, 2008 and 2009, net of amortised fees and discount. The net proceeds of the RPIG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(G) 5.75% GUARANTEED UNSECURED BONDS

In respect of the financial year ended 30 June 2007, 2008 and 2009

On 15 October 2003, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP350,000,000 nominal value of 5.75% Guaranteed Unsecured Bonds due 2033 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of GU Bonds issued amounted to GBP350,000,000 and GBP345,653,256 (2008: GBP345,474,622 and 2007: GBP345,295,672) remained outstanding as at 30 June 2009, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows :-

(i) The GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula

(v) The bondholders may put the GU Bonds to the Issuer if :-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

‘Appointment’ refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. ‘Restructuring Event’ refers to either :-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

(H) 5.375% GUARANTEED UNSECURED BONDS

In respect of the financial year ended 30 June 2007, 2008 and 2009

On 10 March 2005, Wessex Water Services Finance Plc (‘Issuer’), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 (‘GU Bonds’) unconditionally and irrevocably guaranteed by Wessex Water Services Limited (‘Guarantor’), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 10 March 2005. The nominal value of GU Bonds issued amounted to GBP200,000,000 of which GBP198,001,087 (2008: GBP197,894,478 and 2007: GBP197,787,870) remained outstanding as at 30 June 2009, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows :-

(i) The GU Bonds bear interest at 5.375% per annum, payable on 10 March of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if :-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

'Appointment' refers to the Instruments of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either :-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

(I) 1.75% INDEX LINKED GUARANTEED BONDS

In respect of the financial year ended 30 June 2007, 2008 and 2009

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

The principal features of the ILG Bonds are as follows :-

(i) The ILG Bonds bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2007, 2008 and 2009 is 5.62%, 6.03% & 4.75% respectively.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche, at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if :-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either :-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2007, 2008 and 2009, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

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

In respect of the financial year ended 30 June 2007, 2008 and 2009

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

The principal features of the ILG Bonds are as follows :-

(i) The ILG Bonds bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2007, 2008 and 2009 is 5.24%, 5.65% & 4.37% respectively.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if :-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either :-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2007, 2008 and 2009, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(K) ZERO COUPON EXCHANGEABLE GUARANTEED BONDS DUE 2012

In respect of the financial year ended 30 June 2008 and 2009

On 15 May 2007, YTL Corp Finance (Labuan) Limited ("YTLCF"), a subsidiary of the Group, issued USD300 million nominal value 5-year Exchangeable Guaranteed Bonds at 100% nominal value ('ZCEG Bonds') which were listed on the Singapore Exchange Securities Trading Limited and Labuan International Financial Exchange, Inc. on 16 May 2007. Each ZCEG Bond entitles its registered holder to exchange for fully paid ordinary shares ("Shares") of the Company, with a par value of RM0.50 each at an initial exchange price of RM10 per Share at a fixed exchange rate of USD1.00 = RM3.4130. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the ZCEG Bonds as set out in the Trust Deed dated 15 May 2007.

The net proceeds from the issue of the ZCEG Bonds will principally be used for on-lending to subsidiaries of the Company to finance their future investments and projects, both in Malaysia and offshore.

The principal features of the ZCEG Bonds which mature on 15 May 2012 ("Maturity Date") are as follows :-

(i) The ZCEG Bonds carry no coupon, have a maturity yield of 2.800% and have a put option at 108.70% on 15 May 2010.

(ii) The ZCEG Bonds which constitute direct, unsurbordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTLCF shall at all times rank pari passu and without any preference or priority among themselves.

(iii) The ZCEG Bonds will be unconditionally and irrevocably guaranteed by the Company.

(iv) Final redemption

Unless previously purchased and cancelled, redeemed or exchanged, the ZCEG Bonds will be redeemed on 15 May 2012 at 114.92% of their principal amount.

(v) Mandatory exchange option of YTLCF or the Company

On or at any time after 15 May 2009 but not less than 21 days prior to the Maturity Date, either YTLCF or the Company may, in respect of all (but not some) of the outstanding ZCEG Bonds exercise an option to mandatorily exchange the ZCEG Bonds for Shares, provided that the volume weighted average price of the Shares into which each of 20 consecutive trading days ending on a date no earlier than five trading days prior to the date of notice of mandatory exchange was at least 120% of the exchange price of the ZCEG Bonds then in effect. YTLCF or the Company, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash.

(vi) Cash settlement options

YTLCF shall have the option to pay to the relevant bondholder an amount of cash in United States dollars equal to the cash settlement amount in order to satisfy the exchange rights in full or in part (in which case the other part shall be satisfied by the delivery of shares).

(vii) Redemption at the option of YTLCF

YTLCF may redeem the ZCEG Bonds, in whole but not in part, at their early redemption amount if less than 10% of the aggregate principal amount of the ZCEG Bonds originally issued is still outstanding.

(viii) Redemption by bondholders upon delisting of the shares of the Company or a change of control

The ZCEG Bonds may be redeemed at the option of bondholders at their early redemption amount at the relevant redemption date upon the Shares ceasing to be listed on Bursa Malaysia Securities Berhad or upon a change of control of the Company.

The nominal value of the ZCEG Bonds issued amounting to USD300,000,000 remained outstanding as at 30 June 2008.

The Group had utilised USD209 million out of the nominal value of ZCEG Bonds amounting to USD300 million for the payment in relation to the acquisition of associated companies during the financial year ended 30 June 2009.

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

In respect of the financial year ended 30 June 2008 and 30 June 2009

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

The principal features of the ILG Bonds are as follows :-

(i) The ILG Bonds bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2008 & 2009 is 5.26% and 1.46%.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if :-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either :-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2008 & 2009, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(M) 3.0% REDEEMABLE NON GUARANTEED UNSECURED BONDS

In respect of the financial year ended 30 June 2008 and 30 June 2009

On 18 April 2008, YTL Power International Berhad ("YTLPI"), a subsidiary of the Group, has issued RM2,200,000,000 nominal value of five year 3.00% Redeemable Non Guaranteed Unsecured Bonds 2008/2013 ("Bonds") with 1,776,371,304 detachable warrants. The Bonds were constituted under a Trust Deed dated 10 April 2008.

The principal features of the Bonds are as follows :-

(a) The Bonds are issued at discount (91.87%) of the nominal value.

(b) The Bonds bear interest at 3.0% per annum, payable semi-annually on 18 October and 18 April of each financial year.

(c) The Bonds are redeemable on 18 April 2013 ('Maturity Date') at one hundred percent (100%) of its nominal value.

(d) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the YTLPI, the Bonds will be redeemed in full by YTLPI on the Maturity Date at one hundred percent (100%) of its nominal value together with all accrued interest.

(N) 3.97% UNSECURED BONDS

In respect of the financial year ended 30 June 2009

On 30 September 2003, PowerSeraya Ltd., a subsidiary of the Group, issued SGD350 million 3.97% Unsecured Bonds at par for working capital and to fund major capital expenditure. The Bonds mature on 30 September 2010. Interest is payable semi-annually in arrears on the interest payment dates falling on 30 March and 30 September in each year.

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of PowerSeraya Ltd. and shall at all times rank pari passu and rateably without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the PowerSeraya Ltd..

31. BORROWINGS

	2007 RM'000	2008 RM'000	2009 RM'000
Term loans [Note 31(A)]	3,089,825	3,670,664	11,384,603
Revolving credit [Note 31(B)]	1,421,855	1,379,388	1,429,761
Committed bank loans [Note 31(C)]	70,292	72,061	415,090
Uncommitted bank loans [Note 31(D)]	-	-	31,593
Commercial papers [Note 31(E)]	1,000,000	250,000	550,000
Irredeemable Convertible Unsecured Loan Stocks	9,314	8,854	8,262
Bankers' acceptances [Note 31(G)]	67,667	54,820	83,364
Bank overdrafts [Note 31(H)]	20,420	54,820	6,193
Finance lease liabilities [Note 31(I)]	599,036	541,089	461,082
	6,278,409	6,031,696	14,369,948

The borrowings of the Group are repayable as follows:-

	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 2007				
Term loans	74,937	2,283,622	731,266	3,089,825
Revolving credit	1,367,855	54,000	-	1,421,855
Committed bank loans	4,001	66,291	-	70,292
Commercial papers	1,000,000	-	-	1,000,000
Irredeemable convertible unsecured loan stocks	-	-	9,314	9,314
Bankers' acceptances	67,667	-	-	67,667
Bank overdrafts	20,420	-	-	20,420
Finance lease liabilities	41,141	557,895	-	599,036
	2,576,021	2,961,808	740,580	6,278,409
At 30 June 2008				
Term loans	103,391	2,916,133	651,140	3,670,664
Revolving credit	1,325,788	53,600	-	1,379,388
Committed bank loans	37,719	34,342	-	72,061
Commercial papers	250,000	-	-	250,000
Irredeemable convertible unsecured loan stocks	-	-	8,854	8,854
Bankers' acceptances	54,820	-	-	54,820
Bank overdrafts	54,820	-	-	54,820
Finance lease liabilities	36,960	504,129	-	541,089
	1,863,498	3,508,204	659,994	6,031,696
At 30 June 2009				
Term loans	789,192	8,390,784	2,204,627	11,384,603
Revolving credit	1,336,855	92,906	-	1,429,761
Committed bank loans	386,439	28,651	-	415,090
Uncommitted bank loans	31,593	-	-	31,593
Commercial papers	550,000	-	-	550,000
Irredeemable Convertible Unsecured Loan Stocks	-	-	8,262	8,262
Bankers' acceptances	83,364	-	-	83,364
Bank overdrafts	6,193	-	-	6,193
Finance lease liabilities	35,493	170,161	255,428	461,082
	3,219,129	8,682,502	2,468,317	14,369,948

The interest rates of the borrowings of the Group as at the balance sheet date are as follows:-

	2007 %	2008 %	2009 %
Weighted average effective interest rate			
Term loans	4.19	4.44	2.59
Revolving credit	3.84	3.56	2.75
Committed bank loans	4.00	5.01	3.19
Uncommitted bank loans	-	-	1.84
Commercial papers	3.58	3.64	3.70
Irredeemable convertible unsecured loan stocks	4.00	8.00	8.00
Bankers' acceptances	4.06	3.90	3.25
Bank overdrafts	6.34	5.51	7.81
Finance lease liabilities	4.90	5.54	5.13

2007 RM'000	2008 RM'000	2009 RM'000	**Securities**
4,796,106	4,656,154	6,411,705	- Clean
-	-	5,328,178	- A charge over the shares and assets of a subsidiary
336,707	297,093	246,161	- A fixed charge over the long term leasehold land of a subsidiary - A debenture to create fixed and floating charges over the present and future assets of a subsidiary - A first fixed charge over all Designated Accounts of a subsidiary
324,432	342,839	353,820	- Corporate guarantee by the Company -Personal guarantee by a subsidiary's directors
412,052	375,000	600,200	- Corporate guarantee by subsidiaries
180,000	180,000	180,000	- A first fixed charge over the investment properties of a subsidiary
162,400	100,800	33,600	- A first fixed and floating charge over the assets of a subsidiary
24,427	19,986	15,545	- A first party first fixed charge over the long term leasehold land and buildings of a subsidiary to be erected thereon - A debenture creating A first fixed and floating charge over a subsidiary's present and future assets - Corporate guarantee by the Company
35,981	41,933	1,182,182	- Corporate guarantee by the Company
6,304	17,891	18,496	- A fixed charge over the respective vehicles of the
-	-	61	- A pledge of fixed deposits
6,278,409	6,031,696	14,369,948	

(A) Term loans

In respect of the financial year ended 30 June 2007

(i) Term loans denominated in Great Britain Pounds

The term loans of RM1,359,901,860 [GBP196,600,000] are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited, both are subsidiaries of the Group. The loans bear interest rates of LIBOR plus 0.15% for GBP21,600,000 loan only, and LIBOR plus a different variable margin for each of the GBP75,000,000 and GBP100,000,000 loans respectively. Wessex Water Services Limited entered into interest rate swap agreements in relation to the term loans as set out in Note 45(b).

(ii) Term loans denominated in US Dollars

During the financial year, YTL Power International Berhad ("YTLPI"), a subsidiary of the Company, repaid the balance of USD170,000,000 term loan which bore an interest rate of LIBOR plus 0.475% margin. YTLPI had drawndown a new unsecured term loan of USD170,000,000 during the year which bears an interest rate of LIBOR plus 0.265% margin and is repayable in full on 29 January 2010.

(iii) Term loans denominated in Ringgit Malaysia

Certain term loans of the subsidiaries, Lakefront Pte. Ltd. and Sandy Island Pte. Ltd. ("Lakefront and Sandy Island"), amounting to RM324,431,631 [SGD142,879,278] bear floating interest rates at 4.09% and 3.08% per annum respectively and mature in December, 2009 and June 2010 respectively. These facilities are secured by a corporate guarantee given by the Company and personal guarantees obtained from the directors of a subsidiary, Yeoh Tiong Lay Construction (S) Pte. Ltd., the holding company of Lakefront and Sandy Island.

During the year 30 June 2006, interest on the term loan of Sentul Raya Sdn. Bhd., a subsidiary of the YTL Land & Development Berhad ("YTL L&D") was at 1.25% per annum above the banks' cost of funds. This term loan was secured by a first legal charge on the freehold land of the Sentul Raya Project and a corporate guarantee of YTL L&D. During the current financial year, the subsidiary of YTL L&D refinanced this term loan with a new term loan ("new Term Loan"). The new Term Loan of the subsidiary of YTL L&D bears interest at 0.75% per annum above the banks' cost of funds and is secured by a corporate guarantee of YTL L&D. It shall be repaid by way of 13 semi-annual instalments of RM14,286,000 each and one final instalment of RM18,282,000; the first instalment to commence on the first day of the 42nd month from the drawdown date.

The term loan of a subsidiary, Starhill Real Estate Investment Trust ("Starhill REIT"), amounting to RM180,000,000 is secured by a first fixed charge over investment properties of the Starhill REIT. The term loan has a tenure of five years at a fixed interest rate of 4.80% per annum. The term loan shall be repaid in one lump sum on 16 December 2010 and the interest is payable monthly.

In respect of the financial year ended 30 June 2008

(i) Term loans denominated in Great Britain Pounds

The term loans of RM1,280,141,240 [GBP196,600,000] are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited, both are subsidiaries of the Group. The loans bear interest rates of LIBOR plus 0.15% for GBP21,600,000 loan only, and LIBOR plus a different variable margin for each of the GBP75,000,000 and GBP100,000,000 loans respectively.

(ii) Term loans denominated in US Dollars

The term loan of USD170,000,000 of YTL Power International Berhad, a subsidiary of the Company, is unsecured, bears an interest rate of LIBOR plus 0.265% margin and is repayable in full on 29 January 2010.

The term loan of USD190,000,000 of YTL Utilities Finance 2 Limited, a subsidiary of the Group, is unsecured, bears an interest rate of LIBOR plus 0.265% margin and is repayable in full on 29 January 2011.

(iii) Term loans denominated in Ringgit Malaysia

Save for the term loans of certain subsidiaries amounting to RM597,878,940 which are secured by first fixed charge over the properties of the respective subsidiaries, the term loans are unsecured.

(iv) Term loans denominated in Singapore Dollars

Term loans of the subsidiaries, Lakefront Pte. Ltd. and Sandy Island Pte. Ltd. ("Lakefront and Sandy Island"), amounting to RM342,838,828 [SGD142,879,278] bear floating interest rates at 4.09% and 3.08% per annum respectively and mature in December 2009 and June 2010 respectively. These facilities are guaranteed by a corporate guarantee given by the Company and personal guarantees obtained from two directors of Lakefront and Sandy Island.

In respect of the financial year ended 30 June 2009

(i) Term loans denominated in Great Britain Pounds

The term loans of RM1,025,360,000 [GBP175,000,000] are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited, both are subsidiaries of the Group. The loans bear interest rates of LIBOR plus a different variable margin for each of the GBP75,000,000 and GBP100,000,000 loans respectively. GBP21,600,000 was repaid on 15 December 2008.

On 15 December 2008, a new term loan of RM820,288,000 [GBP140,000,000] was drawn by Wessex Water Services Limited. The loan is unsecured and is guaranteed by Wessex Water Limited. The loan bears an interest rate of LIBOR plus 0.18%.

(ii) Term loans denominated in US Dollars

The term loan of RM598,303,929 [USD169,852,073] of YTL Power International Berhad, a subsidiary of the Company, is unsecured, bears floating interest rates ranging between 0.3075% and 3.7088% (2008: 2.37875% and 5.5075%) per annum and is repayable in full on 29 January 2010.

The term loan of 2008: RM668,271,088 [USD189,715,000] is an unsecured loan of YTL Utilities Finance 2 Limited and is guaranteed by YTL Power International Berhad, both are subsidiaries of the Group. The loan bears floating interest rates ranging between 0.3075% and 3.70875% (2008: 2.37875% and 5.5075%) per annum and is repayable in full on 29 January 2011.

(iii) Term loans denominated in Ringgit Malaysia

Save for the term loans of certain subsidiaries amounting to RM475,305,621 which are secured by first fixed charge over the properties of the respective subsidiaries, the term loans are unsecured.

(iv) Term loans denominated in Singapore Dollars

Term loan of RM5,328,178,433 [SGD2,192,485,570] is a secured loan of YTL PowerSeraya Pte. Limited, a subsidiary of the Group. The borrowings bear interest rate of 2.50% (margin rate) per annum plus swap rate per annum and is repayable in full on 6 March 2012. The borrowings are secured by a charge over the shares and assets of YTL PowerSeraya Pte. Limited.

On 23 September 2008, a term loans of RM1,119,318,000 [SGD460 million] was drawn down by YTL Corp Finance (Cayman) Limited, a subsidiary of the Company. The term loan bears floating interest rates ranging between 1.58742% and 3.00% per annum and matures on 18 September 2011. This facility is guaranteed by the Company.

As at 30 June 2009, PowerSeraya Limited, a subsidiary of the Group had drawn down RM607,550,000 [SGD250,000,000] term loan facility which matures on 28 August 2014. Interest on the term loan is payable semi-annually in arrears on the interest payment dates falling on 28 February and 28 August in each year. The variable rate borrowings are currently repriced every six months with reference to the swap offer rate. This term loan is unsecured.

Term loans of the subsidiaries, Lakefront Pte. Ltd. and Sandy Island Pte. Ltd. (“Lakefront and Sandy Island”), amounting to RM128,486,169 [SGD52,870,615] and RM225,334,134 [SGD92,722,465] and bears an average interest rates of 1.90% and 2.01% per annum respectively and mature in March 2012 and June 2010 respectively. These facilities are guaranteed by the Company and two directors of Lakefront and Sandy Island.

(B) Revolving credit

In respect of the financial year ended 30 June 2007

The revolving credit facility of the Company is unsecured.

Certain revolving credit of the Group as at 30 June 2006 was secured by fixed deposits of YTL Utilities Finance Limited, a subsidiary of the Group (Note 34). The facility bore an interest rate of LIBOR plus 0.10%. This revolving credit has been repaid during the current financial year.

In respect of the financial year ended 30 June 2008 and 30 June 2009

The revolving credit facility of the Group is unsecured.

As at 30 June 2009, PowerSeraya Limited had drawn down RM72,906,000 [SGD30,000,000] revolving facility which matures on 28 August 2012. PowerSeraya Limited has the discretion and the intention to roll over the RM72,906,000 [SGD30,000,000] revolving credit facility on the repayment date on 23 July 2009, and accordingly the revolving credit is classified as non-current.

(C) Committed bank loans

In respect of the financial year ended 30 June 2007

A committed bank loan totalling RM70,291,510 [EUR15,068,842] is guaranteed by Wessex Water Limited, a subsidiary of the Group. The loan bears an interest rate of EURO base rate plus 0.60% and varies depending on the credit rating of Wessex Water Limited.

In respect of the financial year ended 30 June 2008

Committed bank loans of the Group amounted to RM72,061,410 [EUR13,961,197]. Of this balance, RM38,769,415 [EUR7,511,197] is guaranteed by Wessex Water Limited, a subsidiary of the Group. The loan bears an interest rate of EURIBOR plus 0.60% and varies depending on the credit rating of Wessex Water Limited. The remaining balance of RM33,291,995 [EUR6,450,000] is a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.375%.

In respect of the financial year ended 30 June 2009

Committed bank loans of the Group amounted to RM63,537,950 [EUR12,853,552]Of this balance, RM32,889,981 [EUR6,653,552] is guaranteed by Wessex Water Limited, a subsidiary of the Group. The loan bears an interest rate of EURIBOR plus 0.60% and varies depending on the credit rating of Wessex Water Limited. The remaining balance of RM30,470,462 [EUR6,200,000] is a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.50%.

In addition, committed bank loans of RM351,552,000 (GBP60,000,000) were drawn by Wessex Water Services Limited, a subsidiary of the Group. The loans represent drawings under revolving credit facilities totalling GBP150,000,000 which mature on 3 June 2010. The loans bear an interest rate between LIBOR plus 0.30% and LIBOR plus 0.35%.

(D) Uncommitted bank loans

In respect of the financial year ended 30 June 2009

PowerSeraya Limited, a subsidiary of the Group, drawn down RM31,592,600 [SGD13,000,000] on its short term bank facilities. This short term bank borrowings which is unsecured, at an interest rate of 1.73% per annum will mature on 11 November 2009.

(E) Commercial papers ("CP")

In respect of the financial year ended 30 June 2007

The CP of the Company were constituted under the Trust Deed dated 18 June, 2004 and expires on 20 October, 2012. The first issuance of the Company's CP was made on 20 October, 2005 at a nominal value of RM250 million with upfront interest rate ranging from 2.86% to 3.69% per annum and tenure period ranging from one to six months.

The CP of a subsidiary, YTL Power International Berhad ("YTLPI"), were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ("CP/MTN Programme") constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May, 2007. YTLPI's first issuance under the CP/MTN Programme was made on 8 June, 2007 with the issue of RM750,000,000 nominal value of CP at a discount of 3.57% per annum with tenure of one month.

In respect of the financial year ended 30 June 2008

The CP of the Company were constituted under the Trust Deed dated 18 June 2004 and expires on 20 October 2012. The first issuance of the Company's CP was made on 20 October 2005 at a nominal value of RM250 million with upfront interest rate ranging from 2.86% to 3.69% per annum and tenure period ranging from one to six months.

The CP of a subsidiary, YTL Power International Berhad ("YTLPI"), were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ("CP/MTN Programme") constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007. YTLPI's first issuance under the CP/MTN Programme was made on 8 June 2007 with the issue of RM750,000,000 nominal value of CP at a discount of 3.57% per annum with tenure of one month.

During the financial year ended 30 June 2008, YTLPI replaced the CP with one year MTNs.

In respect of the financial year ended 30 June 2009

The CP of the Company were constituted under the Trust Deed dated 18 June 2004 and expires on 20 October 2012.

During the financial year, the Company has issued and repaid RM250 million of the CP which bears upfront interest rates ranging from 3.623% to 4.335% per annum and tenure period ranging from six to twelve months.

The CP of a subsidiary, YTL Power International Berhad ("YTLPI"), were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ("CP/MTN Programme") constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

During the financial year, YTLPI has issued and repaid RM900,000,000 and RM600,000,000 respectively of the CP which bears interest rates ranging from 2.344% to 3.968% per annum.

(F) Irredeemable Convertible unsecured loan stock

On 10 November 2005, YTL Cement Berhad ("YTL Cement"), a subsidiary of the Group issued 483,246,858 10 years 4% stepping up to 6% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at a nominal value of RM1.00 each, maturing 10 November 2015 ("Maturity Date").

The main features of the ICULS are as follows :-

(i) The ICULS bear interest of 4% per annum from date of issue up to fourth anniversary and 5% per annum from the date after the fourth anniversary up to the seventh anniversary. Thereafter, the ICULS bear interest at 6% per annum up to the Maturity Date. The interest is payable semi-annually in arrears.

(ii) The ICULS are convertible at any time on or after its issuance date into new ordinary shares of YTL Cement at the conversion price, which is fixed on a step-down basis, as follows :-

- For conversion at any time from the date of issue up to the fourth anniversary, conversion price is RM2.72
- For conversion at any time after fourth anniversary of issue up to the seventh anniversary, conversion price is RM2.04
- For conversion at any time after seventh anniversary of issue up to the Maturity Date, conversion price is RM1.82.

(iii) The ICULS are not redeemable and any ICULS remaining immediately after the Maturity Date shall be automatically converted into ordinary shares at the conversion price.

(iv) The new ordinary shares issued from the conversion of ICULS will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of YTL Cement.

The fair values of the liability component and the equity conversion component were determined at issuance of the ICULS.

A certain amount of the ICULS are held by the Company (refer Note 15(a) of the Financial Statements) and other companies within the Group. The relevant amounts have been eliminated in the Balance Sheet of the Group.

(G) Bankers' acceptances

In respect of the financial year ended 30 June 2007

The effective weighted average interest rate charged on the bankers' acceptance is 7.17% per annum.

In respect of the financial year ended 30 June 2008 and 30 June 2009

Included in the bankers' acceptances is RM80,950,902 (2008: RM40,806,338) of secured loan of a subsidiary of the Group. Bankers' acceptances bore interest as at the balance sheet date ranging from 2.25% to 4.55% (2008: 3.79% to 4.55%) per annum.

(H) Bank overdrafts

In respect of the financial year ended 30 June 2007

Included in the bank overdrafts is RM378,383 of secured loan of a subsidiary of the Group. This secured loan is repayable in full on demand and bears interest of Base Rate plus 1.5%.

Included in bank overdrafts is RM16,601,042 [GBP2,400,000] of unsecured loans of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands BV, subsidiaries of the Group. These overdrafts are repayable in full on demand and bear interest of Base Rate plus 1%. The effective weighted average interest rates charged on the other unsecured bank overdrafts are 6.34% per annum.

In respect of the financial year ended 30 June 2008 and 30 June 2009

Included in the bank overdrafts is RM6,193,385 (2008: RM1,296,792) of secured loans of subsidiaries of the Group. These secured loans are repayable in full on demand and bore interest as at the balance sheet date ranging from 6.30% to 8.25% (2008: 7.50% to 8.25%) per annum.

In the financial year ended 30 June 2008, included in the bank overdrafts were RM47,843,397 [GBP7,347,636] of unsecured loans for Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands BV, subsidiaries of the Group. The overdrafts were repayable in full on demand and bore interest of Base Rate plus 1%.

(I) Finance Lease Liabilities

	2007	2008	2009
	RM'000	RM'000	RM'000
Minimum lease payments :-			
Payable not later than 1 year	70,710	60,663	58,041
Payable later than 1 year and not later than 5 years	251,773	260,557	242,378
Payable later than 5 years	487,494	392,652	289,682
	809,977	713,872	590,101
Less : Financing charges	(210,941)	(172,783)	(129,019)
	599,036	541,089	461,082

Finance lease of RM442,586,074 [GBP75,536,946] (2008: RM523,198,966 [GBP80,351,225]) (2007: RM592,731,513 [GBP85,690,754]) is an unsecured obligation of Wessex Water Services Limited, a subsidiary of the Group. The principal amount is repayable in instalments until 30 June 2019. This finance lease bears an interest rate of LIBOR minus 0.48% derived from the annual lease rental payable.

(J) Bai Bithaman Ajil

In respect of the financial year ended 30 June 2007

During the current financial year, Perak-Hanjoong Simen Sdn. Bhd. ("PHS"), a subsidiary of YTL Cement Berhad refinanced RM356,514,000 of the Bai Bithaman Ajil Facility into a term loan facility.

The Bai Bithaman Ajil Facility bore interest rates ranging from 5.20% to 6.80% per annum and was secured by identified landed properties, a debenture to create a fixed and floating charges over the present and future assets, a first fixed charge over all designated account and all insurance policies of PHS.

The Bai Bithaman Ajil Facility was repayable over 15 semi-annual instalments, where the first of which was paid on 15 May 2006.

The other main terms and conditions of the Bai Bithaman Ajil Facility were as follows:-

(i) gearing must be maintained at a ratio not exceeding 1.85 times at all times during the remaining tenure of the Bai Bithaman Ajil Facility;

(ii) minimum Debt Service Coverage Ratio ("DSCR") of 1.3 times at all times during the remaining tenure of the Bai Bithaman Ajil Facility; and

(iii) cash flow management through establishment of Designated Accounts and annual budget for operational and capital expenditures.

32. DEFERRED INCOME

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	147,203	147,363	133,917
Acquisition of subsidiary	-	-	69,149
Currency translation differences	3,955	(8,534)	(12,521)
Amortisation of grant (Note 7)	(6,240)	(5,997)	(5,376)
Received during the financial year	2,445	1,085	13,088
At end of the financial year	147,363	133,917	198,257

Deferred income represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on non-infrastructure assets and Cogeneration Plant.

33. DEFERRED TAX LIABILITIES

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	2,450,196	2,343,433	2,280,857
Charged to Income Statement (Note 8)	(124,254)	48,512	585,880
Currency translation differences	47,908	(110,963)	(157,054)
Acquisition of subsidiary	27	(125)	218,054
Recognition of investment allowances	-	-	(11,030)
Transfer to capital reserve	(83)	-	-
At end of the financial year	2,373,794	2,280,857	2,916,707

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 Balance Sheet:-

Deferred tax provided are in respect of :-

	2007	2008	2009
	RM'000	RM'000	RM'000
Deferred tax assets			
Deferred revenue	(60)	(77)	-
Temporary differences - Irredeemable Convertible Unsecured Loan Stocks	(2,590)	(2,171)	
Property, plant & equipment - depreciation in excess of capital allowances	(1,515)	-	-
Unutilised capital allowances	(137,189)	(109,616)	(71,821)
Unutilised investment tax allowances	-	(86,770)	(126,772)
Retirement benefits	(105,153)	(86,402)	(69,011)
Unabsorbed tax losses	(35,820)	(33,809)	(31,222)
Provisions	-	-	(48,391)
Others	(5,045)	(10,786)	(7,159)
	(287,372)	(329,631)	(354,376)
Deferred tax liabilities			
Property, plant & equipment - capital allowances in excess of depreciation	2,582,956	2,535,937	3,195,365
Revaluation surplus arising from freehold land	57,807	56,176	48,681
Other temporary differences	20,403	18,375	27,037
	2,373,794	2,280,857	2,916,707

In respect of the financial year ended 30 June 2008

A number of changes to the United Kingdom Corporation tax system were enacted in the July 2008 Finance Act. The changes include the gradual phasing-out of Industrial Building Allowances over four years (by 2011) as follows:

3% for 2008/2009;
2% for 2009/2010;
1% for 2010/11; and
nil from April 2011

When calculating deferred tax under FRS on industrial buildings, the tax base may significantly reduce as future tax deductions may be much lower depending on the intention of management and residual value of the industrial buildings. This may increase deferred tax liabilities.

The Directors of a subsidiary are currently in the process of obtaining further clarity on the interpretations and financial implications of the Act. Pending the above, the Directors of the Company are unable to estimate the potential impact on the financial statements of the Group in 2009 at this juncture.

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

	2007 RM'000	2008 RM'000	2009 RM'000
Unabsorbed tax losses	55,451	57,620	70,348
Unutilised capital allowances	31,447	29,569	36,306
Unutilised investment tax allowance	34,705	-	-
Deductible temporary differences	71	4	93
Taxable temporary differences - property, plant & equipment	(9,494)	(11,095)	(9,902)
	112,180	76,098	96,845
Potential tax benefits calculated (2007: 27%), (2008: 25%), (2009: 25%)	30,289	19,024	24,211

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

34. POST-EMPLOYMENT BENEFIT OBLIGATIONS

(a) Defined contribution plan - current

	2007 RM'000	2008 RM'000	2009 RM'000
Malaysia	1,655	3,365	2,926

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

(b) Defined benefit plans - non-current

	2007 RM'000	2008 RM'000	2009 RM'000
Malaysia	-	-	-
Overseas			
- United Kingdom	379,791	311,763	248,782
- Indonesia	3,062	3,590	4,363
	382,853	315,353	253,145

In respect of the financial year 2007, 2008 and 2009

(i) Malaysia

	2007 RM'000	2008 RM'000	2009 RM'000
At 1 July	2,599	-	-
Charged to income statement	64	-	-
Payment	(2,663)	-	-
At 30 June	-	-	-

The above defined benefit plan, operated by one of the Group’s subsidiaries, was terminated during the year via cash settlement of the obligations under the defined benefit plan.

Overseas

(ii) United Kingdom

In respect of the financial year 2007, 2008 and 2009

The Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken at 31 December 2004. This valuation was updated as at 30 June 2007, 2008 and 2009 using revised assumptions.

The movements during the financial year in the amounts recognised in the Balance Sheet are as follows: -

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	404,011	379,791	311,763
Pension cost	53,120	37,287	70,140
Contributions and benefits paid	(88,061)	(84,075)	(100,844)
Currency translation differences	10,721	(21,240)	(32,277)
At end of the financial year	379,791	311,763	248,782

The amounts recognised in the Balance Sheet may be analyzed as follows: -

	2007 RM'000	2008 RM'000	2009 RM'000
Present value of funded obligations	2,320,038	2,342,017	1,902,248
Fair value of plan assets	(2,003,192)	(1,921,514)	(1,627,100)
Status of funded plan	316,846	420,503	275,148
Unrecognised actuarial loss	62,945	(108,740)	(26,366)
Liability in the Balance Sheet	379,791	311,763	248,782

The pension cost recognised may be analyzed as follows: -

	2007 RM'000	2008 RM'000	2009 RM'000
Current service cost	47,471	46,611	49,857
Interest cost	119,021	128,515	135,970
Expected return on plan assets	(119,709)	(143,164)	(115,574)
Past service cost	6,337	5,325	(113)
Total	53,120	37,287	70,140
Actual return on plan assets	224,238	(85,647)	(323,874)

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

	2007 RM'000	2008 RM'000	2009 RM'000
Cost of sales	11,359	27,527	26,312
Administration expenses	30,643	12,984	12,464
Interest cost/(income)	(688)	(14,650)	20,396
Total charge to Income Statement	41,314	25,861	59,172
Capitalised spread across property, plant & equipment	11,806	11,426	10,968
	53,120	37,287	70,140

The principal actuarial assumptions used in respect of the defined benefit plans were as follows:-

	2007 %	2008 %	2009 %
Discount rate	5.80	6.70	6.45
Expected rate of increase in pension payment	3.10	2.50 - 3.90	2.10 - 2.90
Expected rate of salary increases	4.10	5.40	4.00
Price inflation	3.10	3.90	3.00

ii) Indonesia

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

	2007 RM'000	2008 RM'000	2009 RM'000
Obligation relating to post - employment benefits	1,926	2,473	2,883
Obligation relating to other long term employee benefits	1,136	1,117	1,480
Total	3,062	3,590	4,363

In respect of the financial year ended 30 June 2007

Detailed information pertaining to post-employment benefits and other long-term benefit obligations are outlined in the following pages. The obligations for post employment and other long-term employee benefits were recognised with reference to actuarial report prepared by an independent actuary. The latest actuarial report was dated 29 June 2007.

In respect of the financial year ended 30 June 2008 and 30 June 2009

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 2008 and 2009.

The obligations relating to post-employment benefits recognised in the Balance Sheet are as lows: -

	2007 RM'000	2008 RM'000	2009 RM'000
Present value of obligations	5,469	3,057	3,871
Fair value of plan assets	(2,051)	-	-
Status of funded plan	3,418	-	-
Unrecognised actuarial loss	(922)	(98)	(555)
Unrecognised past service cost	(570)	(486)	(433)
Liability in the Balance Sheet	1,926	2,473	2,883

The company has a defined contribution retirement plan (the "Plan"), which covers qualified permanent national employees. The Company's contribution is 5% of employee basic salary, while the employees' contributions range from 3% to 14%.

The company's accumulated fund in the Plan was RM2,051,058. This amount has been accounted in the actuarial calculation as a deduction to the present value of obligations for post-employment benefits as presented above, considering that these amounts will be used to fund the payments of any post-employment benefits due.

The movements during the financial year in the amounts recognised in the Consolidated Balance Sheet are as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	1,497	1,926	2,473
Pension cost	943	918	501
Contributions and benefits paid	(483)	(196)	(5)
Currency translation differences	(31)	(175)	(86)
At end of the financial year	1,926	2,473	2,883

The pension cost recognised can be analysed as follows: -

	2007 RM'000	2008 RM'000	2009 RM'000
Current service cost	564	501	385
Interest cost	339	325	389
Past service cost	40	92	(273)
Total	943	918	501

Other long-term employee benefits obligation

The obligations relating to other long term employee benefits (i.e. long leave service benefits) recognised in the Consolidated Balance Sheet are as follows: -

	2007 RM'000	2008 RM'000	2009 RM'000
Present value of obligations	1,136	1,117	1,480

The movements during the financial year in the amount recognised in the Consolidated Balance Sheet are as follows: -

	2007	2008	2009
	RM'000	RM'000	RM'000
At beginning of the financial year	1,136	1,136	1,117
Pension cost	100	155	431
Contributions and benefits paid	(71)	(77)	(29)
Currency translation differences	(29)	(97)	(39)
At end of the financial year	1,136	1,117	1,480

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

	2007	2008	2009
	RM'000	RM'000	RM'000
Current service cost	80	55	147
Interest cost	20	100	284
Total	100	155	431

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

The principal actuarial assumptions used are as follow: -

	2007	2008	2009
	%	%	%
Discount rate	9.5	13.5	12.0
Expected rate of return on plan assets	8.0	8.0	8.0
Expected rate of salary increase	8.0	9.0	9.0

35. TRADE & OTHER PAYABLES

	2007 RM'000	2008 RM'000	2009 RM'000
Trade payables	256,100	372,218	1,229,515
Progress billings in respect of property development costs	2,879	13,093	5,674
Amount due to contract customers (Note 24)	22,653	80,430	77,024
Other payables	400,843	546,561	730,317
Accruals	665,747	797,815	662,720
	1,348,222	1,810,117	2,705,250

The credit terms of trade payables granted to the Group vary from 7 days to 180 days (2008: 7 days to 180 days)(2007: 7 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

36. PROVISION FOR LIABILITIES & CHARGES

	2007 RM'000	2008 RM'000	2009 RM'000
Restructuring (Note a)	28,020	20,550	39,119
Damages claims (Note b)	19,317	10,523	10,633
	47,337	31,073	49,752

Movement in provision is as follows:

	2007 RM'000	2008 RM'000	2009 RM'000
At beginning of the financial year	49,428	38,860	26,500
Currency translation differences	949	(1,511)	(1,775)
Charged/(Credited) to Income Statement (Note 7)	72,624	(34)	9,981
Payments	(75,664)	(6,242)	(4,152)
Acquisition of subsidiaries	-	-	19,198
At end of the financial year	47,337	31,073	49,752

(a) Restructuring

The provision for restructuring relates to the scaling down of operations of certain subsidiaries of the Group.

(b) Damages claims

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

37. EMPLOYEE BENEFITS EXPENSE

	2007 RM'000	2008 RM'000	2009 RM'000
Staff costs (excluding Directors' remuneration)	496,095	534,504	496,779
Included in staff costs are :			
Defined contribution plan	15,615	15,242	19,434
Defined benefit plan	54,227	41,584	39,708
Share based payments	6,040	6,117	1,715

38. FINANCIAL INSTRUMENTS

In respect of the financial year ended 30 June 2007

Interest rate swaps

Under the interest rate swaps, the Group agrees with other parties to exchange, the differences between interest amounts calculated by reference to the agreed notional principal amounts and payment terms.

There were no outstanding interest rate swap contracts outstanding as at 30 June 2007. However, the Group was party to the following interest rate swap contracts during the year: -

(a) In respect of certain term loans in Note 31(A), a subsidiary entered into interest rate swap agreements with financial institutions for a total notional principal amount of GBP 10,800,000. The contracts were extinguished on 15 June 2007. Average floating interest rates ranged from 4.63% to 5.43% per annum receivable quarterly as compared to fixed interest rate of 5.95% per annum payable semi-annually as a result of the swap agreements.

	Contract or notional principal amount RM'000	Unfavourable RM'000
Interest rate swaps		
- At 30 June, 2007	-	-

In respect of the financial year ended 30 June 2008

Under the interest rate swaps, the Group agrees with other parties to exchange, the differences between interest amounts calculated by reference to the agreed notional principal amounts and payment terms.

There were no outstanding interest rate swap contracts as at 30 June 2008.

39. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

In respect of the financial year ended 30 June 2009

Fair values of financial derivative instruments are the present value of their future cash flows and are arrived at based on valuations carried out by the Group's bankers. The contract notional principal amounts of the financial derivative instruments and the corresponding fair value adjustments are analysed as follows:

(a) Fuel oil swaps

The Group entered into fuel oil swaps to hedge highly probable forecast physical fuel oil and natural gas purchases that are expected to occur at various dates in the future. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions.

As at 30 June 2009, the Group's outstanding fuel oil swaps are as follows:

Type of contract	Outstanding Quantity In Metric Ton	Notional Amount Maturities Within 1 year RM'000	Notional Amount Maturities 1 year or more RM'000	Notional Amount Maturities Total RM'000	Fair value RM'000	Maturity date
"Buy" fuel oil swaps	473,400	503,691	52,998	556,689	699,661	31 July 2009 to 30 June 2011
"Sell" fuel oil swaps	75,000	88,874	-	88,874	109,765	31 July 2009 to 30 September 2009

(b) Currency forwards

The Group entered into currency forwards to hedge highly probable forecast transactions denominated in foreign currency expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

As at 30 June 2009, the Group's outstanding currency forwards are as follows:

Nature of Forecast transactions	Foreign Currency	Foreign Currency Amount '000	Notional Amount Maturities Within 1 year RM'000	Notional Amount Maturities 1 year or more RM'000	Notional Amount Maturities Total RM'000	Fair value RM'000	Maturity date
Fuel oil and natural gas	Buy USD	129,295	430,467	34,743	465,210	455,322	1 July 2009 to 1 June 2011
Capital Projects	Buy USD	31,489	110,180	80	110,260	110,746	1 July 2009 to 1 July 2010
Capital Projects	Buy EURO	64,795	291,726	21,547	313,273	320,868	1 July 2009 to 2 August 2010
Capital Projects	Buy JPY	250,681	9,741	-	9,741	9,231	1 July 2009 to 4 January 2010
Capital Projects	Buy CHF	53,770	174	-	174	174	17 July 2009

(c) Interest rate swaps

Interest rate swaps are entered to hedge floating semi-annual interest payments on borrowings with final repayment date 27 August 2014. Since the borrowings are obtained specifically for the construction of plant, property & equipment, the interest on these borrowings are capitalised.

The interest rate swap as at 30 June 2009 is as follows:

Interest rate swap	Weighted average rate per annum	Notional Amount RM'000	Fair value RM'000	Effective Period
Plain Vanilla	2.89%	607,550	595,571	28 February 2008 to 28 August 2014

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related party transaction

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

Entity	Relationship	Type of transactions	2007 RM'000	2008 RM'000	2009 RM'000
Business & Budget Hotels (Kuantan) Sdn. Bhd.	- Associated company	- Management & data processing fees	1,026	1,118	1,003
		- Charges for broadband internet access	-	-	140
Commercial Central Sdn. Bhd.	- Subsidiary of holding company	- Rental of premises & related expenses	707	2,223	2,207
Corporate Promotions Sdn. Bhd.	- Subsidiary of holding company	- Advertising & promotion	4,183	4,098	3,041
East-West Ventures Sdn. Bhd.	- Associated company	- Hotel & accommodations expenses	-	245	619
		- Telecommunication services	-	306	285
		- Food & beverages	-	721	1,278
Express Rail Link Sdn. Bhd.	- Associated company	- Civil engineering & construction works	14,782	15,607	16,005
		- Sale of computer equipment & services	3,053	3,379	2,495
		- Charges for media rights	1,250	1,250	1,283
Oriental Place Sdn. Bhd.	- Subsidiary of holding company	- Rental of premises	-	-	2,034
SMC Mix Sdn. Bhd.	- Associated company	- Sale of building materials	2,107	1,274	-

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Entity	Relationship	Type of transactions	2007 RM'000	2008 RM'000	2009 RM'000
Superb Aggregates Sdn. Bhd.	- Associated company	- Purchase of building materials	8,046	6,939	1,328
Surin Bay Co. Ltd.	- Associated company	- Management fees	-	395	416
Syarikat Pelanchongan Pangkor Laut Sdn. Bhd.	- Subsidiary of holding company	- Hotel & accommodations expenses	-	1,193	1,424
		- Charges for flight services	-	247	471
		- Purchase of air ticket	-	151	190
		- Management & data processing fees	-	1,519	1,663
		- Sale of services rendered	1,574	1,193	-

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

	2007 RM'000	2008 RM'000	2009 RM'000
Rental of land	720	720	720
Progress billings related to purchase property	-	-	748

The Directors are of the opinion that these transactions are conducted in the normal course of business and are under terms that are not less favourable than those arranged with third parties.

(b) Key management personnel compensation

Key management personnel compensation during the financial year was as follows :-

	2008 RM'000	2009 RM'000
Salaries and other short-term employee benefits	23,897	18,596
Post-employment benefits - defined contribution plan	2,774	2,101
Share option expenses	11,229	1,346
	37,900	22,043

(c) Financial year end balances arising from progress billings related to sale of property:

	2008 RM'000	2009 RM'000
Receivable from		
- close family members of key management personnel	-	649

41. CONTINGENT LIABILITIES – unsecured

As at the end of the financial year, the Company had issued corporate guarantees amounting to RM 2,977,571,000 (2008: RM 1,690,486,000, 2007: RM 377,289,000) to financial institutions for facilities granted to its subsidiaries as follows: -

Block discounting/finance lease	17,000	17,000	-
Bank overdrafts	20,200	20,200	20,200
Letters of credit/trust receipts/bankers' acceptances/shipping guarantees/bank guarantees	154,300	143,300	260,893
Revolving credit/term loans	113,989	444,036	1,639,728
Bankers guarantees	71,800	86,000	-
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	1,413,639	979,950	1,056,750
	1,790,928	1,690,486	2,977,571

	Amount Utilized		
	2007	2008	2009
	RM'000	RM'000	RM'000
Block discounting/finance lease	2,380	117	-
Bank overdrafts	3,182	888	987
Letters of credit/trust receipts/bankers' acceptances/shipping guarantees/bank guarantees	26,686	37,144	115,275
Revolving credit/term loans	87,763	412,527	1,528,479
Bank guarantees	64,019	42,983	-
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	1,413,639	979,950	1,056,750
	1,597,669	1,473,609	2,701,491

In respect of the financial year ended 30 June 2007

(a) YTL Power International Berhad, a quoted subsidiary has provided performance guarantees on behalf of its subsidiary in respect of tendering for contracts. The maximum liability as at 30 June 2007 amounted to RM 8,427,512.

(b) In YTL Power International Berhad, there is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity amounting to RM 40,279,470 in PT Jawa Power, an associate of the Group.

In respect of the financial year ended 30 June 2008

(a) In YTL Power International Berhad, there is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity amounting to RM 38,087,390 in PT Jawa Power, an associate of the Group.

(b) On 13 August 2008, the Inland Revenue Board ("IRB") issued an Additional Notice of Assessment for Years of Assessment 2001 to 2006 amounting to RM 34,419,878 to a subsidiary of the Group, Pahang Cement Marketing Sdn. Bhd.. The subsidiary is now in the process of appealing to the Special Commissioner of IRB to set aside the said Notice. The Directors are of the opinion that IRB has no concrete grounds for the case and it will be resolved in the favor of the subsidiary.

(c) Subsequent to 30 June 2008, a corporate guarantee amounting to SGD 460,000,000 (approximately RM 1,104,000,000) was provided to a financial institution for facilities granted to a subsidiary.

In respect of the financial year ended 30 June 2009

In YTL Power International Berhad, there is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity amounting to RM 41,072,350 in PT Jawa Power, an associate of the Group.

42. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

	2007 RM'000	2008 RM'000	2009 RM'000
(a) Capital commitments:-			
Authorised and contracted for	1,145,465	1,924,039	1,953,348
Authorised but not contracted for	497,485	101,207	380,473

(b) Operating lease arrangements:

(i) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are analysed as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
Not later than 1 year	1,473	966	14,571
Later than 1 year and not later than 5 years	3,094	3,413	27,499
Later than 5 years	19,470	17,153	82,326
	24,037	21,532	124,396

(ii) The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are analysed as follows:-

	2007 RM'000	2008 RM'000	2009 RM'000
Not later than 1 year	42,608	42,075	43,451
Later than 1 year and not later than 5 years	19,496	33,650	22,334
	62,104	75,725	65,785
Investments			
- Contracted but not provided for in the financial statements	100,000#	-	-

Included in the commitments is an amount of RM100 million (2006: RM100 million) relating to a put option granted by a subsidiary, YTL Land & Development Berhad ("YTL L&D"), to Keretapi Tanah Melayu Berhad ("KTMB") for the purchase of KTMB's 30% equity interest in Sentul Raya Sdn. Bhd.("SRSB"), a subsidiary of YTL L&D at a consideration of RM100 million to be satisfied by the issue of new ordinary shares of RM0.50 each at RM1.95 each by YTL L&D. The put option is exercisable by KTMB within three (3) months after the date of approval by shareholders of YTL L&D in the general meeting adopting SRSB's audited financial statements for the financial year ended 30 June, 2007.

43. SEGMENTAL INFORMATION

The Group is organised into seven main business segments

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

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)
(a) Primary reporting business segments

30 June 2007	Construction	Information technology & e-commerce related business	Hotel & restaurant operations	Cement manufacturing & trading	Management services & others	Property investment & development	Utilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	159,135	21,903	130,638	1,186,865	433,416	278,810	3,804,542	6,015,309
Profit from operations	35,702	6,300	8,758	301,995	156,555	98,447	1,659,616	2,267,373
Fair value gain on investment properties								-
Finance costs								(867,594)
Share of results of associated companies	-	-	3,452	(85)	(31,974)	-	184,572	155,965
Profit before tax								1,555,744
Income tax expense								(121,423)
Profit for the financial year								1,434,321
Other information								
Segment assets	482,323	187,865	208,644	2,541,252	6,535,601	2,858,483	17,977,658	30,791,826
Associated companies	-	-	62,609	39,197	363,891	-	863,129	1,328,826
Unallocated assets								1,791,868
Total assets								33,912,520
Segment liabilities	(84,968)	(6,420)	(39,978)	(212,959)	(60,739)	(63,290)	(891,317)	(1,359,671)
Unallocated liabilities								(21,666,391)
Total liabilities								(23,026,062)
Other segment information								
Capital expenditure	342,050	1,273	13,900	12,663	7,129	129,196	1,097,534	1,603,745
Depreciation & amortisation	3,352	1,258	4,180	95,858	6,826	1,968	588,363	701,805

30 June 2008	Construction	Information technology & e-commerce related business	Hotel & restaurant operations	Cement manufacturing & trading	Management services & others	Property investment & development	Utilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	223,368	25,113	173,102	1,586,544	382,309	222,281	3,937,143	6,549,860
Profit from operations	26,138	7,455	9,854	361,696	139,297	84,659	1,911,100	2,540,199
Fair value gain on investment properties								-
Finance costs								(925,648)
Share of results of associated companies	-	-	(80)	28	5,411	43	209,889	215,291
Profit before tax								1,829,842
Income tax expense								(453,355)
Profit for the financial year								1,376,487
Other information								
Segment assets	562,035	189,728	433,165	2,860,034	10,123,290	3,000,878	19,143,253	36,312,383
Unallocated assets								2,146,178
Total assets								38,458,561
Segment liabilities	(129,122)	(8,382)	(63,889)	(336,596)	(195,427)	(89,283)	(978,237)	(1,800,936)
Unallocated liabilities								(25,011,788)
Total liabilities								(26,812,724)
Other segment information								
Capital expenditure	63,256	5,025	87,182	101,066	180,590	31,006	1,645,563	2,113,688
Depreciation & amortisation	4,741	2,245	4,435	103,588	8,273	1,356	599,480	724,118

30 June 2009	Construction	Information technology & e-commerce related business	Hotel & restaurant operations	Cement manufacturing & trading	Management services & others	Property investment & development	Utilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	242,366	25,190	174,003	2,061,567	251,528	223,674	5,913,797	8,892,125
Profit from operations	15,061	6,261	6,465	442,064	126,505	70,525	1,858,654	2,525,535
Fair value gain on investment properties	-	-	-	-	-	274,360	-	274,360
Finance costs								(1,038,808)
Share of results of associated companies	-	-	(6,390)	12	(1,185)	309,189	225,484	527,110
Profit before tax								2,288,197
Income tax expense								(886,582)
Profit for the financial year								1,401,615
Other information								
Segment assets	579,687	164,412	368,864	3,166,141	10,058,159	4,388,656	21,733,988	40,459,907
Unallocated assets								4,953,925
Total assets								45,413,832
Segment liabilities	(137,002)	(9,297)	(37,706)	(384,610)	(309,079)	(49,725)	(1,890,892)	(2,818,311)
Unallocated liabilities								(32,195,137)
Total liabilities								(35,013,448)
Other segment information								
Capital expenditure	12,494	20,711	15,617	89,988	7,862	1,121,385	1,258,390	2,526,447
Depreciation & amortisation	4,983	3,020	7,430	115,690	6,885	2,657	608,620	749,285

(b) Secondary reporting format - geographical segments

Although the Group's business segments are managed on a worldwide basis, they operate in three main geographical areas :-

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

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NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Revenue			Total assets			Capital expenditure		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	3,116,400	3,323,663	3,212,889	12,545,074	14,161,690	7,188,379	227,738	417,097	118,827
United Kingdom	2,715,170	2,785,882	2,510,688	15,826,603	18,581,597	15,935,657	1,037,698	1,583,806	980,989
Singapore	183,692	90,183	2,707,646	383,586	655,992	14,339,889	338,309	81,173	1,112,968
Other countries	47	350,132	460,902	5,157,257	5,059,282	7,949,907	-	31,612	313,663
	6,015,309	6,549,860	8,892,125	33,912,520	38,458,561	45,413,832	1,603,745	2,113,688	2,526,447

44. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

Critical accounting estimates and assumptions

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

(a) Estimated impairment of property, plant & equipment

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

(b) Estimated useful life of property, plant & equipment

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

(c) Classification of investment properties

The Group has developed certain criteria based on FRS 140 in making judgment whether a property qualifies as an investment property. The Group’s investment properties consist of freehold land & buildings and leasehold land & buildings that are held to earn rentals or for capital appreciation.

(d) Estimated impairment 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.

(e) Property development

The Group recognises property development revenue and expenses in the Income Statement 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 judgment 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 judgment, the Group evaluates based on past experience and by relying on the work of specialists.

(f) Construction contracts

The Group uses the percentage-of-completion method in accounting for its contract revenue where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract.

Significant judgment 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 judgment, the Group has relied on past experience and the work of specialists.

(g) Allowance for doubtful debts

The Group assesses at each balance sheet date whether there is objective evidence that trade 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.

(h) Income tax expense

(i) Income taxes

The Group is subject to income tax in numerous jurisdictions. Judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

(ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

(i) Share based payments

Equity-settled share based payments are measured at fair value at the grant date. The Group revises the estimated number of performance shares that participants are expected to receive based on non-market vesting conditions at each balance sheet date. The assumptions of the valuation model used to determine fair value are set out in Note 27(c) of the Financial Statements.

(j) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. Please refer to Note 41 of the Financial Statements for details.

(k) Estimated lower of cost and net realisable value for fuel oil inventory

The Group's management is of the view that the reasonable net realisable value benchmark for the fuel oil inventory should be determined against the electricity prices derived from the generation of electricity by the fuel oil inventory. As at the balance sheet date, the net realisable value test has in part been determined based on the estimated price of generated electricity that will be achieved over the period in which the inventory will be utilised. The price that will eventually be achieved will be subject to market conditions subsequent to the balance sheet date.

(l) Estimated 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 34 to the Financial Statements.

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45. COMPARATIVE INFORMATION

In respect of the financial year ended 30 June 2008

(a) The following comparative amounts have been restated as a result of adopting the revised FRSs and prior financial year adjustments :-

		<------------- Increase/(Decrease) ---------->			
	As previously reported RM'000	FRS 112 Note 46(a) RM'000	FRS 117 Note 46(b) RM'000	PYA Note 46(c) RM'000	As re-presented RM'000
Consolidated Balance Sheet					
Property, plant & equipment	16,952,942	-	(68,452)	-	16,884,490
Prepaid lease payments	-	-	68,452	-	68,452
Other reserves	196,321	-	-	(290)	196,031
Retained earnings	6,542,668	68,707	-	(53,449)	6,557,926
Minority interests	3,591,979	55,726	-	(40,333)	3,607,372
Deferred taxation	2,373,794	(124,433)	-	94,072	2,343,433
Consolidated Income Statement					
Income tax expense	121,423	448	-	93,565	215,436
Profit attributable to :-					
- Equity holders of the company	755,062	(242)	-	(53,449)	701,371
- Minority Interests	679,259	(206)	-	(40,116)	638,937
Earning per share (sen)					
- Basic	51.37	(0.01)	-	(3.64)	47.72
- Diluted	47.79	(0.01)	-	(3.39)	44.39

b) Certain comparative figures have been reclassified to conform with current financial year's presentation.

	As previously reported RM'000	Prior financial year adjustment (Note 45(a)) RM'000	Reclassification RM'000	As re-presented RM'000
Consolidated Balance Sheet				
Quoted investments	15,979	-	(15,979)	-
Unquoted investments	595,379	-	(595,379)	-
Investments	-	-	611,358	611,358
Property, plant & equipment	16,952,942	-	(67,499)	16,885,443
Intangible assets	953	-	941,330	942,283
Goodwill	941,330	-	(941,330)	-
Prepaid lease payment	-	-	68,452	68,452
Other reserves	196,321	(290)	87,384	283,415
Bonds				
- non-current	11,100,477	-	799,059	11,899,536
- current	1,111,443	-	(886,443)	225,000
Borrowings				
- non-current	3,144,493	-	557,895	3,702,388
- current	2,446,793	-	129,228	2,576,021
Hire purchase liabilities				
- non-current	2,097	-	(2,097)	-
- current	4,207	-	(4,207)	-
Finance lease liabilities				
- non-current	555,798	-	(555,798)	-
- current	36,934	-	(36,934)	-
Other payables & accruals	1,066,590	-	8,477	1,075,067
Provision for liabilities & charges	47,337	-	(8,477)	38,860
Bank acceptances	67,667	-	(67,667)	-
Bank overdrafts	20,420	-	(20,420)	-

In respect of the financial year ended 30 June 2009

Certain comparative figures have been reclassified to conform with current financial year's presentation.

	As previously reported RM'000	Reclassification RM'000	As re-presented RM'000
Consolidated Balance Sheet			
Property, plant & equipment	17,294,939	789	17,295,728
Intangible assets	1,130,813	(789)	1,130,024
Trade & other receivables	-	2,208,060	2,208,060
Trade receivables	1,210,302	(1,210,302)	-
Accrued billings in respect of property development costs	20,199	(20,199)	-
Amount due from contract customers	53,716	(53,716)	-
Other receivables, deposits & prepayments	923,843	(923,843)	-
Amount due from related parties	-	29,280	29,280
Amount due from holding company	98	(98)	-
Amount due from related companies	20,445	(20,445)	-
Amount due from associated companies	8,737	(8,737)	-
Trade & other payables	-	1,814,690	1,814,690
Amount due to contract customers	80,430	(80,430)	-
Trade payables	372,218	(372,218)	-
Progress billings in respect of property development costs	13,093	(13,093)	-
Other payables & accruals	1,344,376	(1,344,376)	-
Provision for liabilities & charges	31,073	(4,573)	26,500
Amount due to related parties	-	4,696	4,696
Amount due to related companies	4,696	(4,696)	-

In respect of the financial year ended 30 June 2008

Consolidated Income Statement

Cost of sales	3,167,435	2,974	3,170,409
Administration expenses	439,118	3,607	442,725
Other operating expenses	270,154	(6,581)	263,573

46. EFFECTS ON FINANCIAL STATEMENTS ON ADOPTION OF NEW OR REVISED FRSs AND IC INTERPRETATIONS

In respect of the financial year ended 30 June 2007

The adoption of the relevant new or revised Financial Reporting Standards ("FRS") and Interpretation Committee ("IC") Interpretations, effective for the financial year beginning on or after 1 July, 2006 are as follows :-

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Presentation of Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 131 Interests in Joint Ventures
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property
- Amendment to FRS 119 Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures – in relation to the 'asset ceiling' test
- IC 107 Introduction of the Euro
- IC 110 Government Assistance – No Specific Relation to Operating Activities
- IC 112 Consolidation – Special Purpose Entities
- IC 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers
- IC 115 Operating Leases - Incentives
- IC 121 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- IC 125 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
- IC 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IC 129 Disclosure – Service Concession Arrangements
- IC 131 Revenue – Barter Transactions Involving Advertising Services
- IC 132 Intangible Assets – Web Site Costs

The financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRSs and IC Interpretations.

In respect of the financial year ended 30 June 2007

The adoption of FRS 5, 102, 110, 121, 127, 132, 133 and 138 and IC Interpretations do not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are as discussed below :-

(a) FRS 2 Share-based Payment
This FRS requires the entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity's parent or another entity in the same Group as the entity.

The Group operates share-based compensation plan for eligible employees, its subsidiaries and certain of its associates, namely Employees' Share Option Scheme ("ESOS") in relation to the shares of the Company, YTL Cement Berhad and YTL Power International Berhad.

Prior to 1 January, 2006, no compensation expense was recognised in profit or loss for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting period of the grants with a corresponding increase in equity.

The Group has applied the provisions of FRS 2 to all equity instruments granted after 31 December, 2004 but not yet vested as at 1 July, 2006, the effective date the Group adopted this FRS. The financial impact to the Group arising from the retrospective application of FRS 2 is not material and hence, no restatement of retained earnings is performed.

For the current year under review, the application of FRS 2 has resulted in a charge of approximately RM18.300 million and RM10.401 million to the Group's and Company's Income Statement respectively arising from the ESOS granted by the Group and the Company.

(b) FRS 3 Business Combinations

<u>Excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously known as "negative goodwill").</u>

Prior to 1 July, 2006, negative goodwill was recognised as reserve on consolidation.

In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January, 2006 was derecognised with a corresponding adjustment to retained earnings. There is no effect on prior year consolidated financial statements. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 July, 2006.

Under FRS 3, in respect of business combinations with agreement dates on/after 1 July, 2006, where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of acquisition, the Group shall recognise the excess immediately in profit or loss.

Subsequent accounting for goodwill
Until 30 June, 2006, goodwill was retained in the consolidated Balance Sheet at cost and an impairment loss was recognised when the directors were of the opinion that there was a permanent diminution in its value.

Under FRS 3, the acquirer shall measure the goodwill after initial recognition at cost less any accumulated impairment losses. Goodwill acquired in a business combination shall not be amortised. Instead, the acquirer shall test it for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with FRS 136: Impairment of Assets.

Acounting for acquisitions prior to 1 July, 2006
FRS 122_{2004} (that has been superseded by FRS 3) did not require the recognition of contingent liabilities assumed in a business combination but this is required by FRS 3. In addition, FRS 122_{2004} allowed the recognition of liabilities for terminating or reducing the activities of the acquiree if certain conditions were met but FRS 3 allows these liabilities to be recognised only if the acquiree, at the acquisition date, has an existing obligation in accordance with FRS 137: Provisions, Contingent Liabilities and Contingent Assets.

(c) FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Previously, non-current assets (or disposal groups) held for sale were neither classified nor presented as current assets or liabilities. There were no differences in the measurement of non-current assets (or disposal groups) held for sale and those for continuing use. With the adoption of FRS 5, non-current assets (or disposal groups) are classified as current assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are recovered principally through a sale transaction rather than through continuing use.

(d) FRS 101 Presentation of Financial Statements

Classification of assets and liabilities
FRS 101 requires more stringent requirements for the presentation of assets and liabilities on the balance sheet using the current/non-current presentation.

Cash & cash equivalents to be used to settle a liability 12 months or more after the balance sheet date are required to be classified as non-current assets.

Disclosure
FRS 101 requires new disclosure of major judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that have the most significant effects on the amounts recognised in the financial statements.

Also required are new disclosures of key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Others
The adoption of the revised FRS 101 has affected the presentation of the Income Statement, Balance Sheet and Statement of Changes in Equity.

In the Consolidated Balance Sheet, minority interests are now presented within total equity. In the consolidated Income Statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the Statement of Changes in Equity. FRS 101 also requires disclosure, on the face of the Statement of Changes in Equity, the total income and expenses for the period, showing separately the amounts attributable to the equity holders of the parent and to minority interest.

The current year's presentation of the Group's financial statements, based on the requirements of the revised FRS 101, required certain comparatives to be restated to conform with the current year's presentation.

(e) FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

Disclosure

FRS 108 now requires, rather than encourages, disclosure of an impending change in accounting policy when an entity has yet to implement a new Standard or Interpretation that has been issued but not yet come into effect. In addition, it requires disclosure of known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the Group's financial statements in the period of initial application.

In addition, FRS 108 requires more detailed disclosure of the amounts of adjustments resulting from changing accounting policies or correcting prior period errors. It requires those disclosures to be made for each financial statements line item affected and, for basic and diluted earnings per share.

(f) FRS 116 Property, plant and equipment

Previously, in accordance with the requirements of FRS 116_{2004} (now superseded by FRS 116), residual values were estimated only at the date of acquisition and not subsequently adjusted for changes in price.

FRS 116 requires the re-measurement of the residual value of an item of property, plant and equipment at least at each financial year end.

(g) FRS 136 Impairment of Assets

Disclosure

FRS 136 requires disclosure of information for each cash-generating unit (group of units) in relation to the significant carrying amount of goodwill allocated to that unit (group of units). That information is concerned primarily with the key assumptions used to measure the recoverable amounts of such units (groups of units).

FRS 136 also requires specified information to be disclosed if some or all of the insignificant carrying amount of goodwill is allocated across multiple cash-generating units (groups of units). Further disclosures are required if, in such circumstances, the recoverable amounts of any of those units (groups of units) are based on the same key assumption(s) and the aggregate carrying amount of the significant goodwill.

FRS 136 requires disclosure of the amount of the unallocated goodwill together with the reasons why that amount remains unallocated.

(h) FRS 140 Investment Property

The definition of investment properties under FRS 140 has resulted in identification of additional assets of the Group that meet the definition of investment properties. These properties are now classified into a separate asset category on the balance sheet. Previously, investment properties were included in property, plant and equipment.

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value determined on an annual basis by an independent professional valuer. Gains or losses arising from changes in the fair values of investment properties are recognised in profit/loss in the period in which they arise. Prior to 1 July, 2006, investment properties were included in the property, plant and equipment and stated at cost less allowance for any diminution in value other than temporary. Investment properties are not subject to depreciation.

In accordance with transitional provisions of FRS 140, this change in accounting policy is applied prospectively and comparatives as at 30 June, 2006 are not restated. Accordingly, the fair value increase in respect of investment properties at 1 July, 2006 for the Group has been accounted for by restating the opening balance of investment properties as at 1 July, 2006 with a corresponding increase in retained earnings.

In respect of the financial year ended 30 June 2008

The Malaysian Accounting Standards Board has issued following new or revised Financial Reporting Standards ("FRS") and IC Interpretations ("IC Int") :-

		Effective for financial periods beginning on or after
FRS 117	Leases	1 Oct 2006
FRS 124	Related Party Disclosures	1 Oct 2006
FRS 6	Exploration for and Evaluation of Mineral Resources	1 Jan 2007
	Amendments to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 Jan 2007
FRS 107	Cash Flow Statements	1 Jul 2007
FRS 111	Construction Contracts	1 Jul 2007
FRS 112	Income Taxes	1 Jul 2007
FRS 118	Revenue	1 Jul 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 Jul 2007
FRS 134	Interim Financial Reporting	1 Jul 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 Jul 2007
	Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 Jul 2007
IC Int 1	Changes in Existing Decomissioning, Restoration and Similar Liabilities	1 Jul 2007
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments	1 Jul 2007
IC Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilition Fund	1 Jul 2007
IC Int 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 Jul 2007
IC Int 7	Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	1 Jul 2007
IC Int 8	Scope of FRS 2	1 Jul 2007

The adoption of the relevant FRSs and IC Ints above, except for FRS 112 and FRS 117, do not have significant financial impact on the Group other than additional disclosure requirements.

The financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRSs and IC Ints.

The principal effects of the changes in accounting policies resulting from the adoption of FRS 112 and FRS 117 are as discussed below :-

(a) FRS 112 Income tax

Prior to 1 July 2007, deferred tax assets on unused reinvestment allowances and investment tax allowances were not recognised. The adoption of FRS 112 has resulted in a retrospective change in the accounting policy relating to the recognition of deferred tax assets on unused reinvestment allowances and investment tax allowances.

This change in accounting policy has been applied retrospectively and as disclosed in Note 45(a) of the Financial Statements, certain comparatives have been restated. The effects on the Group’s Balance Sheet and Income Statement for the current financial year are set out in Note 46(d) of the Financial Statements.

(b) FRS 117 Leases

Prior to 1 July 2007, leases of land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land. Under FRS 117, leases of land are classified as operating or finance leases in the same way as leases of other assets. The land elements of a lease of land are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated the land elements in proportion to the relative fair values for leasehold interests in the land element of the lease at the inception of the lease. The up-front payment represents prepaid lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 July 2007, the unamortised carrying amount of leasehold land is classified as prepaid lease payments. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 45(a) of the Financial Statements. Certain comparatives of the balance sheet of the Group as at 30 June 2007 have been restated.

There were no effects on the Income Statement of the Group for the financial year ended 30 June 2008. The effects on the Group's Balance Sheet for the current financial year are set out in Note 46(d) of the Financial Statements.

(c) Prior financial year adjustments ("PYA")

During the previous financial year ended 30 June 2007, a subsidiary incorporated in the United Kingdom adjusted its deferred taxation liability following amendments introduced in the United Kingdom ("UK") Finance Act 2007 relating to Industrial Building Allowance incentives. Following clarity received during the current financial year ended 30 June 2008 on the application of these changes, it has been concluded that the deferred taxation provision is required under FRS. This adjustment has been applied retrospectively and as disclosed in Note 45(a) of the Financial Statements.

(d) Summary of effects on adoption of new or revised FRS on the current financial year's financial statements.

The following tables present the impact of the adjustments which have been made in accordance with the new provisions of the respective FRSs to the Group's Balance Sheet and Income Statement for the financial year ended 30 June 2008.

	<---- Increase/(Decrease) ---->		Total
	FRS 112	FRS 117	
	Note 46(a)	Note 46(b)	
	RM'000	RM'000	RM'000
Consolidated Balance Sheet			
Property, plant & equipment	-	(76,424)	(76,424)
Prepaid lease payments	-	76,424	76,424
Retained earnings	(18,622)	-	(18,622)
Minority interests	(18,726)	-	(18,726)
Deferred taxation	37,348	-	37,348
Consolidated Income Statement			
Income tax expense	37,348	-	37,348
Profit attributable to :-			
- Equity holders of the Company	(18,622)	-	(18,622)
- Minority interests	(18,726)	-	(18,726)
Earnings per share (sen)			
- Basic	(1.25)	-	(1.25)
- Diluted	(1.15)	-	(1.15)
	=========	=========	=========

47. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS AND IC INTERPRETATIONS TO EXISTING STANDARDS

In respect of the financial year ended 30 June 2007

The new or revised Financial Reporting Standards and IC Interpretations to existing standards which have been published that are mandatory for accounting periods beginning on or after 1 October, 2006 or later periods, are as follows :-

(a) Standards and IC Interpretations to existing standards that are not yet effective and have not been adopted early
(b) Standards that are not yet effective and not relevant for the Group's operations

(a) Standards and IC Interpretations to existing standards that are not yet effective and have not been adopted early

(i) FRS 117 Leases (effective for accounting periods beginning on or after 1 October, 2006)

This standard requires the classification of leasehold land as prepaid lease payments. The Group will apply this standard from financial year beginning 1 July, 2007.

(ii) FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October, 2006)

This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial year beginning 1 July, 2007.

(iii) FRS 139 Financial Instruments : Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board)

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

(iv) FRS 112 Income Taxes (effective for accounting periods beginning on or after 1 July, 2007)

This standard requires the recognition of deferred tax assets on reinvestment allowance. The Group will apply this standard from financial year beginning 1 July, 2007.

(v) FRS 107 Cash Flow Statements (effective for accounting periods beginning on or after 1 July, 2007)
FRS 118 Revenue (effective for accounting periods beginning on or after 1 July, 2007)
FRS 134 Interim Financial Reporting (effective for accounting periods beginning on or after 1 July, 2007)
FRS 137 Provisions, Contingent Liabilities and Contingent Assets (effective for accounting periods beginning on or after 1 July, 2007)

Implementation of the above FRSs are not expected to significantly affect the financial statements for the year ending 30 June, 2008.

(vi) FRS 119 Employee Benefits
FRS 126 Accounting and Reporting by Retirement Benefits Plans
FRS 129 Financial Reporting in Hyperinflationary Economies

The following three FRSs, which have the same effective dates as their original standards, are renamed as: -

- FRS 119 Employee Benefits (which supersedes FRS 119_{2004} Employee Benefits and Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures)
- FRS 126 Accounting and Reporting by Retirement Benefits Plans (which supersedes FRS 126_{2004} Accounting and Reporting by Retirement Benefits Plans)
- FRS 129 Financial Reporting in Hyperinflationary Economies (which supersedes FRS 129_{2004} Financial Reporting in Hyperinflationary Economies)

(vii) Amendment to FRS 121 The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 July, 2007)

(viii) FRS 111 Construction Contracts (effective for accounting periods beginning on or after 1 July, 2007)

(ix) FRS 120 Accounting for Government Grants and Disclosure of Government Assistance (effective for accounting periods beginning on or after 1 July, 2007)

(b) Standards that are not yet effective and not relevant for the Group’s and the Company’s operations

FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January, 2007)

In respect of the financial year ended 30 June 2009

At the date of authorisation of these financial statements, the following new or revised Financial Reporting Standards ("FRS"), amendments to FRS and IC Interpretations ("IC Int") have been issued but are not yet effective and have not been adopted by the Group and the Company :-

	Effective for financial periods beginning on or after
FRS 8 - Operating Segments	1 Jul 2009
FRS 4 - Insurance Contracts	1 Jan 2010
FRS 7 - Financial Instruments - Disclosures	1 Jan 2010
FRS 101 - Presentation of Financial Statements (as revised in 2009)	1 Jan 2010
FRS 123 - Borrowing Costs	1 Jan 2010
FRS 139 - Financial Instruments: Recognition and Measurement	1 Jan 2010
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 Jan 2010
Amendment to FRS 2 Share-based Payment - Vesting Conditions and Cancellations	1 Jan 2010
Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 Jan 2010
Amendment to FRS 8 Operating Segments	1 Jan 2010
Amendment to FRS 107 Cash Flow Statements	1 Jan 2010
Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 Jan 2010
Amendment to FRS 110 Events After the Balance Sheet Date	1 Jan 2010
Amendment to FRS 116 Property, Plant and Equipment	1 Jan 2010
Amendment to FRS 117 Leases	1 Jan 2010
Amendment to FRS 118 Revenue	1 Jan 2010
Amendment to FRS 119 Employee Benefits	1 Jan 2010
Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 Jan 2010
Amendment to FRS 123 Borrowing Costs	1 Jan 2010
Amendment to FRS 127 Consolidated and Separate Financial Statements	1 Jan 2010
Amendment to FRS 128 Investments in Associates	1 Jan 2010
Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies	1 Jan 2010

	Effective for financial periods beginning on or after
Amendment to FRS 131 Interests in Joint Ventures	1 Jan 2010
Amendment to FRS 132 Financial Instruments: Presentation	1 Jan 2010
Amendment to FRS 134 Interim Financial Reporting	1 Jan 2010
Amendment to FRS 136 Impairment of Assets	1 Jan 2010
Amendment to FRS 138 Intangible Assets	1 Jan 2010
Amendment to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives	1 Jan 2010
Amendment to FRS 140 Investment Property	1 Jan 2010
IC Int 9 : Reassessment of Embedded Derivatives	1 Jan 2010
IC Int 10 : Interim Financial Reporting and Impairment	1 Jan 2010
IC Int 11 : FRS 2 - Group and Treasury Share Transactions	1 Jan 2010
IC Int 13 : Customer Loyalty Programmes	1 Jan 2010
IC Int 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 Jan 2010

FRS 4 is not relevant to the Group's and the Company's operations.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon initial application of FRS 7 & FRS 139.

Save for these, the new FRS, Amendments to FRSs and IC Int above are not expected to have significant impact on the financial statements of the Group and of the Company upon their initial application.

48. CORPORATE PROPOSAL

YTL Cement Berhad ("YTL Cement"), a subsidiary of the Group, announced its proposal to issue via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, up to United State Dollar 200 million nominal value five-year guaranteed Exchangeable Bonds which are exchangeable into new ordinary shares of RM0.50 each in YTL Cement ("the Proposed Exchangeable Bonds Issue"). The Proposed Exchangeable Bonds Issue is pending implementation by YTL Cement. YTL Cement has until 4 October 2009 being the extended date approved by the Securities Commission ("SC"), to complete the Proposed Exchangeable Bonds Issue. The Proposed Exchangeable Bonds Issue is pending implementation.

YTL Cement has on 18 September 2009 applied to SC for an extension of further six months to complete the Proposed Exchangeable Bonds Issue and SC's reply is pending.

49. SIGNIFICANT SUBSEQUENT EVENT

In respect of the financial year ended 30 June 2007

(a) On 3 July, 2007, a subsidiary of YTL e-Solutions Berhad ("YTLE"), Titan Awards Sdn. Bhd., changed its name to Y-Max Solutions Holdings Sdn. Bhd. ("YSHSB"). On 6 August, 2007, YTLE announced that YSHSB entered into a Subscription cum Shareholders' Agreement with Webtransact Sdn Bhd ("WSB") and Airzed Broadband Sdn Bhd ("AZB") to set out the terms and conditions of YSHSB's subscription of 1,400,000 ordinary shares of par value RM1.00 each and 5,600,000 Redeemable Convertible Preference Shares of par value RM0.10 each in AZB ("Proposed Subscription"), and WSB and YSHSB's relationship with each other as shareholders inter se of AZB and certain aspects of the affairs of AZB. Upon completion of the Proposed Subscription, AZB will become a 70% owned subsidiary of YSHSB and an indirect subsidiary of the Company. The Proposed Subscription is pending approval of relevant authorities.

AZB was incorporated on 19 November, 2002 and is a licensed service provider currently principally engaged in the business of providing broadband internet access utilising the 2.5GHz and 3.5GHz spectrums and other value added services.

(b) On 23 August, 2007, the Company announced that it proposes to undertake a Renounceable Restricted Offer for Sale ("ROS 2") of ordinary shares of RM0.50 each in YTL Power International Berhad ("YTL Power Shares") on the basis of one (1) YTL Power Share for every fifteen (15) ordinary shares of RM0.50 each in the Company, at an offer price of RM1.00 per YTL Power Share, held by the shareholders of the Company at a date to be determined by the Board of Directors of the Company and to be announced later.

On 12 October, 2007, the Company announced that the Securities Commission ("SC") has in its letter dated 11 October, 2007 approved the ROS 2 subject to the condition that the Company shall fully comply with the relevant requirements of the Policies and Guidelines on Issue/Offer of Securities issued by the SC relating to the implementation of the ROS 2.

(c) On 28 August, 2007, YTL Cement Berhad ("YTL Cement") announced that its wholly-owned subsidiary, YTL Cement (Hong Kong) Limited, has entered into a transfer of equity interests contract ("Contract") with the various parties set out therein for the purchase of the entire equity interest in Zhejiang Lin'an Jin Yuan Cement Co. Ltd., a company incorporated in the People's Republic of China ("PRC"), for a total cash consideration of Renminbi (RMB) 150,000,000 or its foreign currency equivalent, subject to downward adjustments (if any) in accordance with the terms and conditions of the Contract. The aforesaid acquisition is subject to the approval of the relevant authorities in the PRC.

(d) On 29 August, 2007, YTL Cement announced its proposal to issue via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan up to USD200 million nominal value five (5) year guaranteed Exchangeable Bonds ("Exchangeable Bonds") which are exchangeable into new ordinary shares of RM0.50 each in YTL Cement ("the proposed Exchangeable Bonds Issue").

On 8 October, 2007, YTL Cement announced that the SC and its Equity Compliance Unit of the Mergers and Acquisitions Division have approved vide the SC's letter dated 4 October, 2007 the proposed Exchangeable Bonds Issue subject to, *inter alia*, the condition that YTL Cement is required to increase its Bumiputera equity by 3.06% of the new enlarged issued and paid-up share capital of YTL Cement within 2 years after the date of implementation of the proposed Exchangeable Bonds Issue. Following this, an announcement was made on 12 October, 2007 that Bank Negara Malaysia has given its approval-in-principal for the proposed Exchangeable Bonds Issue.

(e) On 12 October, 2007, the Company announced that Batu Tiga Quarry Sdn. Bhd. ("BTQ"), a wholly-owned subsidiary of YTL Industries Berhad which in turn is a wholly-owned subsidiary of the Company, has entered into the following agreements :-

- Share Sale Agreements with Kenneison Quarries Sdn. Bhd. ("KQSB") for the acquisition of 2,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Kenneison Construction Materials Sdn. Bhd. ("KCM"), and 1,201,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Kenneison Northern Quarry Sdn. Bhd. ("KNQ") for RM17,000,000 and RM500,000 respectively in cash ("Proposed Acquisitions").

- A Sale and Purchase Agreement with KQSB for the purchase of quarry equipment and other assets for a total consideration of RM6.5 million.

- A Quarry Agreement (“QA”) with Kenneison Brothers Sdn. Bhd. (“KBSB”) for the rights to carry out quarry operations on all that parcels of leasehold land measuring 625 acres held under Lot 6668, Pajakan Negeri 7957 and Lot 6669, Pajakan 7958, both in Mukim and District of Ulu Langat, State of Selangor Darul Ehsan (“the Quarry Lands”) for a period of twelve (12) years with a minimum annual guaranteed payment of RM3.0 million commencing the calendar year 2008 and the proposed lease by KBSB of all immovable property or assets on the Quarry Lands for the duration of the term for a nominal consideration of RM10.00.

Upon completion of the Proposed Acquisitions, KCM and KNQ will become wholly-owned subsidiaries of BTQ and indirect subsidiaries of the Company.

In respect of the financial year ended 30 June 2008

On 22 November 2007, the Company was awarded the tender for the en-bloc purchase of fifty (50) residential units and the common property in strata title plan No. 247 comprised in Lot 1070N of Town Subdivision 24, known as Westwood Apartments located at 15 Orchard Boulevard, Singapore, containing an area of 5,776.6 square metres (“Properties”), for a total cash consideration of Singapore Dollars (SGD) 435 million (equivalent to approximately RM1,013,550,000).

The acquisition of the said Properties was completed on 24 September 2008.

In respect of the financial year ended 30 June 2009

On 18 September 2009, a total of 35,219,196 treasury shares amounting to RM228,748,678 were distributed as share dividend to shareholders on the basis of one treasury share for every fifty ordinary shares held on 9 September 2009.

50. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

In respect of the financial year ended 30 June 2007

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 25 October 2007

In respect of the financial year ended 30 June 2008

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 16 October 2008

In respect of the financial year ended 30 June 2009

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 15 October 2009

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NAME LISTS OF SUBSIDIARIES

Details of the subsidiaries of YTL Corporation Berhad as at 31 December 2009 are as follows:-

Name of Company	**Place of incorporation**	**Principal activity**	**Effective equity interest %**
Airzed Broadband Sdn Bhd	Malaysia	Providing wire line and wireless broadband internet access services; developing, producing, marketing, selling and maintaining software applications, research and development, consultancy and other related services	36.43
Airzed Services Sdn Bhd *(formerly known as Intellectual Learning Sdn. Bhd.)*	Malaysia	Providing wire line and wireless broadband internet access services; developing, producing, marketing, selling and maintaining software applications, research and development, consultancy and other related services	29.14
Amanresorts Sdn Bhd.	Malaysia	Dormant	60.94
Arah Asas Sdn Bhd	Malaysia	Property development	100.00
Austasia Metal Sdn Bhd	Malaysia	Inactive	100.00
Austasia Timbers Malaysia Sdn Bhd	Malaysia	Inactive	100.00
Autodome Sdn Bhd	Malaysia	Operator of food & beverages & sub-letting of premises	100.00
Awan Serunding Sdn Bhd	Malaysia	Dormant	49.75
Batu Tiga Quarry Sdn Bhd	Malaysia	Quarry business & trading of granite aggregates	100.00
Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	100.00
Bayumaju Development Sdn Bhd	Malaysia	Property development	60.94
Bizsurf MSC Sdn Bhd	Malaysia	Providing wireless network distribution equipment and services, broadband and internet services provisioning and other internet related services	44.60
Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	60.94
Borneo Cosmeceutical Sdn Bhd	Malaysia	Development of holiday resorts	90.00
Borneo Island Villas Sdn Bhd	Malaysia	Dormant	80.00
Budaya Bersatu Sdn. Bhd.	Malaysia	Dormant	100.00
Buildcon Concrete Enterprise Sdn Bhd	Malaysia	Investment holding	49.75
Buildcon Concrete Sdn Bhd	Malaysia	Manufacture and sale of ready-mixed concrete and related services	49.75
Buildcon-Cimaco Concrete Sdn Bhd	Malaysia	Manufacture and sale of ready-mixed concrete and related services	25.10

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Name of Company	Place of incorporation	Principal activity	Effective equity interest %
Buildcon Desa Sdn Bhd	Malaysia	Manufacture and sale of ready-mixed concrete and related services	49.75
Builders Brickworks Sdn Bhd	Malaysia	Inactive	93.80
Business & Budget Hotels Sdn Bhd	Malaysia	Investment holding and property investment	100.00
Business & Budget Hotels (Penang) Sdn Bhd	Malaysia	Hotel and resort operator	51.00
Business & Budget Hotels (Seberang Jaya) Sdn Bhd	Malaysia	Inactive	51.00
Cameron Highlands Resort Sdn Bhd	Malaysia	Hotel & resort operator	100.00
Cane Creations (Marketing) Sdn Bhd	Malaysia	Trading of cane furniture, local handicrafts, accessories & related services	100.00
Cane Creations Sdn Bhd	Malaysia	Manufacturing and trading of cane furniture	100.00
C.I. Quarrying & Marketing Sdn Bhd	Malaysia	Granite quarrying	100.00
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	49.75
Construction Lease (M) Sdn Bhd	Malaysia	Leasing, hire-purchase and credit	100.00
Cornerstone Crest Sdn Bhd	Malaysia	Investment holding	100.00
Diamond Recipe Sdn Bhd	Malaysia	Operator of food & beverages	51.00
Divine View Sdn Bhd	Malaysia	Commercial trading, property dealing & investment holding	100.00
Dynamic Marketing Sdn Bhd	Malaysia	Trading of building and construction materials	100.00
Dynamic Project Development Sdn Bhd	Malaysia	Civil engineering works & construction	100.00
Dynamic Property Management Sdn Bhd	Malaysia	Property development & related services	100.00
Emerald Hectares Sdn Bhd	Malaysia	Property development	70.00
Extiva Communications Sdn. Bhd.	Malaysia	Developing and marketing VoIP telephony and other advanced network media appliances for service provider and enterprise telephony markets.	66.91
First Commercial Development Sdn Bhd	Malaysia	Property investment	100.00
Gemilang Pintar Sdn. Bhd.	Malaysia	General trading, investment holding and property investment	70.00
GKM-SPYTL JV Sdn Bhd	Malaysia	Inactive	100.00
Intellectual Mission Sdn. Bhd.	Malaysia	Education and training using advanced technology	100.00
Island Air Sdn Bhd	Malaysia	Chartering of aircrafts	80.00

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Name of Company	**Place of incorporation**	**Principal activity**	**Effective equity interest %**
Jaksa Quarry Sdn Bhd	Malaysia	Quarry operator, manufacture of granite blocks, aggregates, chippings and crusher runs	100.00
Kampung Tiong Development Sdn Bhd	Malaysia	Property development	70.00
Katagreen Development Sdn Bhd	Malaysia	Dormant	100.00
Kenneison Construction Materials Sdn Bhd	Malaysia	Manufacturing, selling and distribution of premix products, construction & building materials and hiring of machinery	100.00
Kenneison Northern Quarry Sdn Bhd	Malaysia	Manufacturing, selling and distribution of premix products, construction & building materials	100.00
Lay Seng Oil Palm Plantations Sdn Bhd	Malaysia	Cultivation of oil palm	100.00
Lot Ten Security Sdn Bhd	Malaysia	Inactive	60.94
Magna Boundary Sdn Bhd	Malaysia	Development of holiday resorts	90.00
Marble Valley Sdn Bhd	Malaysia	Management & investment holding	80.00
Marble Valley Two Sdn Bhd	Malaysia	Hotel operator	64.00
Mayang Sari Sdn. Bhd.	Malaysia	Inactive	60.94
Mini-Mix Sdn Bhd	Malaysia	Inactive	49.75
Mutual Prospect Sdn Bhd	Malaysia	Quarry operators and proprietors.	100.00
Natural Adventure Sdn Bhd	Malaysia	Dormant (intended to be involved in retail business)	100.00
Niche Retailing Sdn Bhd	Malaysia	Intended to be involved in retail business	100.00
Noriwasa Sdn. Bhd.	Malaysia	Dormant	60.94
Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	49.75
Pahang Cement Marketing Sdn. Bhd.	Malaysia	Wholesalers, dealers and retailers of cement and related products	49.75
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development and building construction	60.94
PDC Heritage Hotel Sdn Bhd	Malaysia	Dormant	51.00
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of clinker, ordinary portland cement and blended cement	32.26
Permai Property Management Sdn Bhd	Malaysia	Inactive	100.00
PHS Trading Sdn. Bhd.	Malaysia	Promoting & selling products manufactured by its holding company	32.26
Pinnacle Trend Sdn Bhd	Malaysia	Investment holding	100.00

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Name of Company	Place of incorporation	Principal activity	Effective equity interest %
Pintar Projek Sdn Bhd	Malaysia	Management of real estate investment trust funds, licensing of trademarks & brand management	70.00
Prestige Lifestyles & Living Sdn Bhd	Malaysia	Trading of furniture, accessories and related services	51.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	59.30
Property NetAsia (Malaysia) Sdn. Bhd.	Malaysia	Developing and operating a property portal known as PropertyNetAsia.com.my and provision of related services.	44.60
Puncak Serunding Sdn Bhd	Malaysia	Dormant	100.00
PYP Sendirian Berhad	Malaysia	Property development & related services	60.94
Restoran Kisap Sdn Bhd	Malaysia	Restaurant operator	100.00
Satria Sewira Sdn Bhd	Malaysia	Property development, investment and other related activities	100.00
Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholsalers, retailers and distributors of *koi* fish.	55.00
Sentul Park Management Sdn. Bhd.	Malaysia	Dormant	42.66
Sentul Raya City Sdn Bhd	Malaysia	Property investment	42.66
Sentul Raya Golf Club Berhad	Malaysia	Inactive	42.66
Sentul Raya Sdn. Bhd.	Malaysia	Property development and property investment	42.66
Slag Cement Sdn Bhd	Malaysia	Manufacture and sale of ordinary portland cement, blended cement and related services	49.75
Slag Cement (Southern) Sdn Bhd	Malaysia	Manufacture and sale of ordinary portland cement, blended cement and related services	49.75
SMC Mix Sdn Bhd	Malaysia	Manufacturing & sale of ready-mixed concrete	49.75
Specialist Cement Sdn. Bhd.	Malaysia	Inactive (under Section 308 striking off process)	42.29
Spectacular Corner Sdn Bhd	Malaysia	Dormant	100.00
SR Property Management Sdn. Bhd.	Malaysia	Provision of property management services	60.94
Star Hill Hotel Sdn Bhd	Malaysia	Hotel operator	100.00
Star Hill Living.Com Sdn. Bhd	Malaysia	Project management services, trading of paintings, furniture, accessories and related services	100.00
Starhill Real Estate Investment Trust	Malaysia	Real estate investment trust	65.41
Straits Cement Sdn Bhd	Malaysia	Manufacture and sale of cement.	49.75

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NAME LISTS OF SUBSIDIARIES

Name of Company	**Place of incorporation**	**Principal activity**	**Effective equity interest %**
Suri Travel & Tours Sdn Bhd	Malaysia	Rental of motor vehicles,air ticketing reservation & other related services	70.00
Syarikat Kemajuan Perumahan Negara Sdn Bhd	Malaysia	Property development	60.94
Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd	Malaysia	Civil engineering works, construction, property development, real estate investment, investment holding and related services	100.00
Transportable Camps Sdn Bhd	Malaysia	Trading and rental of transportable cabins and wood based products	100.00
Trend Acres Sdn Bhd	Malaysia	Investment holding	100.00
Trendy Retailing Sdn Bhd	Malaysia	Retailing business	100.00
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	49.75
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	60.94
Yap Yew Hup Brickworks (Perak) Sdn Bhd	Malaysia	Inactive	93.80
Yeoh Tiong Lay Brickworks Sdn Bhd	Malaysia	Inactive	100.00
Yeoh Tiong Lay Management Sdn Bhd	Malaysia	Dormant	100.00
Yeoh Tiong Lay Realty Sdn Bhd	Malaysia	Realty, investment and management services	100.00
YMax Sdn Bhd	Malaysia	Providing broadband internet access and other value added services	50.55
Y-Max Networks Sdn Bhd	Malaysia	Providing computer networking & related information technology services	44.60
Y-Max Solutions Holdings Sdn Bhd	Malaysia	Investment holdings & business management.	52.04
YTL Building Products Sdn. Bhd.	Malaysia	Dormant	49.75
YTL Cement Berhad	Malaysia	Investment holding, management services and hiring of vehicles	49.75
YTL Cement Marketing Sdn Bhd	Malaysia	Marketing of cement products	49.75
YTL Charters Sdn Bhd	Malaysia	Chartering of aircrafts, helicopters, ships and vehicles	100.00
YTL Civil Engineering Sdn Bhd	Malaysia	Civil engineering works & construction	90.00
YTL Communications Sdn Bhd *(formerly known as Y-Max Infra Sdn Bhd)*	Malaysia	Providing wire line & wireless broadband access services	33.46
YTL Corp Finance (Labuan) Limited	Malaysia	Special purpose vehicle for issuance of securities & investment holding	100.00
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	100.00
YTL Digital Sdn Bhd	Malaysia	Dormant	100.00

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Name of Company	Place of incorporation	Principal activity	Effective equity interest %
YTL Energy Sdn Bhd	Malaysia	Dormant	100.00
YTL e-Solutions Berhad	Malaysia	Investment holding, provision of incubation services including developing and incubating technology companies, internet contents of all descriptions and non-internet related businesses, provision of consultancy and advisory services in relation to the business of electronic commerce or internet commerce solutions.	74.34
YTL Heritage Hotels Sdn Bhd	Malaysia	Dormant	100.00
YTL Hotel Management Services Sdn Bhd	Malaysia	Provision of professional & commercial education and training in hospitality	70.00
YTL Hotel Central Services Sdn Bhd.	Malaysia	Dormant	100.00
YTL Hotels & Properties Sdn Bhd	Malaysia	Investment holding & management services	100.00
YTL Industries Berhad	Malaysia	Investment holding, property development, & property investment.	100.00
YTL Info Screen Sdn Bhd	Malaysia	Creating, providing and advertising content, media, web media and up to date information via electronic media	74.18
YTL Land & Development Berhad	Malaysia	Investment holding, provision of financial treasury & secretarial services	60.94
YTL Land & Development (MM2H) Sdn Bhd	Malaysia	Dormant	60.94
YTL Land Sdn Bhd	Malaysia	Property investment & property management	100.00
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Dormant	100.00
YTL Power Generation Sdn Bhd	Malaysia	Developing, constructing, completing, maintaining and operating power plants	55.77
YTL Power International Berhad	Malaysia	Investment holding, and provision of administrative and technical support services.	55.77
YTL Power Services Sdn Bhd	Malaysia	Operation and maintenance of power stations	100.00
YTL Premix Sdn Bhd	Malaysia	Trading of building materials & related services	100.00
YTL Project Management Services Sdn Bhd	Malaysia	Provision of management services for construction projects	100.00
YTL Quarry Sdn. Bhd.	Malaysia	Dormant	49.75
YTL-SV Carbon Sdn Bhd	Malaysia	Providing consultancy services	75.00
YTL Technologies Sdn Bhd	Malaysia	Servicing and hiring of equipment	79.90

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Name of Company	**Place of incorporation**	**Principal activity**	**Effective equity interest %**
YTL Vacation Club Berhad	Malaysia	Dormant	100.00
Concrete Industries Pte Ltd	Singapore	Manufacture & supply of ready-mixed concrete & related products	49.75
Dynamic Marketing (UK) Limited	England & Wales	Inactive	100.00
Geneco Limited	England & Wales	Business of converting waste to energy and producing renewable energy.	55.77
Genesis-Alliance Retail Pte Ltd	Singapore	General wholesale trade (including general importers & exporters)	51.00
Ideal Worlds Pte Ltd	Singapore	General wholesale trade (including general importers & exporters)	51.00
Industrial Procurement Limited	Cayman Islands	Procurement of machinery and industrial equipment, and investment holding	49.75
Industrial Resources Limited	Cayman Islands	Investment holding & procurement	49.75
Infoscreen Networks Plc	England & Wales	Investment holding	74.18
Lakefront Pte Ltd	Singapore	Real estate developer	70.00
Linan Lu Hong Transport Co., Ltd	The People's Republic of China	Business of transport of goods, storage and associated services	49.75
M Hotel Management Pte Ltd	Singapore	Hotel management services	51.00
PowerSeraya Limited	Singapore	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuels and fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process)	55.77
PetroSeraya Pte Ltd	Singapore	Oil trading and oil tank leasing	55.77
P.T. Jepun Bali	Indonesia	Managing & operating a hotel	100.00
P.T. YTL Jawa Timur	Indonesia	Provision of construction management, consultancy services & power station operation services	55.77
P.T. YTL Simen Indonesia	Indonesia	Dormant	49.75
Sandy Island Pte Ltd	Singapore	Real estate developer	70.00
SC Technology GmbH	Switzerland	Waste treatment processes	55.77
SC Technology Nederlands BV	Netherlands	Waste treatment processes	55.77
SC Technology Deutschland GmbH	Germany	Waste treatment processes	55.77
Seraya Energy Pte Ltd	Singapore	Sale of electricity	55.77
Seraya Energy and Investment Pte Ltd	Singapore	Investment holding	55.77

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Name of Company	Place of incorporation	Principal activity	Effective equity interest %
Starhill Global REIT Investments Limited	Cayman Islands	Investment holding	100.00
Starhill Global REIT Management Limited	Cayman Islands	Investment holding	100.00
Wessex Electricity Utilities Limited	England & Wales	Ownership and operation of gas and electricity infrastructure	55.77
Wessex Engineering & Construction Services Limited	England & Wales	Engineering & construction services	55.77
Wessex Logistics Ltd.	England & Wales	Inactive	55.77
Wessex Promotions Limited	England & Wales	Entertainment promotion	55.77
Wessex Property Services Ltd.	England & Wales	Inactive	55.77
Wessex Spring Water Ltd.	England & Wales	Inactive	55.77
Wessex Water Commercial Ltd.	England & Wales	Inactive	55.77
Wessex Water Engineering Services Limited	England & Wales	Inactive	55.77
Wessex Water Enterprises Ltd.	England & Wales	Commercial activities outside of regulated business	55.77
Wessex Water International Ltd	Cayman Islands	Investment holding	55.77
Wessex Water Ltd.	England & Wales	Investment holding.	55.77
Wessex Water Pension Scheme Trustee Ltd.	England & Wales	Management of Wessex Water Pension Scheme	55.77
Wessex Water Services Finance Plc	England & Wales	Issue of bonds	55.77
Wessex Water Services Ltd.	England & Wales	Water supply and waste water services	55.77
Wessex Water Trustee Company Ltd.	England & Wales	Inactive	55.77
Wessex Water Utility Solutions Ltd *(formerly known as Wessex Gas Utilities Limited)*	England & Wales	Ownership and operation of gas and electricity infrastructure	55.77
Wimax Capital Management Limited	England & Wales	Acquiring WiMAX spectrum & undertaking activities utilizing WiMAX related technologies.	59.47
YTL Cayman Limited	Cayman Islands	Ownership and chartering of yachts and vessels	100.00
YTL Cement (Hong Kong) Limited	Hong Kong SAR	Investment holding	49.75
YTL Cement Marketing Singapore Pte Ltd	Singapore	Sales and marketing of cement, cementitious products and other related construction products.	49.75

YTL CORPORATION BERHAD
(Company no. 92647-H)
(Incorporated in Malaysia with limited liability)

NAME LISTS OF SUBSIDIARIES

Name of Company	**Place of incorporation**	**Principal activity**	**Effective equity interest %**
YTL Cement Singapore Pte Ltd	Singapore	Investment holding, sale & marketing of construction products	49.75
YTL Concrete (S) Pte Ltd	Singapore	Manufacture & sale of ready mixed concrete & related products	49.75
YTL Construction GmbH	Germany	Dormant	100.00
YTL Construction International (Cayman) Limited	Cayman Islands	Investment holdings in construction related activities	100.00
YTL Construction (S) Pte Ltd	Singapore	Construction related activities & real estate developer	100.00
YTL Construction (Thailand) Limited	Thailand	Construction activities	74.89
YTL Construction (SA) (Proprietary) Ltd	South Africa	Inactive	100.00
YTL Corp Finance (Cayman) Ltd	Cayman Islands	Dormant	100.00
YTL Corporation (UK) Plc	England & Wales	Inactive	100.00
YTL-CPI Power Limited	Hong Kong SAR	Inactive	28.44
YTL DCS Pte Ltd	Singapore	Dormant	55.77
YTL Engineering Ltd.	England & Wales	Inactive	55.77
YTL Events Limited	England & Wales	Providing public entertainment and public relations services	55.77
YTL (Guernsey) Ltd	Guernsey	Investment & property holding	100.00
YTL Hotels B.V.	Netherlands	Investment holdings	100.00
YTL Hotels (Cayman) Limited	Cayman Islands	Dormant	100.00
YTL Hotel Management Saint Tropez *SARL*	France	Hotel operations and management services.	100.00
SCI YTL Hotels Saint Tropez	France	Acquisition, management, renting and administration and/or resale of real estate.	100.00
YTL Jawa O & M Holdings B. V.	Netherlands	Investment holding	55.77
YTL Jawa O & M Holdings Limited	Cyprus	Investment holding.	55.77
YTL Jawa Power B. V	Netherlands	Investment holding	55.77
YTL Jawa Power Holdings B. V.	Netherlands	Investment holding	55.77
YTL Jawa Power Holdings Limited	Cyprus	Investment holding.	55.77
YTL Jawa Power Services B.V.	Netherlands	Investment holding	55.77
YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	55.77
YTL Power Australia Limited	Cayman Islands	Investment holding	55.77
YTL Power Finance (Cayman) Limited	Cayman Islands	Investment holding	55.77

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NAME LISTS OF SUBSIDIARIES

Name of Company	**Place of incorporation**	**Principal activity**	**Effective equity interest %**
YTL Power International Holdings Limited	Cayman Islands	Investment holding	55.77
YTL PowerSeraya Pte Limited *(formerly known as Sabre Energy Industries Pte Limited)*	Singapore	Investment holding	55.77
YTL Power Services (Cayman) Ltd	Cayman Islands	Investment holding and provision of operations and maintenance services of power plants.	100.00
YTL Seraya Limited	Cayman Islands	Investment holding	55.77
YTL Services Ltd.	England & Wales	Inactive	55.77
YTL Singapore Pte Ltd	Singapore	Property investment	100.00
YTL Utilities Holdings (S) Pte Limited *(formerly known as Sabre Energy Resources Pte Limited)*	Singapore	Investment holding	55.77
YTL Utilities (S) Pte Limited *(formerly known as Sabre Energy Holdings Pte Limited)*	Singapore	Investment holding	55.77
YTL Utilities Ltd.	Cayman Islands	Investment holding	55.77
YTL Utilities Finance Ltd.	Cayman Islands	Investment holding	55.77
YTL Utilities (UK) Ltd	England & Wales	Investment holding	55.77
YTL Utilities Finance 2 Ltd	Cayman Islands	Investment holding	55.77
YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	55.77
YTL Utilities Finance 4 Limited	Cayman Islands	Financial services	55.77
YTL Utilities Holdings Limited	Cayman Islands	Investment holding	55.77
YTL Westwood Properties Pte Ltd	Singapore	Real estate developer	100.00
Zhejiang Hangzhou Dama Cement Co. Ltd *(formerly known as Zhejiang Lin'an Jin Yuan Cement Co. Ltd)*	The People's Republic of China	Manufacture and sale of ordinary portland cement and clinker	49.75
Zhejiang YTL Cement Marketing Co., Ltd.	The People's Republic of China	Sales and marketing of cement and cementitious products	49.75

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NAME LISTS OF ASSOCIATED COMPANIES

Details of the associated companies of YTL Corporation Berhad as at 31 December 2009 are as follows:-

Name of Company	**Place of incorporation**	**Principal activity**	**Effective equity interest %**
Business & Budget Hotels (Kuantan) Sdn Bhd	Malaysia	Hotel & resort operator	50.00
Express Rail Link Sdn Bhd	Malaysia	Operation & maintenance of Express Rail Link railway system between Kuala Lumpur International Airport in Sepang & Kuala Lumpur Sentral Station.	50.00
Happy Steamboat Sdn Bhd	Malaysia	Intendend to be involved in the operation of a restaurant	50.00
Jimah Power Generation Sdn Bhd	Malaysia	Inactive	27.32
North South Development Sdn Bhd	Malaysia	Property development	49.00
Superb Aggregates Sdn Bhd	Malaysia	Extraction, removal, processing and sale of sand	50.00
Teknologi Tenaga Perlis (Overseas) Consortium Sdn Bhd	Malaysia	Dormant	16.73
Trans-Pacific Hotels Sdn Bhd	Malaysia	Inactive	50.00
Trans-Pacific Resorts Sdn Bhd	Malaysia	Inactive	50.00
ZE - SPYTL Sdn Bhd	Malaysia	Inactive	50.00
Bristol Wessex Billing Services Limited	England & Wales	Joint venture billing company	27.89
Eastern & Oriental Express Ltd	Bermuda	Operate and manage the luxury train service known as the “Eastern & Oriental Express”	32.00
ElectraNet Transmission Services Pty Ltd	Australian Capital Territory	Provides asset management services to ElectraNet Pty	18.68
Jurong Cement Limited	Singapore	Investment holding	10.69
Starhill Global Real Estate Investment Trust	Singapore	Real estate investment trust	28.93
YTL Pacific Star REIT Management Holdings Pte Ltd *(formerly known as Prime REIT Management Holdings Pte Ltd)*	Singapore	Investment holding.	50.00
P.T. Jawa Power	Indonesia	Construct, commission & operate a coal-fired thermal power station	19.52
Samui Hotel 2 Co., Ltd.	Thailand	Hotel business	50.00
Surin Bay Company Limited	Thailand	Hotel operations	49.00
YTL (Thailand) Limited	Thailand	Investment holding	49.90

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