Annual Report 2016

PORT & SHIPPING

INDUSTRIAL

STRATEGIC INVESTMENT

KULIM

FOOD AND RESTAURANT SERVICES

SPECIALIST HEALTHCARE

HOUSING

PROPERTY

CORPORATE RESPONSIBILITY

BCM & INNOVATION

ICT

JOHOR CORPORATION

ڤربادنن جوهر

Perbadanan Johor

Membina dan Membela

Core/Strategic Businesses

KULIM BUSINESSES

Spearheaded by Kulim (Malaysia) Berhad. Established in 1933 in United Kingdom as Kulim Rubber Plantations Limited. Main activities: Plantations (Oil Palm), Intrapreneur Ventures as well as Oil and Gas (O&G). Kulim management and growth strategies are steered on the basis of Vision 30:30.

SPECIALIST HEALTHCARE

KPJ Healthcare Berhad is Malaysia's largest group of private healthcare and specialist medical care. It is a listed entity in the Main Board of Bursa Malaysia since 1994. Managing 25 private hospitals in Malaysia; Jakarta, Indonesia (two) and Dhaka, Bangladesh (one) while investing in a Bangkok-based private hospital as well as a hospital and aged-care facility in Brisbane, Australia. Supported by over 1,000 medical specialists and 12,322 employees.

FOOD AND RESTAURANT SERVICES

Spearheaded by QSR Brands (M) Holdings Bhd. Main activities: Food and Restaurant Services. Total number of employees: 30,000. Implementing a fully-integrated value chain. Franchise holder and operator of KFC chain of restaurants in Malaysia, Singapore, Brunei and Cambodia. Franchise holder and operator of Pizza Hut chain in Malaysia and Singapore. Widely involved in the poultry industry through large-scale production of chicken feed, production of livestock and contract farming management of boilers; hatchery and processing of Ayamas chicken-based downstream products, as well as various other businesses including bread factory, commissiary, manufacturing of Life sauce and a distribution company known as QSR Trading Sdn Bhd.

STRATEGIC INVESTMENT INTRAPRENEUR AND O&G BUSINESSES

This segment represents Johor Corporation's approach in light of nurturing an entrepreneurial culture particularly among employees and external communities that demonstrates interest in business ventures particularly in cattle farming, agriculture and O&G.

PROPERTY

Spearheaded by Johor Land Berhad since 1972 involving residential property and commercial developments with 1,012 hectares of land bank at strategic locations within Iskandar Malaysia. Current and future development projects are Bandar Dato' Onn, Bandar Tiram, Taman Seroja, Taman Damansara Aliff, Bandar Baru Majidee, Larkin Central Park, Kempas, Bandar Baru Tampoi, Pasir Gudang and Sri Gading in Batu Pahat. Implementing sustainable development concepts through provision of exclusive identity for the residents of its township as well as providing strategic commercial spaces and business locations. Realising the policy of Dasar Perumahan Rakyat Johor through construction of 7,599 units of Johor Affordable Housing (RMMJ) beginning 2013 until 2020, also Rumah Impian Bangsa Johor (RIBJ) scheme starting 2017.

PROPERTY INVESTMENT

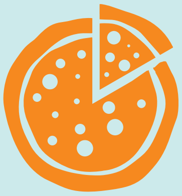
- **DAMANSARA ASSETS SDN BHD**
  Implementing commercial property investment and building management activities particularly shopping malls, office buildings, transport terminal, bazaars, sports complex and resorts.
- **AL-`AQAR HEALTHCARE REIT**
  The world's first Islamic REIT and the first healthcare-related Islamic REIT in Asia.
- **AL-SALĀM REIT**
  The second Islamic REIT launched by Johor Corporation.

INDUSTRIAL COMPLEX DEVELOPMENT

- **TPM TECHNOPARK SDN BHD**
  Developing industrial areas and playing the vital role as Johor Corporation's project manager. Involved in management services of commercial projects and developments of infrastructure. Represents as the marketing agent and developer of industrial areas owned by Johor Corporation.
- **TANJUNG LANGSAT PORT**
  Stretched on a 405-hectare area, Tanjung Langsat Port is the gateway and backbone of Tanjung Langsat Industrial Complex (TLIC).

Facts At A Glance

Pizza Hut Restaurants



391
Domestic

CATTLE FARMING/ FEEDLOT

7,132
Number of cattles

Johor Affordable Housing (RMMJ)

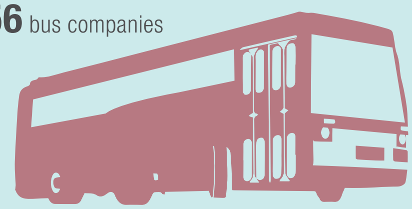
7,599
units

LARKIN SENTRAL TERMINAL

27,000 visitors daily

600 taxi trips daily

56 bus companies



1,500 – 2,000
bus trips daily

TANJUNG LANGSAT INDUSTRIAL COMPLEX

RM24 BILLION
total investment

2,505
number of vessels

i-nova

12,060
employment opportunities created

OUR NEW FEATURES IN THIS ANNUAL REPORT

These QR code links will take you to information that is viewable on your smartphone. Download an application for your phone, scan the code and the relevant page will open in your browser window. Bakodo or i-Nigma for iPhone, QR Code Scanner Pro for BlackBerryR and Barcode Scanner for Android all work well.

This icon tells you where you can find more information online at www.jcorp.com.my.

i-nova

SIX EASY STEPS TO VIEW MORE INFORMATION FROM JOHOR CORPORATION ANNUAL REPORT 2016:

1. Search for i-Nova App from Apple App Store or Google Play on your smartphone.
2. Click the app and install. (Please check your device compatibility before installing).
3. Once installed, click open to launch the Augmented Reality (AR) Application.
4. Click the start button from the i-Nova App to launch the AR camera.
5. Look for the “i-Nova icon” in the book and scan the image with AR camera to enjoy interactive AR content.
6. You may click on the interactive buttons to explore additional contents.

A conglomerate contributing to the state and national economic growth through efficient and effective business entities while upholding community interests.

A catalyst harnessing sustainable business growth and subsequently achieving success to discharge its obligations as a state investment corporation.

Maintaining its position as a competitive, profit-generating and highly-regarded business entity that leads & dominates the market.

Contributing and improving the well-being of the community through business success and corporate responsibility undertakings.

MISSION

VISION

Membina dan Membela

JOHOR CORPORATION CORE VALUE 2.0

INTEGRITY
We execute our task with trustworthiness, honesty, fairness in line with the law and corporate governance principles.

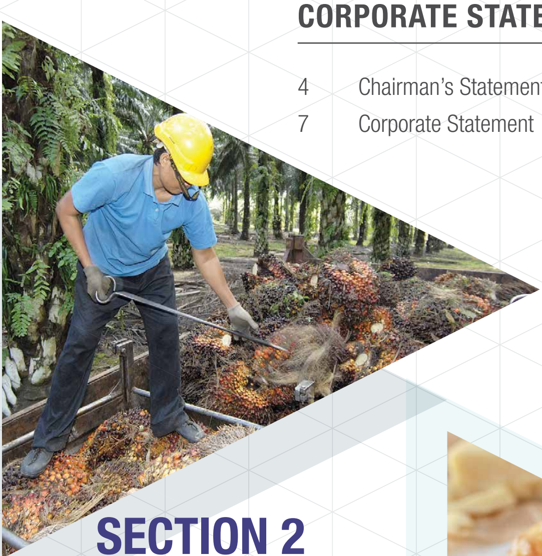
PROFESSIONAL
We are committed in executing our task efficiently through professional knowledge and skills, thereby providing excellent service and quality product to our customer and shareholders.

INNOVATIVE
We are knowledgeable, visionary, creative, dare to lead, responsive and resourceful in pursuit of Johor Corporation's Business Continuity Mission.

LOYAL
We execute our responsibility with dedication and commitment towards Johor Corporation's mission and vision while being resilient and devoted to Johor Corporation.

TEAMWORK
We work as a team, contributing to achieve a common goal and shared vision.

CONTENTS



SECTION 1

CORPORATE STATEMENT

SECTION 2

ABOUT JOHOR CORPORATION

SECTION 3

FINANCIAL HIGHLIGHTS

SECTION 4

PROSPECT

SECTION 5

CORPORATE GOVERNANCE

SECTION 6

FINANCIAL STATEMENTS

RATIONALISATION OF FRONT PAGE

The triangle with icon in it displays the dynamic and progression of each sector or business involved. The sharp corners reflect the capabilities to go through market challenges and adversaries.

Chairman's Statement

"DURING THE GLOOMY GLOBAL ECONOMIC AND LACKLUSTRE MARKET ENVIRONMENT, JOHOR CORPORATION AND ITS GROUP OF COMPANIES WERE STILL ABLE TO RECORD COMMENDABLE EARNINGS THROUGH ITS DIVERSIFIED BUSINESSES."

DATO' MOHAMED KHALED BIN NORDIN

Chairman, Johor Corporation

Chairman's Statement

SINCE taking over the helm of the Johor state administration in May 2013, I could see that the performance and direction of Johor Corporation echoed the credibility of the state Government. From day one in my capacity as the Chairman of Johor Corporation, I have chosen to bring Johor Corporation close to me and the State Government. Today, Johor Corporation stands as the State Government's most prominent conglomerate. Prominence that is dictated by impressive achievements and the successful implementation of each of the State Government's aspiration, dating way back to Johor Corporation's inception.

It is for that very reason, each time, upon tabling the Johor State Budget, I would ascertain that Johor Corporation play its part in realising several key touchpoints which would benefit the people of Johor. Among others, it involves infrastructure development and projects of public interest, along with enhancement programs in the field of human capital and entrepreneurship.

The Johor Corporation 2016 Annual Report and the essence of the Corporate Statement report is all encompassing, namely, its core businesses and divisions which carries out business and development activities, as well as those that implement its corporate responsibility agenda. This report also puts forth the challenges; prospects and planning that are to be shared with all our stakeholders.

One of the key touch points is the implementation of the Ibrahim International Business District (IIBD) development, inspired by His Royal Highness Sultan Ibrahim Ibni Almarhum Sultan Iskandar, Sultan and The Sovereign Ruler of the State and Territories of Johor Darul Ta'zim. His Royal Highness' aspiration as channeled via the development

of IIBD with a Gross Development Value (GDV) which is expected to be over RM20 billion is to transform the city of Johor Bahru into a commercial center of international standards based on the IIBD Master Plan 2025.

Further to that, Johor Corporation was mandated with the task of actualizing the 'Rumah Impian Bangsa Johor' program, under the Sultan Ibrahim Foundation (RIBJ-YSI), which is yet another brainchild of His Royal Highness Tuanku Sultan of Johor, who personally launched the program on 22 March 2017.

In regard to these two major projects, Johor Corporation is extremely grateful to His Royal Highness Tuanku for placing his trust in Johor Corporation to undertake such developments that are poised to create a profound impact on Bangsa Johor and the state's socio-economic status.

In scrutinizing its achievements in 2016, I am proud of the accomplishments garnered by Johor Corporation. During the gloomy global economic and lacklustre market environment, Johor Corporation and its Group of companies were still able to record commendable earnings through its diversified businesses.

JOHOR CORPORATION'S OUTSTANDING PERFORMANCE IN 2016 WAS, AMONGST OTHERS, CONTRIBUTED BY:

AN EFFICACIOUS **2016-2020 STRATEGIC PLAN**	**REVISIONS, ANALYSES AND IMPROVEMENTS,** OF OTHER PLANS AND STRATEGIES **THAT WERE PERFORMED FROM TIME TO TIME**	**THE SETTING OF OUTCOME BASED KPIs** TO MEASURE EFFECTIVENESS AND ACHIEVEMENTS
COMPETENCY IN IMPLEMENTING AND ACCOMPLISHING **THE 2017 STATE BUDGET TOUCHPOINTS**	THE COMMITMENT OF **60,643 WORKFORCE**	A PROACTIVE INVOLVEMENT IN THE **DEVELOPMENT OF PENGERANG AND SME ENTREPRENUERS**

Chairman's Statement

THROUGHOUT 2016, THE STATE DEVELOPMENT AGENT SUCCEEDED IN BRINGING IN INVESTMENTS **WORTH RM6 BILLION TO ITS INDUSTRIAL AREAS**

It was realised through the meticulous effort in structuring Johor Corporation's 2016-2020 Strategic Plan and a number of other plans and strategies that were revised, analysed and improved upon from time to time. All these were then appraised using Key Performance Indexes (KPI) to gauge the level of effectiveness or achievement.

In addition, Johor Corporation also took on a proactive approach in the developmental affairs of Pengerang as attested through the formation of the Pengerang Local Authority (LA) governance framework which subsequently saw the official commencement of its operations on 1 January 2017.

The establishment of the Pengerang LA will streamline and strengthen the administrative workings in Pengerang which is today a mega oil and gas (O&G) industrial zone and is one of the fastest growing areas in Asia. I am confident of Johor Corporation's engagement in the development of Pengerang, fulfilling the Federal and State Government's aim in positioning Pengerang as Johor's Eastern Economic Corridor. Insya-Allah. In the meantime, Johor Corporation continued with the undertaking of opening several new industrial zones in Johor. There is also an upsurge in interest and confidence among foreign investors from South Korea, Japan and China towards Johor Corporation's industrial zone. Throughout 2016, Johor Corporation as a state development agent succeeded in bringing in investments worth RM6 billion to its industrial areas.

It is on the back of such superb performance that has enabled Johor Corporation posting strong earnings and solid financial performance for the year 2016. So much so, that for the said year, it managed to provide a cash distribution of RM11.2 million to the Johor State Government, with hundreds of millions more channeled to projects of public interest.

Moving forward into 2017, I am optimistic Johor Corporation is able to deliver further outstanding achievements. In view of the global economic scenario, performance of the commodity markets, enhancement in competency, optimization of resources, ventures into new businesses and fastidious planning, I believe Johor Corporation would be able to face numerous headwinds and continue to chart impressive performance.

Lastly, through this column, I would like to take the opportunity to express my utmost appreciation and gratitude to Yang Berhormat Dato' Haji Ismail Bin Karim for his contribution, guidance and counsel throughout his tenure as a Board Member of Johor Corporation until the end of his service which ran concurrent with his retirement from the post of Johor State Secretary on 31 December 2016. YB Dato' Haji Ismail was the backbone of the working committee which was instrumental in establishing the Pengerang LA.

At the same time, I would also like to extend my congratulations to Yang Berhormat Dato' Haji Azmi Bin Rohani who has assumed both positions.

My appreciation and gratitude also goes to Yang Berbahagia Datuk Seri Dr Rahmat Bivi Binti Yusoff who was committed in empowering Johor Corporation till the end of her tenure as a Board Member of Johor Corporation on 14 April 2017.

To our 60,643 employees and management of Johor Corporation and its Group, thank you for your dedication, loyalty and hard work in upholding the organisation's mission and vision of realizing the state's aspiration, specifically for Bangsa Johor. Indeed, all the success that is savoured by Johor Corporation today, stems from your contributions and diligence. For that, I thank you, once again.

Johor Corporation
20 June 2017

Corporate Statement

THE ECONOMIC SCENARIO IN 2016 AND THE STRATEGIES IN NAVIGATING THROUGH THE CHALLENGING ECONOMIC AND SOSIOECONOMIC ENVIRONMENT

DATO' KAMARUZZAMAN BIN ABU KASSIM

President & Chief Executive
Johor Corporation

2016 was a year tinged with a variety of predicaments. Uncertainties in the prices of crude oil and commodities, economic and global market pressures, currency fluctuations, political transition processes in several foreign countries, climate change and failure in forming a global economic cluster has impacted Malaysia.

Corporate Statement

At the same time, Malaysia was not free from its own economic and socio-economic turbulences. The fall in the value of the Ringgit, the dependency on foreign workers, the community's perceptions, human capital, the implementation of the goods and services tax, hikes in the cost of imported products, operations, services and subsistence, as well as the reduction in export have affected the country's economic and socio-economic landscape.

The unfolding of the VUCA - Volatile, Uncertain, Complex and Ambiguous scenario, became the central theme and a reality throughout 2016. Being an economic institution, Johor Corporation felt the tremors of the phenomena. Internal and external challenges catalysed by the VUCA factors had somewhat influenced Johor Corporation's performance. Nonetheless, the institution proved its resilience and its ability to weather through the storms throughout 2016.

Johor Corporation has also anticipated the ramifications of VUCA to culminate in 2016, other than the uncertainties that were engulfing the domestic, regional and global environments. Cognizant of the impact brought about by these elements, Johor Corporation has laid down a comprehensive, efficacious and concrete strategy in handling the matter via the formulation of Johor Corporation's 2016-2020 Strategic Plan that cuts across Johor Corporation and its core businesses in its Group of companies.

As a result, Johor Corporation, in many ways, has reached great heights and succeeded in swimming against the tide, thus riding out the existing economic climate. For the year 2016, Johor Corporation executed the following five strategies:

(i) To achieve Zero Gearing
(ii) To be the catalyst of economic growth for the state of Johor
(iii) To trigger positive impact via corporate responsibility activities
(iv) To boost the impact of competitiveness, efficiency and achievement by means of innovation; and
(v) To enhance the efficiency in the implementation of fiscal and financial management as well as to strengthen its governance

Johor Corporation had also anticipated the ramifications of VUCA to culminate in 2016, other than the level of uncertainties that were engulfing the domestic, regional and global environment. Cognizant of the impact brought about by these elements, Johor Corporation has laid down a comprehensive, efficacious and concrete strategy in handling the matter via the formulation of Johor Corporation's 2016-2020 Strategic Plan that cuts across Johor Corporation and its core businesses in its Group of companies.

THE GROUP'S FINANCIAL PERFORMANCE IN 2016

EARNINGS	PROFIT BEFORE TAX	PROFIT AFTER TAX
RM5,355 MILLION	**RM541** MILLION	**RM415** MILLION

Corporate Statement

The above strategies were designed in anticipation of the trajectory in the 2016 economic climate. Apart from that, our approach in business diversification, embedding the principle of musyawarah or consensus through consultation and good governance practices, as well as the perseverance shown by the staff of Johor Corporation in faithfully executing their duties were amongst the additional factors that contributed to the continuity of Johor Corporation.

FINANCIAL PERFORMANCE

Against the backdrop of a challenging global and local economic scenario, Johor Corporation's financial performance for the financial year ended December 2016 is something to be proud of.

At the entity level, Johor Corporation registered a decline in earnings of RM288 million and profit before tax totaling RM112 million. Meanwhile, at the Group level, earnings amounting to RM5.355 billion showed an increase in comparison to RM5.306 billion earned in 2015, while profit before tax of RM542 million - saw a hike of RM42 million in contrast to the previous year's figure of RM499 million. Commodities including oil palm and oil and gas, were the main pivots in generating revenue for Johor Corporation, apart from health care, industrial development, real estate, as well as food and restaurant services businesses.

Kulim (Malaysia) Berhad (Kulim)'s performance in general was not overly threatened by the VUCA factor. This is on the back of a rise in Kulim's earnings for the Financial Year Ending December 2016 of RM1.61 billion as compared to RM1.47 billion in 2015. A boost in its harvest following the expansion of its plantation area which covers 56,921 hectares, along with the existence of ancillary and complementary businesses as well as a high level of efficiency and productivity were the contributory elements of its success.

An encouraging level of achievement was also enjoyed by KPJ Healthcare Berhad (KPJ), whereby earnings recorded by the specialist healthcare business reached RM3.02 billion. This opens a new chapter for KPJ which reports the highest income exceeding the RM3 billion mark for the very first time. This attainment is a reflection of the effectiveness, robustness and resilience of KPJ's business model which provided the ample gain, in the wake of potent business strategies and spurred by a high level of commitment.

Likewise, the food and restaurant services business also produced positive results, with KFC Malaysia witnessing a growth of 12.3 percent, bringing the figure to RM2.37 billion in 2016 from RM2.11 billion, as posted in 2015. By creating more varieties in its menu throughout 2016, KFC Malaysia relished in the upturn in sales and transactions. For the record, KFC remained the largest restaurant chain in Malaysia, with 667 restaurants all over the country, in addition to 86 more in Singapore, Brunei (16) and Cambodia (12).

Pizza Hut Malaysia on the other hand experienced a slight weakening of 1 percent whereby revenue dipped to RM474.60 million in 2016 as compared to RM479.30 million in the preceding year. Nevertheless, Pizza Hut Malaysia is convinced it will garner additional profit in 2017, which will be realized through the deployment of a series of promotional campaigns in addition to carrying out refurbishment works at its premises. In 2016, Pizza Hut Malaysia chalked up 392 outlets while there are 80 more in Singapore.

As for record, the result of Food & Restaurant Service Division was consolidated in the Johor Corporation Group financial performance, being RM64 million of net profit, using the equity accounting method of 51% equity stake.

Corporate Statement

Following the instability in the domestic and regional economy which bore indirect influence on consumers and impacted the company's performance negatively, the Property Division saw Johor Land Berhad (JLand) registering earnings of RM346 million against RM505 million posted in 2015. However, in general, JLand's balance sheet remained robust with net tangible asset surging to RM1.29 billion as compared to RM1.14 billion during the same period in 2015.

On the other hand, the Industrial Development Division, by virtue of several of its subsidiaries, had undertaken and strengthened Johor Corporation's role as the leading industrial development agent in Johor. The Division has developed 31 industrial zones in the state of Johor involving an area of 5,827.47 hectares. As of 2016, Johor Corporation has also attracted investments worth approximately RM63 billion, involving 1,804 investors and thus creating 184,000 job opportunities within the developed industrial zones. In 2016, Johor Corporation has attracted investments to Johor to the tune of RM6 billion.

Johor Corporation's sound revenue and financial performance in 2016, propelled by measures in enhancing and optimizing its level of competencies, has enabled the institution to contribute a cash distribution of RM11.2 million to the Johor State Government.

SOLID EQUITIES & ASSETS

Both Johor Corporation and the Group strengthened its assets base, worth RM7.035 billion and RM20.889 billion respectively in 2016, as compared to RM6.643 billion and RM20.606 billion in the preceding year.

Johor Corporation's equities was valued at RM1.969 billion in 2016, against RM1.870 billion in 2015, whereas the Group's equity ownership fell to RM7.787 billion from RM9.2 billion in 2015.

RM20
BILLION IIBD PROJECTED GDV

RM7.035
BILLION IN ASSET VALUE FOR JOHOR CORPORATION

RM20.889
BILLION IN ASSET VALUE FOR THE GROUP

CORPORATE EVENTS

The JCorp Carnival completed its five series of events with the last celebration held between 14 to 17 May 2016. It was made more meaningful as the carnival, located at the Johor Bahru City Square was chosen as a pit stop for the 'Kembara Mahkota Johor 2016' convoy, led by His Royal Highness Sultan Ibrahim Ibni Almarhum Sultan Iskandar, Sultan and The Sovereign Ruler of the State and Territories of Johor Darul Ta'zim.

The Ibrahim International Business District (IIBD) project also received His Royal Highness The Sultan of Johor's golden touch when His Highness graced the ceremony with his presence and officiated the launching of the IIBD brand on 21 November 2016 which aims at driving development and investment strategies within the said zone.

IIBD is the brainchild of His Royal Highness The Sultan of Johor and the development of the area is undertaken by Johor Corporation in collaboration with the Johor State Government and the Johor Bahru Municipal Council. The development with a Gross Development Value (GDV) of between RM20 billion to RM25 billion is poised to change the landscape of Johor Bahru City Centre by turning it into an international commercial centre. IIBD is also set to be Johor's economic brand, besides Pengerang and Iskandar Malaysia.

Corporate Statement

Johor Corporation's commitment from an entrepreneurial perspective is articulated through the development of Persada Annex which will provide premium level business space for Bumiputera entrepreneurs.

Meanwhile, Her Royal Highness Raja Zarith Sofiah Binti Almarhum Sultan Idris Shah, Permaisuri of Johor consented to attend and officiate the closing ceremony of the 'Raja Zarith Sofiah Wildlife Defenders Challenge 2016' program which was held at Persada Johor on 24 October 2016.

Johor Corporation is extremely grateful to HRH Sultan of Johor and HRH Permaisuri of Johor for consenting to attend and gracing these ceremonies with their presence.

With a focus towards the educational aspects of environmental conservation, this program is an extension of Johor Corporation's corporate responsibility in propagating the Go Green - Johor Corporation initiative.

In addition, Johor Corporation remained committed in its initiative of upholding Jawi writing in the country. Subsequent to its sponsorship of the Jawi newspaper publication with Utusan Malaysia in 2015, Johor Corporation proceeded with a second year of sponsorship for the period of 52 weeks beginning September 2016 until September 2017. This time around, Johor Corporation is sponsoring 5,000 copies of the Jawi newspaper publication weekly, as compared to 10,000 copies in 2015. This arrangement however is supplemented by an innovation in the introduction of a Jawi news portal which is accessible anywhere via www.utusanmelayu.com.my, thus allowing more students to access the reading materials. In fact, the project created history by being the first portal to be written in Jawi.

Another memorable episode that continued to colour Johor Corporation's corporate world was the presence of the Prime Minister, Yang Amat Berhormat Dato' Sri Mohd Najib Tun Haji Abdul Razak who officiated the Opening Ceremony of UTC Johor and Waqaf An-Nur Clinic & Dialysis Centre at Galleria@Kotaraya, in Johor Bahru on 6 March 2016. The event was also attended by his Deputy, Yang Amat Berhormat Dato' Seri Dr Ahmad Zahid Hamidi. And again on 5 December 2016, the Prime Minister assented to Johor Corporation's invitation to officiate a sports infrastructure project of international standard - Arena Larkin which will be built by Johor Corporation at a cost of RM350 million.

This project is Johor Corporation's contribution to the development of sports at the state level whilst raising awareness amongst its people to adopt a healthy lifestyle and providing an arena that will propagate a community of champions in a variety of sports.

The same period of time also witnessed Johor Corporation's triumph in attracting additional investments amounting to RM1.5 billion from the Lotte Group from South Korea. Facilitated by the trade and investment mission to Korea led by Yang Amat Berhormat Dato' Mohamed Khaled Nordin, Menteri Besar of Johor on 23 September, the State of Johor became the recipient of an additional RM500 million investment from Amore Pacific, an acclaimed cosmetics firm in Korea.

Corporate Statement

RM350 MILLION
IN VALUE FOR THE **ARENA LARKIN** INTERNATIONAL SPORTS INFRASTRUCTURE PROJECT

7,599
UNITS **OF RMMJ ARE BEING BUILT WITHIN THE PERIOD OF 2013 - 2032**

400
FACTORIES ARE OPERATING IN PASIR GUDANG

In conjunction with the World Islamic Economic Forum (WIEF) held in Jakarta, Indonesia on 2 August 2016, Johor Corporation, via Kumpulan Perubatan (Johor) Sdn Bhd inked a Memorandum of Understanding (MoU) with Sojitz Corporation and Capital Medical Co Ltd from Japan.

Johor Corporation is the earliest entity to render its commitment in realizing the state government's desire of implementing an affordable housing program known as *'Rumah Mampu Milik Johor'* (RMMJ), with the handing over of 304 units out of 7,599 units that will be built within the period of 2013-2032. Another 2,122 units of RMMJ were being built throughout 2016. A total of 320 RMMJ units will be built through the Bandar Baru Majidee Development which was launched on 1 September 2016. All in all, the project aims to build 3,968 units of a variety of homes.

INVOLVEMENT IN PENGERANG

Johor Coproration's commitment in Pengerang was made evident in 2016. Firstly, the state government has placed its trust and confidence in Johor Corporation as the party responsible for drafting the organisational framework in establishing the Pengerang Local Authority (LA), and eventually becoming the administrator, with effect from 1 January 2017.

Prior to this, Johor Corporation was entrusted with the role of an administrator of the Pasir Gudang LA between 1977 to 2009. Pasir Gudang LA bears testimony of Johor Coporation's competence in developing the said locality and transforming it into the biggest industrial township in Malaysia composed of three main clusters, that is the industrial zone, residential area and the city centre, with over 400 factories setting its operations there.

Its other obligation is in developing 3,160 hectares of land in Sungai Papan that puts forth an environmental friendly concept with emphasis on sustainability. The long term development which stretches over 20 years is expected to generate 95,000 job opportunities and targets the building of an assortment of 60,000 units of residents.

AWARDS & RECOGNITION

Johor Corporation and the Group's success in weathering the global economic challenges were recognized as we garnered a number of awards of excellence throughout 2016. Among which is Al-'Aqar Healthcare REIT, winning the Highest Returns to Shareholders Over Three Year - REIT Sector, given by The Edge Media Group. Thereafter, Kulim received the Highest Returns on Equity Over Three Years Award and Highest Growth In Profit Before Tax Over Three Years Award For The Plantation Sector during The Edge-Billion Ringgit Dollar Club & Corporate Awards 2016 ceremony.

EMPOWERING ENTREPRENEURSHIP

Johor Corporation remains committed in empowering the entrepreneurial sphere by virtue of the Intrapreneur Scheme as well as the BizSiswa and BISTARI programmes. As of 31 December 2016, there were 34 companies listed in the said scheme which registered earnings totaling RM420 million, while the overall profit before tax stood at RM10 million.

In 2016, two new Intrapreneur companies were set up under the KPJ Group, with each handling the Central Kitchen and event management business activities. As for Johor Corporation, a company was established under its wing to spearhead agribusiness activities, namely the planting of Cilibangi, with the objective of producing agropreneurs.

The implementation of Johor Corporation's Intrapreneur Scheme is a unique approach which realizes three of the institution's main mandates, specifically business, the state's economic development and corporate responsibility. In view of the importance of entrepreneurship, as well as small and medium industries as the catalyst in driving the economy, Johor Corporation has taken steps to revise the existing policies and procedures governing the Intrapreneur Scheme, whereby the Intrapreneur Scheme Version 2.0 will be implemented in 2017.

Corporate Statement

2016 also saw Johor Corporation initiating the BizSiswa Program which attracted 62 participants from Universiti Teknologi Mara, KFCH International College and KPJ University College. Under the supervision of Johor Corporation, 12 new businesses were formed using the partnership platform. Sales generated by these businesses added up to RM74,794.

Another program on Johor Corporation's agenda is *'Keusahawanan Bistari'*, which succeeded in capturing the interest of 1,050 students from 70 secondary schools and 1,000 students from 100 primary schools from 1992 until 2016. In the same period, a total of 20,725 students from 181 secondary schools has taken part in the *'Tunas Bistari'* Program. Meanwhile the *'Didik Bistari'* Program had amassed the participation of 9,410 students from 154 primary schools for the period between 2005 to 2016. The 'Bistari' program was initiated with the aim of instilling basic knowledge regarding business and to inculcate interest in entrepreneurship in the younger generation.

REDEFINING THE PHILOSOPHICAL TENET OF JOHOR CORPORATION

Johor Corporation began using the iconic philosophical tenet of *'Membina dan Membela'* (To Build and To Nurture) in 1970. The interpretation of this philosophical tenet deciphers the aspiration in executing the mandates placed upon Johor Corporation, being the economic institution of the State of Johor. 2016 attested to the initiative taken by Johor Corporation in redefining the philosophical tenet of *'Membina dan Membela'* for it to be in tandem with the economic and business landscape in the 21st century. To that effect, *'Membina dan Membela 2.0'* outlines 11 core thrusts of the institution, namely:

(i) Johor Corporation as an economic institution that is firmly anchored in knowledge and thinking
(ii) To facilitate, cooperate and achieve consensus through consultation (musyawarah)
(iii) To practice and internalize Islamic principles and values
(iv) Innovation and technology as the catalyst in enhancing competitiveness, productivity, values and results
(v) Management and operations that are rooted to corporate governance
(vi) Implementation of a balanced and sustainable economic agenda
(vii) Ethics and integrity in institutional and human capital practices
(viii) An efficient, responsive and cost optimizing economic institution
(ix) The materialization of results based on high values and impact
(x) Strategic repositioning of the organisation at the national and international level; and
(xi) To catalyse the Bumiputera economic transformation

The redefinition of the philosophical tenet *'Membina dan Membela'* is followed by the introduction of the Johor Corporation Core Values 2.0 which includes Integrity, Professionalism, Innovativeness, Loyalty and Teamwork.

STRATEGIC REPOSITIONING OF THE INSTITUTION

The idea of a Business Continuity Mission was first ignited in 2014. The mission was conceptualized to form a strategic plan for the institution, whereby enabling Johor Corporation to effectively steer the economic and business landscape in the 21st century. Within the said context, innovation and corporate responsibility have been identified as the two main factors that are to be accorded specific attention. Hence, Johor Corporation's introduction of two major plans, consisting of the Innovation Strategic Framework and the Corporate Responsibility Strategic Framework.

Johor Corporation's Innovation Strategic Framework was contrived to create an ecosystem that is conducive to innovation. The framework comprises of five thrusts, 29 key areas, 52 policies and 24 projects. As for Johor Corporation's Corporate Responsibility Strategic Framework, it was introduced with the aim of aligning Johor Corporation's corporate responsibility practices with the contemporary development in corporate responsibility. The said framework constitutes five thrusts, 10 key areas, 29 policies and 20 projects. The implementation of both frameworks started in April 2016 upon Johor Corporation's Board of Directors' approval. The deployment will be carried out in three phases that is in 2016, 2017 and 2018.

Corporate Statement

The implementation of all policies and projects for both frameworks had brought about the conception of the Intrapreneur 2.0 and Core Values 2.0 (as explained above), the restructuring of the organization, divisional and departmental functions, the acculturation of the Blue Ocean Strategy approach, the realignment of business and investment policies and evaluation processes, the formulation of the Intrapreneur 2.0 concept, the introduction of the talent management master plan and the establishment of business plans for innovative products and services to bring about New-Wave Wealth Generation.

ACKNOWLEDGEMENTS

In continuing the legacy of past successes and ensuring stellar performance in the future, Johor Corporation requires the support of all parties. Thus, Johor Corporation would like to express its heartfelt appreciation and gratitude to the Johor State Government, the Federal Government, its stakeholders, all relevant bodies, banks and financial advisors, apart from its customers, strategic partners and major shareholders, including investors and institutions which have invested in its public listed companies within the Group

To all Board Members, Johor Corporation presents its utmost appreciation and gratitude for their invaluable contribution, guidance, wisdom and expertise. With the Board's guidance, Johor Corporation is able to fulfill its obligations as the state development agent and provide quality services while continuing to strengthen its businesses and add value for its stakeholders.

APPRECIATION

Johor Corporation is a large family, composed of 60,643 employees and members of management who are committed, loyal and dedicated to Johor Corporation and its 246 operating companies. Their high level of discipline, ethics and moral values, along with the utmost commitment personified by the entire workforce is the reason why Johor Corporation and its Group of companies is so successful. They are the actual asset, commodity and strength of this entity for it to continue on a sound footing and be able to wade through competition, VUCA and market challenges.

The performance posted this year and Johor Corporation's successful standing is a reflection of the capabilities of the whole workforce in operating efficiently and managing the organization with diligence, professionalism and integrity. It is hoped that this success will continue in the years to come.

The move to implement the Business Continuity Mission focusing on innovation and corporate responsibility was a strategic approach initiated at the right time. Both components are crucial determinants of success for a business. The Johor Corporation workforce would therefore need to equip themselves with knowledge on innovation and corporate responsibility in order to continue upholding this economic institution.

Johor Corporation
20 June 2017

Corporate Profile & Information

Registered Office
JOHOR CORPORATION
Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru, Johor, Malaysia.

Telephone : +607-219 2692
Fax : +607-223 3175
ISO Fax : +607-224 2692
Email : pdnjohor@jcorp.com.my

Branch Office
JOHOR CORPORATION
KUALA LUMPUR
Level 11, Menara JCorp
No 249 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.

Telephone : +603-27872692
Fax : +603-27872700

Auditor
PricewaterhouseCoopers
Level 16, Menara Ansar
Jalan Trus, Peti Surat 296
80730 Johor Bahru, Johor, Malaysia.

Principal Banker
MAYBANK
Lot M1-22,106-108 City Square
Jalan Wong Ah Fook
80000 Johor Bahru, Johor, Malaysia.

Johor Corporation was established as a public enterprise and a statutory body via Johor Corporation Enactment No. 4, 1968 (Amendment No. 5, 1995).

As a State-owned Conglomerate, Johor Corporation through its Group of Companies involved in core businesses encompassing:

- KULIM - Kulim (Malaysia) Berhad.
- Specialist Healthcare - KPJ Healthcare Berhad.
- Food & Restaurant Services - QSR Brands (M) Holdings Bhd.
- Property Division - Johor Land Berhad, Damansara Assets Sdn Bhd, TPM Technopark Sdn Bhd & TLP Terminal Sdn Bhd, Al-`Aqar Healthcare REIT & Al-Salām REIT.
- Industrial Development Division – TPM Technopark Sdn Bhd & Tanjung Langsat Port Sdn Bhd.
- Intrapreneur Business.
- Hospitality.

Johor Corporation is a domestic market leader in a number of core businesses while expanding its operations overseas.

KULIM businesses involve operations and business interests in:

- Malaysia : 50,999 hectares
- Indonesia : 40,645 hectares

Specialist Healthcare businesses domestically spearheaded by KPJ Healthcare Berhad expand to:

- Jakarta, Indonesia
- Brisbane, Australia
- Bangkok, Thailand
- Dhaka, Bangladesh

Food & Restaurant Services span from Malaysia to:

- Singapore
- Brunei
- Cambodia

Listed Companies in Bursa Malaysia:

- KPJ Healthcare Berhad
- E.A. Technique (M) Berhad
- Al-Salām REIT
- Al-`Aqar Healthcare REIT

NUMBER OF COMPANIES
332

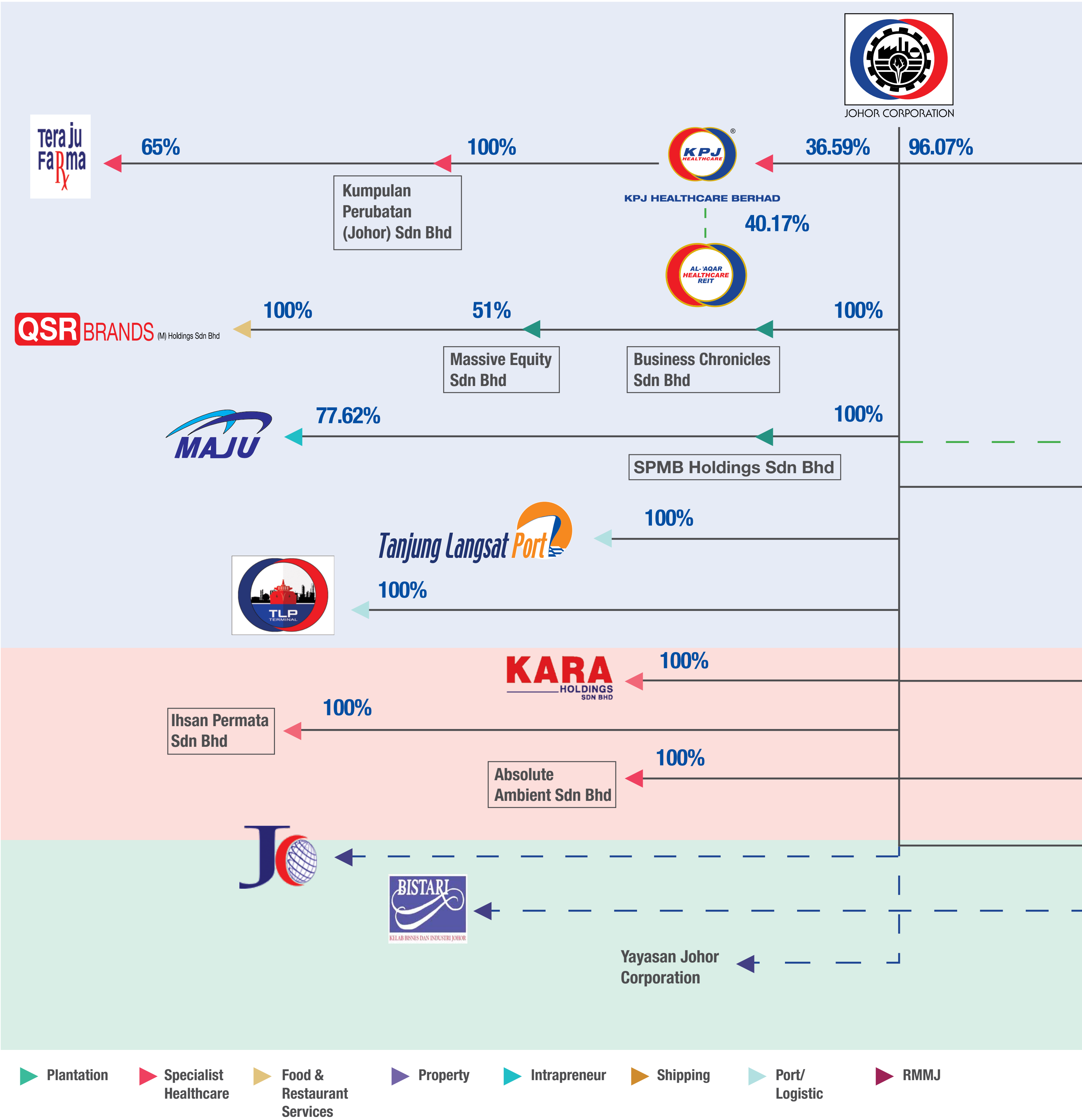
NUMBER OF ACTIVE COMPANIES WITHIN THE GROUP
239

NUMBER OF EMPLOYEES
60,643

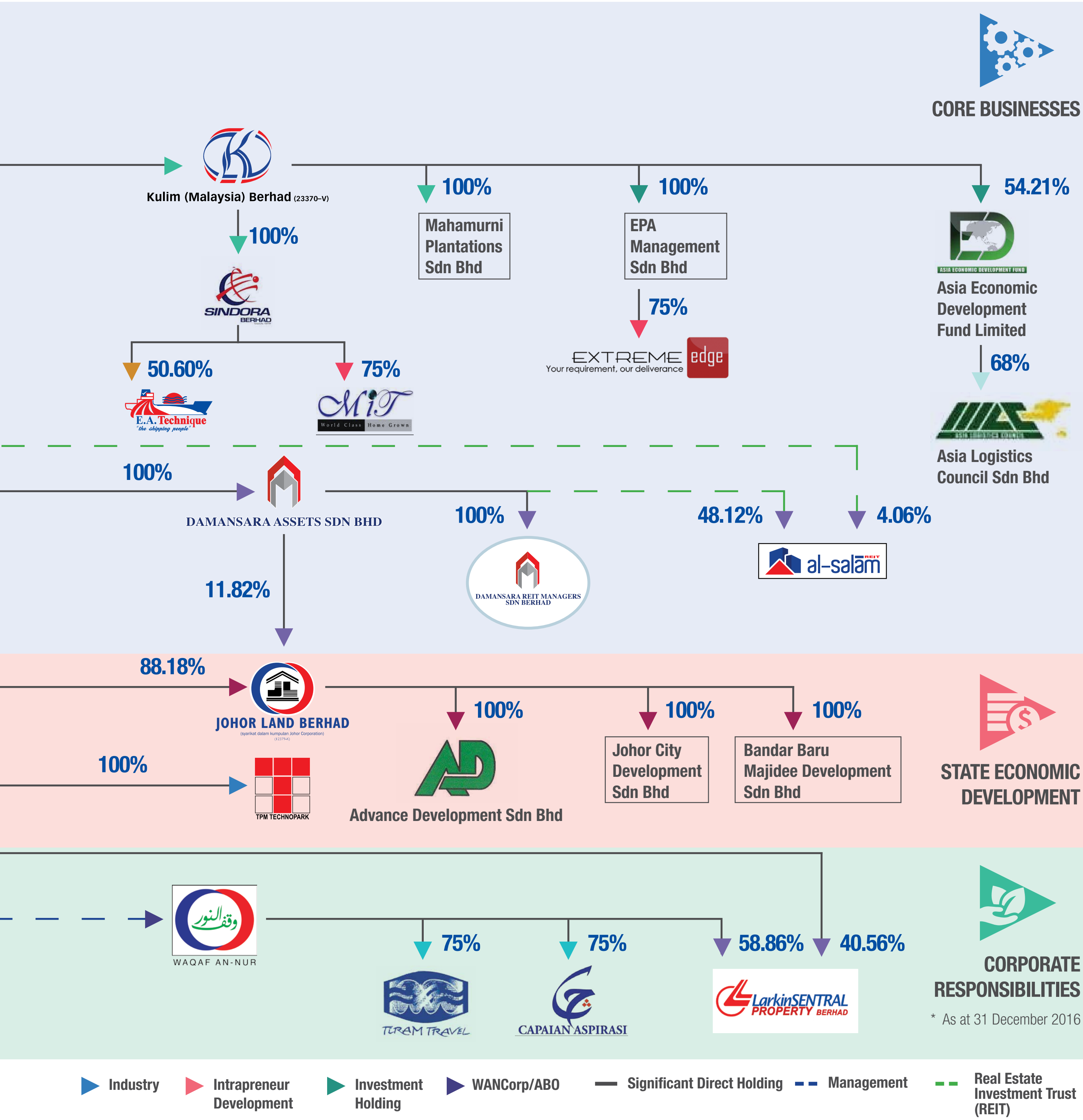
(Note: As at 31 December 2016)

For more information,log on to: www.jcorp.com.my

Business & Corporate Structure



Business & Corporate Structure



Board of Directors

11 09 08 07 02

01

1. **YAB DATO' MOHAMED KHALED BIN NORDIN**
   Chief Minister of Johor /
   Chairman, Johor Corporation

2. **YBHG TAN SRI DR ALI BIN HAMSA**
   Chief Secretary to the Government of Malaysia /
   Deputy Chairman, Johor Corporation

3. **YB DATO' KAMARUZZAMAN BIN ABU KASSIM**
   President & Chief Executive
   Johor Corporation

4. **YB DATO' HAJI AZMI BIN ROHANI**
   State Secretary of Johor

5. **YB DATO' ISHAK BIN SAHARI**
   State Legal Advisor of Johor

6. **YB TUAN HAJI MOHD NASIR BIN ABD SALAM**
   State Financial Officer of Johor

Board of Directors

04 05 06 10 12

03

7. **YBHG DATO' SITI ZAUYAH BINTI MD DESA**
   Deputy Secretary General of Treasury (Policy)
   Ministry of Finance

8. **YBHG DATO' AZMAN BIN MAHMUD**
   Chief Executive Officer
   Malaysian Investment Development Authority (MIDA)

9. **YBHG DATUK DR HAFSAH BINTI HASHIM**
   Chief Executive Officer
   SME Corporation Malaysia

10. **YB DATUK HAJI MD JAIS BIN HAJI SARDAY**
    Chairman
    Johor State Housing and Local Government Committee

11. **YBHG ENCIK IZADDEEN BIN DAUD**
    Chairman
    Johor Corporation Board of Audit Committee

12. **ENCIK ALFADZILAH BIN HAJI MAT ARIS**
    Secretary of Johor Corporation

For more information, log on to:
www.jcorp.com.my

Board of Directors' Profile

1. 

YAB DATO' MOHAMED KHALED BIN NORDIN
Chief Minister of Johor
Chairman, Johor Corporation

Appointed the Chairman of Johor Corporation Board of Directors effective 14 May 2013 as an Ex-Officio. He holds a Bachelor of Laws (Hons) from University of Malaya. He is currently the Chief Minister of Johor.

2. 

YBHG TAN SRI DR ALI BIN HAMSA
Chief Secretary to the Government of Malaysia
Deputy Chairman, Johor Corporation

Appointed Director of Johor Corporation representing the Federal Government effective 1 November 2009. He was appointed as the Deputy Chairman and Independent Director of Johor Corporation beginning 1 November 2011. He holds a Philosophy Doctrate (PhD) from Oklahoma State University in 1997, MS (Economics) from Oklahoma State University in 1986, B.A. (Hons) from University of Malaya in 1979 and Diploma in Public Management from INTAN in 1980. He is currently the Chief Secretary to the Government of Malaysia, Prime Minister's Office.

3. 

YB DATO' KAMARUZZAMAN BIN ABU KASSIM
President & Chief Executive
Johor Corporation

Appointed President & Chief Executive and Director of Johor Corporation effective 1 December 2010. He holds a Bachelor of Commerce (Accountancy) from University of Wollongong, New South Wales, Australia in 1987. Prior to that, he served as the Chief Financial Officer and Chief Operating Officer of Johor Corporation beginning 1 August 2006, proceeded by his appointment as the Senior Vice President, Corporate Services & Finance of Johor Corporation beginning 1 January 2010 and Acting President & Chief Executive of Johor Corporation beginning 29 July 2010.

4. 

YB DATO' HAJI AZMI BIN ROHANI
State Secretary of Johor

Appointed Director of Johor Corporation effective 1 January 2017. He holds a Bachelor of Science (Human Resource Development) from Universiti Teknologi Malaysia and a Bachelor of Development (Economic and Management) from Universiti Kebangsaan Malaysia. He is currently the State Secretary of Johor.

5. 

YB DATO' ISHAK BIN SAHARI
State Legal Advisor of Johor

Appointed Director of Johor Corporation representing the State Government effective 1 January 2014. He holds a Bachelor of Law (Hons) from University of Malaya in 1986. He is currently the State Legal Advisor of Johor.

6. 

YB TUAN HAJI MOHD NASIR BIN ABD SALAM
State Financial Officer of Johor

Appointed Director of Johor Corporation representing the State Government effective 20 June 2015. He holds a Bachelor of Economy (Hons) from University of Malaya in 1983. He is currently the State Financial Officer of Johor.

Board of Directors' Profile

7. 

YBHG DATO' SITI ZAUYAH BINTI MD DESA
Deputy Secretary General of Treasury (Policy)
Ministry of Finance

Appointed Director of Johor Corporation representing the Federal Government effective 11 March 2013. She graduated with MBA in International Banking from the University of Manchester, United Kingdom, BSc (Hons) in Quantity Surveying from University of Reading, United Kingdom and Diploma in Public Administrations from National Institute of Public Administration (INTAN). She is currently the Deputy Secretary General of Treasury (Policy), Ministry of Finance.

8. 

YBHG DATO' AZMAN BIN MAHMUD
Chief Executive Officer
Malaysian Investment Development Authority (MIDA)

Appointed Director of Johor Corporation representing the Federal Government effective 1 March 2016. He holds a Bachelor of Engineering from Universiti Putra Malaysia. He is currently the Chief Executive Officer of the Malaysian Investment Development Authority (MIDA).

9. 

YBHG DATUK DR HAFSAH BINTI HASHIM
Chief Executive Officer
SME Corporation Malaysia

Appointed Director of Johor Corporation representing the Federal Government effective 1 December 2013. She was appointed as an Independent Director of Johor Corporation beginning 1 December 2015. She holds a Bachelor in Applied Science from Universiti Sains Malaysia and Masters in Business Administration from Aston University, United Kingdom. She is currently the Chief Executive Officer, SME Corporation Malaysia.

10. 

YB DATUK HAJI MD JAIS BIN HAJI SARDAY
Chairman
Johor State Housing and Local Government Committee

Appointed Independent Director of Johor Corporation effective 1 September 2013. He holds a Bachelor of Science from University of Malaya. He is currently the Chairman of Johor State Housing And Local Government Committee.

11. 

YBHG ENCIK IZADDEEN BIN DAUD
Chairman
Johor Corporation Board of Audit Committee

Appointed Independent Director of Johor Corporation effective 1 September 2013. He holds a Bachelor of Science (Hons) Accounting and Law from De Monfort University, Leicester, United Kingdom in 1991. He is also a Director of Iskandar Investment Berhad, Permodalan Darul Takzim and Kumpulan Prasarana Rakyat Johor.

12. 

ENCIK ALFADZILAH BIN HAJI MAT ARIS
Secretary of Johor Corporation

Appointed Secretary of Johor Corporation effective 1 March 2017. He holds a Bachelor of Management (Technology) from Universiti Teknologi Malaysia. He started his career at Johor Corporation from 16 October 1995. He is currently a Senior Manager at the Office of the President & Chief Executive, Johor Corporation.

Board of Audit Committee

CHAIRMAN

1. **YBHG ENCIK IZADDEEN BIN DAUD**
Independent Director

MEMBERS

2. **YB TUAN HAJI MOHD NASIR BIN ABDUL SALAM**
State Financial Officer of Johor

3. **YBHG DATUK DR HAFSAH BINTI HASHIM**
Chief Executive Officer
SME Corporation Malaysia

4. **PUAN HAJAH ZAINAH BINTI MUSTAFA**
Independent Member

SECRETARY

5. **ENCIK ONN BIN ISMAIL**
Vice President
Governance & Business Ecosystem Division

Board of Tender Committee

CHAIRMAN

1. **YB DATO' HAJI AZMI BIN ROHANI**
State Secretary of Johor

MEMBERS

2. **YB TUAN HAJI MOHD NASIR BIN ABD SALAM**
State Financial Officer of Johor

3. **YB DATO' KAMARUZZAMAN BIN ABU KASSIM**
President & Chief Executive
Johor Corporation

4. **TUAN HAJI ZULKIFLI BIN IBRAHIM**
Senior Vice President / Chief Executive
Industrial Development Division /
Managing Director
TPM Technopark Sdn Bhd

SECRETARY

5. **TUAN HAJI ABDUL RAHIM BIN MUSTAFA**
Deputy General Manager
Land Unit
Industrial Development Division

Group Top Management Committee (Teraju)

CHAIRMAN

1. **YB DATO' KAMARUZZAMAN BIN ABU KASSIM**
   President & Chief Executive
   Johor Corporation

MEMBERS

2. **TUAN HAJI ZULKIFLI BIN IBRAHIM**
   Senior Vice President / Chief Executive
   Industrial Development Division /
   Managing Director
   TPM Technopark Sdn Bhd

3. **TUAN HAJI LUKMAN BIN HAJI ABU BAKAR**
   Senior Vice President / Chief Executive
   Property Division / Managing Director
   Johor Land Berhad

4. **YBHG DATO' AMIRUDDIN BIN ABDUL SATAR**
   President & Managing Director
   KPJ Healthcare Berhad

5. **TUAN HAJI JAMALUDIN BIN MD ALI**
   Senior Vice President
   Corporate Responsibility Division /
   Chief Executive
   Waqaf An-Nur Corporation Berhad

6. **TUAN HAJI ZULKIFLY BIN ZAKARIAH**
   Executive Director
   Plantation Division
   Kulim (Malaysia) Berhad

7. **ENCIK ONN BIN ISMAIL**
   Vice President
   Governance & Business Ecosystem
   Division

Group Top Management Committee (Teraju)

8. TUAN HAJI MOHD SAHIR BIN RAHMAT
Vice President
Business Development Division

9. ENCIK MOHAMAD SALLEH BIN MOHAMAD YUSOF
Vice President
Group Finance Division

10. YM UNGKU HARUN AL 'RASHID BIN AHMAD
Vice President
Group Human Resources Management Division

11. ENCIK WAN AZMAN BIN ISMAIL
Executive Director
Damansara REIT Managers Sdn Bhd

12. PUAN ROZANA BINTI RUSLI
Vice President
ICT Advancement Division

JOINT SECRETARY

13. ENCIK IDHAM JIHADI BIN ABU BAKAR
General Manager
Company Affairs Department
Kulim (Malaysia) Berhad

14. ENCIK ALFADZILAH BIN HAJI MAT ARIS
Secretary of Johor Corporation /
Senior Manager
Office of the President & Chief Executive
Johor Corporation

Teraju Korporat Committee

CHAIRMAN

1. **YB DATO' KAMARUZZAMAN BIN ABU KASSIM**
   President & Chief Executive
   Johor Corporation

DEPUTY CHAIRMAN

2. **TUAN HAJI ZULKIFLI BIN IBRAHIM**
   Senior Vice President / Chief Executive
   Industrial Development Division /
   Managing Director
   TPM Technopark Sdn Bhd

MEMBERS

3. **TUAN HAJI LUKMAN BIN HAJI ABU BAKAR**
   Senior Vice President / Chief Executive
   Property Division / Managing Director
   Johor Land Berhad

4. **TUAN HAJI JAMALUDIN BIN MD ALI**
   Senior Vice President
   Corporate Responsibility Division
   Chief Executive
   Waqaf An-Nur Corporation Berhad

5. **TUAN HAJI IBRAHIM BIN ABDUL SAMAD**
   Vice President
   Technical & Pre Development
   Industrial Development Division /
   Executive Director TPM Technopark Sdn Bhd

6. **TUAN HAJI YUSAINI BIN SIDEK**
   Vice President
   Commercial Property
   Property Division /
   Executive Director
   Damansara Assets Sdn Bhd

7. **TUAN HAJI MOHD SAHIR BIN RAHMAT**
   Vice President
   Business Development Division

8. **TUAN HAJI BUKHARI BIN ABDUL RAHMAN**
   President
   Pengerang Local Authority

Teraju Korporat Committee

9. ENCIK JOHARI SUKRI BIN JAMIL
Vice President
Business Relationship & Marketing
Industrial Development Division

10. YM UNGKU HARUN AL 'RASHID BIN AHMAD
Vice President
Group Human Resources
Management Division

11. ENCIK MOHAMAD SALLEH BIN MOHAMAD YUSOF
Vice President
Group Finance Division

12. ENCIK IDHAM JIHADI BIN ABU BAKAR
General Manager
Company Affairs Department
Kulim (Malaysia) Berhad

13. PUAN WAN SU BINTI ALI
General Manager/ Acting Head of Department
Group Company Secretary & Group Legal

14. PUAN RABIATUL ADAWIAH BINTI ADNAN
General Manager
Land Management & Services Department

15. PUAN HAJAH NORISHAH BINTI MOHD SETH
General Manager
Waqaf An-Nur Corporation Berhad

Teraju Korporat Committee

16. ENCIK MOHD BAHRIN BIN BAKRI
General Manager
Group Finance & Financial Strategy Department

17. ENCIK ABDUL SHUKOR BIN ABDULLAH
General Manager
Corporate Services Department
Kulim (Malaysia) Berhad

18. PUAN HAJAH AZIAH BINTI AHMAD
General Manager
Group Financial Monitoring & Advisory Department

19. ENCIK SHAFE'I BIN SULAIMAN
Deputy General Manager
Business Management & Monitoring Department

JOINT SECRETARY

20. TUAN HAJI JAMALLUDIN BIN KALAM
Deputy General Manager /
Acting Head of Department
Group Company Secretarial Department

21. CIK HAJAH NOOR LINDA BINTI IBRAHIM
Manager
Office of the President & Chief Executive

Executive Committee (EXCO)

CHAIRMAN

1. **TUAN HAJI MOHD SAHIR BIN RAHMAT**
   Vice President
   Business Development Division

DEPUTY CHAIRMAN I

2. **ENCIK MOHAMAD SALLEH MOHAMAD YUSOF**
   Vice President,
   Group Finance Division

DEPUTY CHAIRMAN II

3. **PUAN RABIATUL ADAWIAH BINTI ADNAN**
   General Manager
   Land Management & Services Department

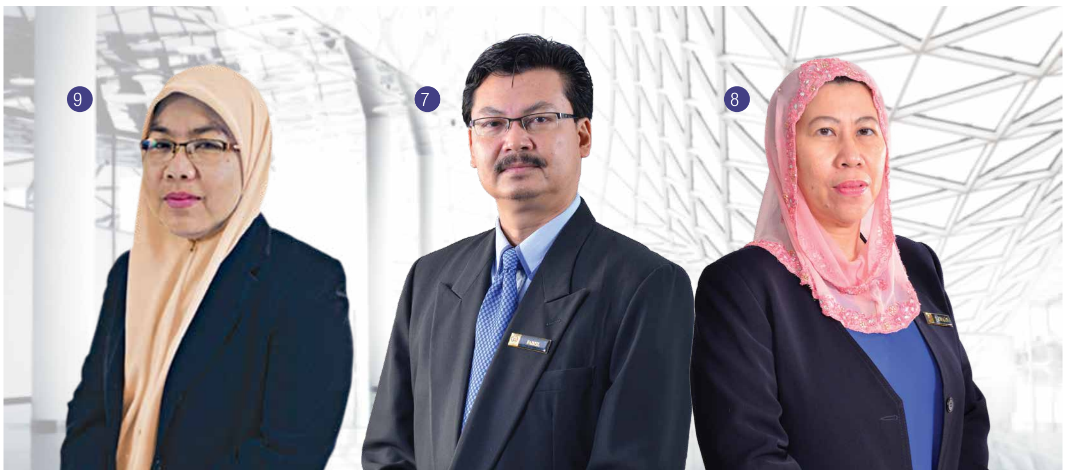
MEMBERS

4. **TUAN HAJI MOHD HIZAM BIN ABDUL RAUF**
   General Manager
   Johor Land Berhad

5. **ENCIK MD ZIN BIN MD YASIN**
   Senior General Manager
   Damansara Assets Sdn Bhd

6. **TUAN HAJI JAMALLUDIN BIN KALAM**
   Deputy General Manager /
   Acting Head of Department
   Group Company Secretarial Department

Executive Committee (EXCO)



7. ENCIK MOHD FADZIL BIN MOHD NOOR
Deputy General Manager
Administration Department

8. CIK NARIMAH BINTI ABDULLAH
Deputy General Manager
TPM Technopark Sdn Bhd

9. PUAN HAJAH ROHANA BINTI MD TAHIR
Deputy General Manager
Business Development Division

10. ENCIK MOHD FARID BIN ABDULLAH
General Manager
ICT Advancement Division

11. TUAN HAJI MD ARIS BIN AMIN
Senior Manager
Corporate Responsibility Division

12. ENCIK MOHD KAMAL BIN AHMAD
Senior Manager
Strategic Communication Department

13. PUAN NINA SAPURA BINTI RAHMAT
Senior Manager
Group Corporate Strategy Department

14. PUAN JULIAH BINTI YON
Senior Manager
Value & Culture Department

15. PUAN NURUL AIDEA BINTI SENIN
Manager
Group Legal Department

Executive Committee (EXCO)

16. PUAN ZARINA BINTI ISMAIL
Manager
Group Finance & Financial Strategy Department

17. PUAN SUHAINI BINTI TAIB
Manager
Human Resource Management Department – Operation

18. PUAN ANISAH BINTI RAMDAN
Senior Manager
Group Compliance Unit
Governance & Business Ecosystem Division

19. ENCIK MOHAMAD RIZA BIN ABDUL HALIM
Manager
Land Management & Services Department

20. ENCIK ROHAIME BIN ROSPILUJI
Deputy Manager
Group Taxation & Insurance Department

21. PUAN YUS ZIANA BINTI SELAMAT
Senior Executive
Group Financial Monitoring & Advisory Department

JOINT SECRETARY

22. ENCIK MOHD FADZLI BIN ABU BAKAR
Senior Executive
Office of the President & Chief Executive

23. CIK NUR IZZATI BINTI AZMAN
Executive
Group Company Secretarial Department

Investment Review Committee (JAWS)

CHAIRMAN

1. **ENCIK WAN AZMAN BIN ISMAIL**
   Executive Director
   Damansara REIT Managers Sdn Bhd

MEMBERS

2. **YBHG DATO' AMIRUDDIN BIN ABDUL SATAR**
   President / Managing Director
   KPJ Healthcare Berhad

3. **TUAN HAJI AMINUDIN BIN DAWAM**
   Executive Director
   KPJ Healthcare Berhad

4. **TUAN HAJI BUKHARI BIN ABDUL RAHMAN**
   President
   Pengerang Local Authority

5. **ENCIK IDHAM JIHADI BIN ABU BAKAR**
   General Manager
   Company Affairs Department
   Kulim (Malaysia) Berhad

6. **PUAN RABIATUL ADAWIAH BINTI ADNAN**
   General Manager
   Land Management & Services
   Department

Investment Review Committee (JAWS)

7. ENCIK MOHD BAHRIN BIN BAKRI
General Manager
Group Finance & Financial Strategy Department

8. ENCIK MOHD FAIZAL BIN ABDULLAH
General Manager
Group Corporate Strategy Department

9. PUAN HAJAH ANDEK NOOR HUDAYAH BINTI BACHOK
Manager
Group Legal Department

10. ENCIK YUSRI BIN ALI
Board Member
JCorp Intrapreneur (M) Berhad

SECRETARY

11. ENCIK MUHAMMAD ASHRAF BIN MOHD YUNUS
Senior Executive
Office of the President & Chief Executive

Financial Review

Amounts in RM Million

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Johor Corporation	
	2016	**2015**	**2016**	**2015**
Revenue	**5,355**	5,306	**288**	574
Gross profit	**1,722**	1,519	**232**	453
EBITDA*	**1,367**	1,291	**265**	415
Profit before tax from continuing operations	**541**	499	**112**	262
Income tax	**(126)**	(118)	**8**	(56)
Profit from continued operations, net of tax	**415**	381	**120**	206
Profit from discontinued operations, net of tax	**-**	1,316	**-**	-
Profit net of tax	**415**	1,697	**120**	206

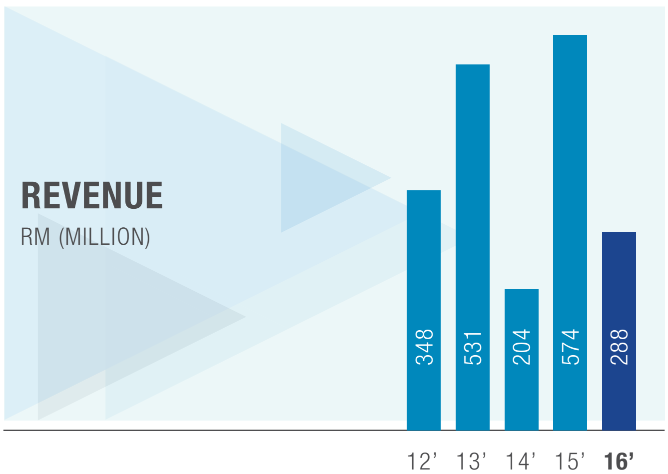
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

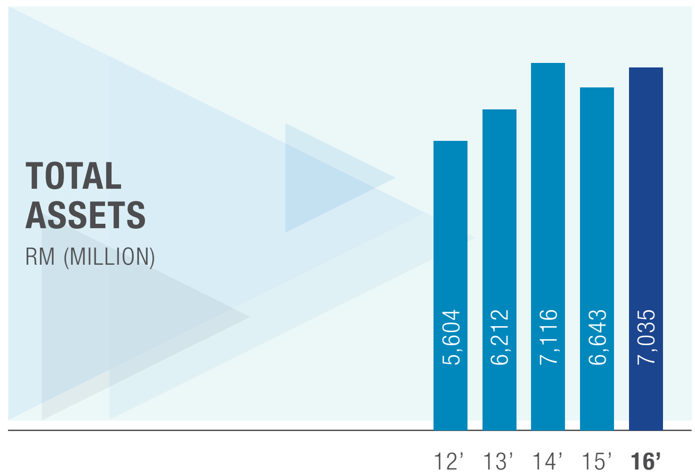
	Group		Johor Corporation	
	2016	**2015**	**2016**	**2015**
Non-current assets	**15,648**	15,256	**5,483**	5,630
Current assets	**5,241**	5,350	**1,552**	1,013
Total assets	**20,889**	20,606	**7,035**	6,643
Non-current liabilities	**8,875**	8,101	**3,743**	3,781
Current liabilities	**4,227**	3,305	**1,323**	992
Total liabilities	**13,102**	11,406	**5,066**	4,773
Total equity	**7,787**	9,200	**1,969**	1,870
Total equity and liabilities	**20,889**	20,606	**7,035**	6,643

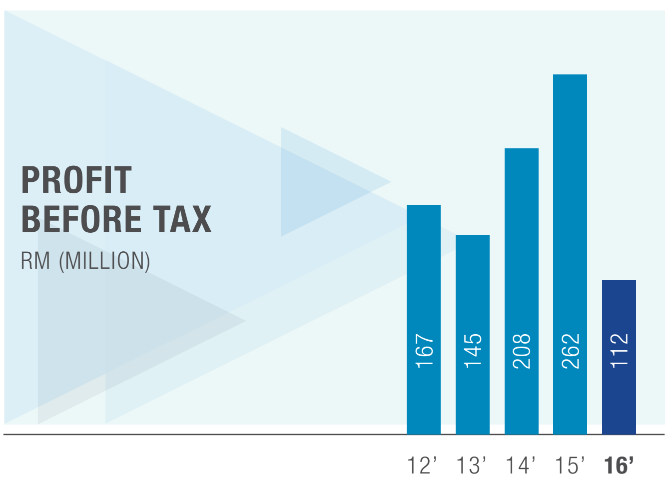
* EBITDA - Earnings before interest, tax, depreciation and amortisation

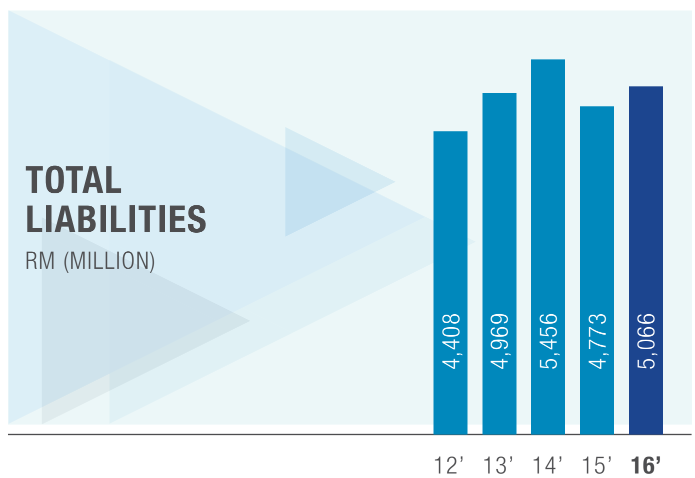
The above statements of comprehensive income and statements of financial position are derived from Johor Corporation's audited financial statements.

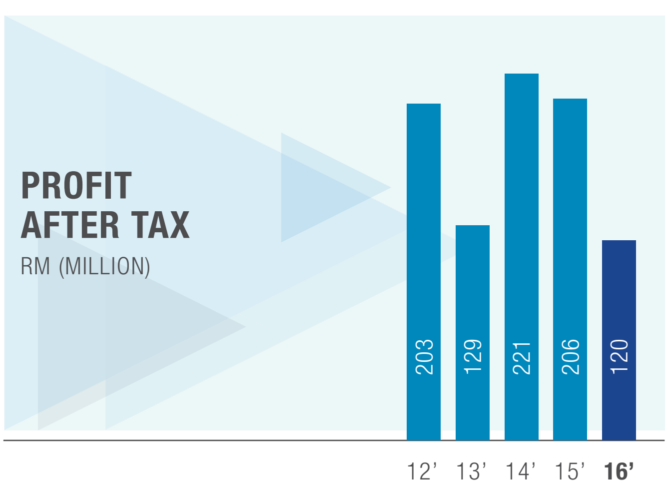
Summary of Financial Performance (Johor Corporation) 2012-2016

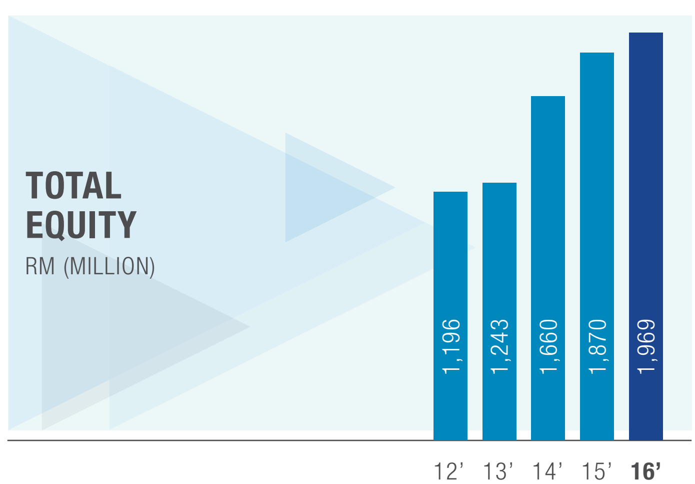




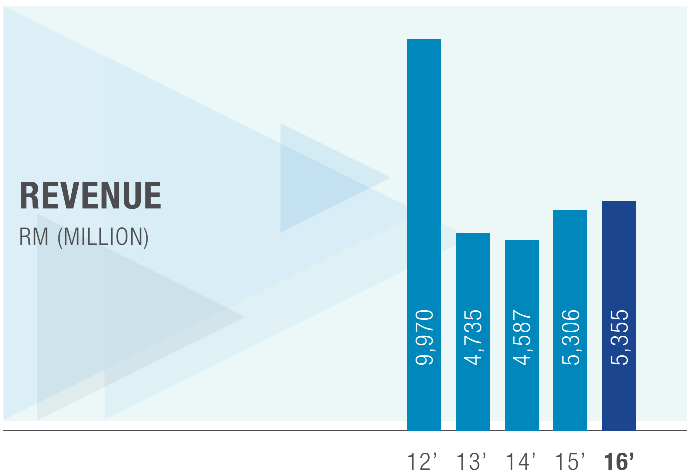


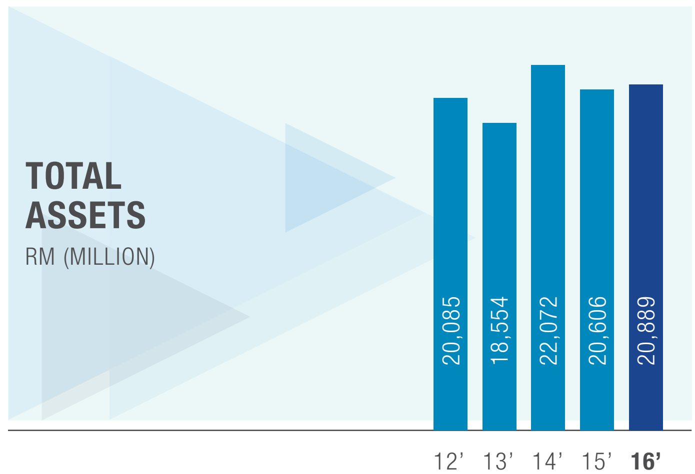


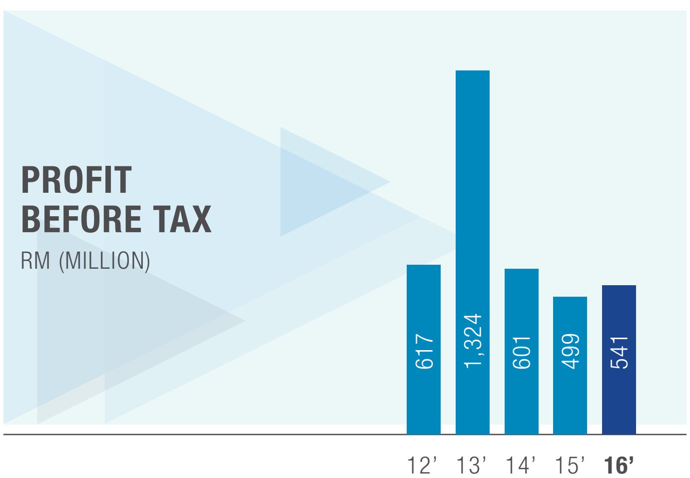


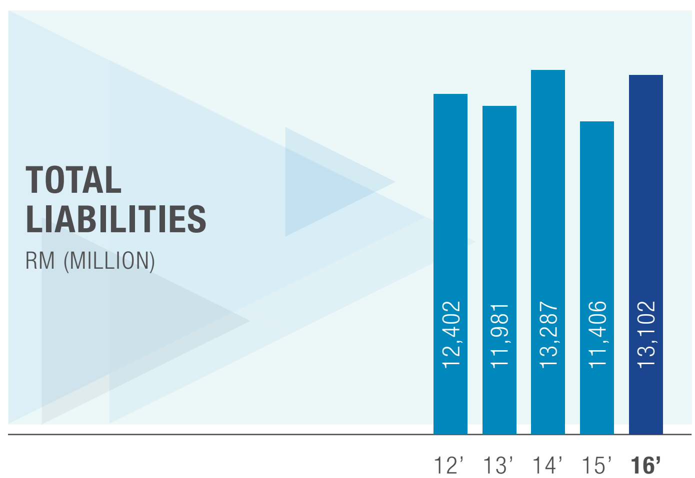


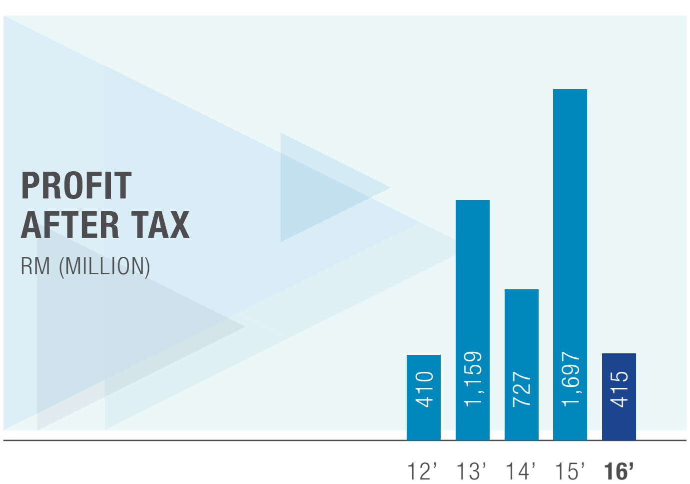
Summary of Financial Performance (Group) 2012-2016

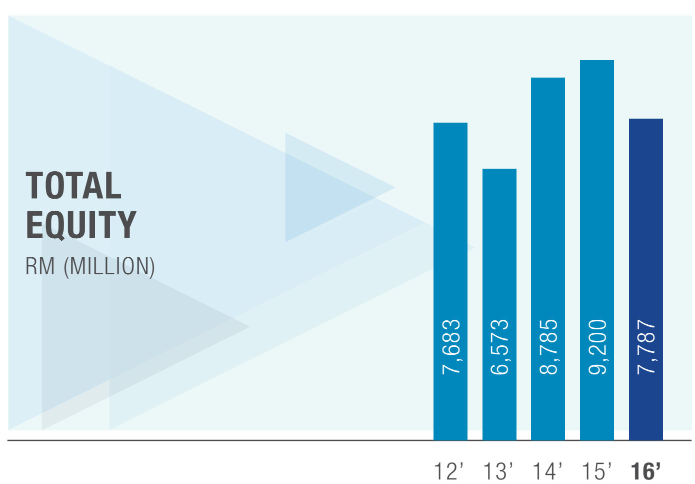












Economic Review

THROUGHOUT 2016, THE MALAYSIAN ECONOMY IN GENERAL HAS NOT CHANGED FOR THE BETTER. DESPITE BEING SEEN AS FAIRLY STABLE, GROWTH IN THE LOCAL ECONOMY REMAINED SUBDUED AND IN FACT, CONTINUED TO SLOW FROM THE PREVIOUS YEAR.

Malaysia's financial market as a reflection of the overall economy also fared worse than its counterparts among the Southeast Asian nations. This has included the Ringgit as well as Bursa Malaysia which reflected negative performance throughout last year in comparison with the positive trajectory of its close regional peers.

In general, Malaysia's economy continued to be affected by the global challenges. It was weighed down by growing uncertainties over policy adjustments especially in the United States, the still-fragile growth in major economies, the earlier unstable commodity prices as well as developments in the United Kingdom after a vote to leave the European Union. Besides the vulnerable global factor, the local economy has had problem of its own namely continued weakness in ringgit, higher cost of living and tepid business environment. All in all, one after another obstacles continued to undermine the nation's economic trajectory.

The local economy remained lethargic throughout 2016. Despite a staggering improvement in which the nation's gross domestic product (GDP) registered yearly growth of 4.5% in the Q4 of 2016 in comparison with 4.3% in the previous quarter, the broadest measure of the economy further slowed to 4.2% throughout 2016 from an overall 5% growth in the preceding year. Nevertheless, the annual growth rate was still within the official full-year estimate of between 4% and 4.5% for 2016.

Even though the internal factors remained supportive of growth in the local economy, the overall expansion in domestic demand remained lethargic in 2016. Besides a lacklustre consumption, investment activities as one of the main contributors to domestic demand showed weakness as well. This has affected business and investment environment of the local corporate sector which also felt by Johor Corporation Group. The business strategy of Johor Corporation Group really depends on both consumption and investment aspects which include its residential business, healthcare, retail, food and industrial development. The economic slowdown in neighbouring country namely Singapore has also affected consumption-related businesses of Johor Corporation, albeit moderately.

The year 2016 also saw further weakness in Ringgit's value in which the local currency overall fell by 4.5%. The decline was mainly attributable to rising foreign fund outflow in view of rate hike expectation and strengthening economic performance in the United States. Fragile Ringgit's position has also undermined local consumption sector in which the purchasing power of local consumers has since dwindled. Importing companies including those dependent on outside raw materials have indeed confronted with bloating operational costs due to shrinking Ringgit's value. In this situation, companies within the Johor Corporation Group were not spared and felt pressure from the higher cost of external sources and external funding from other countries. The decline in Ringgit's value has not been supportive of local export growth. This proves that global demand has remained sluggish throughout 2016.

Nevertheless, the stability and then further strength in prices of major local commodities namely crude oil and crude palm oil in the second half of 2016, to some extent eased pressure on local economic environment. This provided positive prospect for relevant business in Johor Corporation Group such as oil and gas related as well as plantation businesses.

Economic Review

GLOBAL ECONOMIC UNCERTAINTY WOULD ENCOURAGE THE CORPORATE SECTOR INCLUDING THE JOHOR CORPORATION GROUP TO IMPLEMENT BETTER AND MORE EFFECTIVE FINANCIAL STRATEGY.

ECONOMIC PROSPECTS 2017

2017 will be another year of uncertainties for the global economy. There are likely to be major changes in the developed nations that will continue to slip through the veins of others. This is especially in regards to the escalation of nationalist movements instigated by Britain's decision to leave the European Union and Trump's victory in United States presidential election. These developments definitely set the new tone for the global economy in which, without fail continues to succumb to fresh challenges year after year.

Growing nationalism that would also encourage protectionist stance surrounding trade-related matters can be detrimental to the already fragile global demand and poses a risk of continued global economic slowdown. In relation to crude oil market, the whole world lauded the concerted efforts of both OPEC and non-OPEC members to cut oil production to provide support to the flagging commodity prices. Despite the stabilisation of oil prices above the USD50 level, it is still too early to call a marked price recovery in view of the still tepid global demand and the expectation of robust production in United States.

Similarly Malaysia has economic challenges of its own. This is mainly surrounding its consumption in which local consumers are still reeling from high cost of living and an upsurge in household debt. The ongoing subsidy rationalisation with the latest being cooking oil and recent recovery in global oil prices that led to higher fuel prices further put financial pressure on consumers. Consumers also feel the pinch from higher prices of imported goods as a result of persistent weakness in Ringgit. Hence, the contribution of domestic demand mainly from consumption activities to the Malaysian economy for this year may not be as strong as before. Combining with external uncertainties, there is still a possibility of much slower growth in the economy.

Based on external uncertainties and internal challenges that could undermine local economic growth, business scenario and investment landscape could be affected as well. This would be a blow to corporate sector including companies within Johor Corporation Group. Hence, it is crucial to always be prepared for any upcoming challenges and impediments and to be more vigilant in every business and investment strategy. However, regardless of the instability, there exists opportunity to be seized to strengthen position in this more competitive global business environment.

In addition, global economic uncertainty would encourage the corporate sector including Johor Corporation Group to implement better and more effective financial strategy. This includes building up liquidity and bringing down debt burden. Being highly dependent on debt would make an organisation more vulnerable to the negative consequences of global economic setbacks. The implementation of cost-effective strategy and efficient management of resources are deemed pivotal as well in this uncertain economic situation.

The performance of Ringgit is still at risk of showing weakness on expectations of continued foreign fund outflow. This was following signal by the United States to implement tighter monetary policy via rate hikes when the economy is expected to strengthen further, especially with Trump's plan to stimulate economic growth. Hence, local corporations including Johor Corporation Group of companies who are dependent on external sources and financing will continue to be under pressure in the event that Ringgit weakens further.

However, Ringgit's weakness shall not be deemed as a hindrance to day-to-day business. The local corporate sector should seize the opportunity to further strengthen businesses through overseas market expansion. In conclusion, they need to have the urge to remain competitive to ensure their business continuity and to stay relevant in this complex and highly competitive global business landscape. This can only be achieved through innovative and creative approaches including those that can add value to an organisation.

Kulim Businesses

2016 HAS BEEN A DYNAMIC YEAR FOR KULIM. FACED WITH VARIOUS CHALLENGES FROM FIZZLING CRUDE OIL PRICES TO SIZZLING TEMPERATURES, KULIM EMERGED STRONGER AS IT DUG DEEP AND RESTRUCTURED THE ORGANISATION TO BE MORE AGILE, ADVANCED FURTHER TOWARDS MORE SUSTAINABLE OPERATIONS AND GEARED TOWARDS ACHIEVING CONSISTENT GROWTH EARNINGS ACROSS THE GROUP.

During the year, Kulim made significant progress on its strategic initiatives, as its resourceful talents focused on capitalising and sustaining its resources while looking into different dimensions of reciprocity for each stakeholders.

As a result, Kulim Group ended its Financial Year (FY 2016) with an 11.76% growth in revenue to RM1.61 billion, aided by the surging CPO prices, to better its 2015 achievement of RM1.44 billion. Meanwhile Profit Before Tax (PBT) decreased by 49.14% in 2016 to RM59.92 million, from RM117.80 million previously mainly due to the requirement of the Groups' prior year adjustment as well as impairment. The Plantation segment contributed 56% or RM899.52 million and oil & gas (O&G) operations 39% or RM626.17 million that year, whilst the remainder came from other businesses.

Log on to **www.kulim.com.my** or scan the QR Code for more information about Kulim.

Kulim Businesses

Though faced with plunging crude oil prices, O&G Division managed to edge up by charting its course with key subsidiary E.A.Technique (M) Bhd (E.A. Tech), which continued to stay afloat with existing contracts to provide marine transportation and offshore O&G storage services.

Kulim enters 2017 with clear immediate priorities as it gears up for growth with confidence and the commitment of its work force, sets goals for a better future with the strategic initiatives that Kulim have mapped out.

A PIVOTAL YEAR OF TRANSFORMATION

Kulim's transformation journey took another step forward in mid-2016 when its outgoing shareholders voted in favour of the proposal by its major shareholder, Johor Corporation to take Kulim private during the Extraordinary General Meeting (EGM) held on 3 May 2016.

The privatisation exercise began in November 2015 with Johor Corporation's request for Kulim to undertake a Selective Capital Reduction and Repayment (SCR) exercise involving a cash capital repayment of RM4.10 per Kulim Share, which paved the way for Johor Corporation to take Kulim private. Upon completion of the exercise, on 4 August 2016 Kulim was delisted from the Main Market of Bursa Malaysia Securities Berhad.

With the privatisation, Kulim became a wholly-owned subsidiary of Johor Corporation and would naturally share the corporate objectives and aspirations of the Johor State's investment arm.

CORPORATE DEVELOPMENTS

Expansion in Indonesia

Oil & Gas (O&G)

Following Kulim's decision to acquire 60% stake in Indonesian O&G company in late 2014, Kulim have since witnessed a significant decline in crude oil prices, which led it to renegotiate for a lower investment sum. Consequently, on 10 February 2016, its O&G subsidiary, Kulim Energy Nusantara Sdn Bhd (KENSB) signed a Supplemental Agreement with PT Citra Sarana Energi (PT CSE), PT Wisesa Inspirasi Sumatera (PT WIS) and PT Inti Energi Sejahtera (PT IES) to amend the terms of Conditional Subscription and Shares Purchase Agreement (CSSPA) from USD133.55 million to USD80 million.

Plantation

As reported last year, Kulim via its 74%-owned subsidiary PT Wisesa Inspirasi Nusantara (PT WIN) entered into four Conditional Share Purchase Agreement (CSPA) to acquire 95% equity in four mid-size oil palm plantation companies in Indonesia. On 23 June 2016, Kulim successfully expanded its plantation landbank through acquisitions of two out of four CSPAs signed, namely PT Tempirai Palm Resources (PT TPR) and PT Rambang Agro Jaya (PT RAJ) by adding 8,345 hectares of planted oil palm in South Sumatera, Indonesia to bring the Kulim Group's total oil palm planted area to 55,680 hectares as at end-2016.

Kulim Businesses

Acquisition of the remaining 40% stake in Kulim TopPlant Sdn Bhd (KTP)

To further support its plantation operations, Kulim increased its interest in KTP through acquisition of the remaining 40% stake from TopPlant Laboratories Sdn Bhd. The acquisition was completed on 8 December 2016 and resulted in KTP as a wholly-owned subsidiary of Kulim.

As a result, Kulim gained full control over KTP's operations hence widened its opportunity to enhance its technological knowledge while allowing its experts to delve further into the R&D for better yielding clones as well as tissue culture methodology. A successful expansion in this area could potentially lead to significant returns for the Group.

Acquisition of additional equity in Classruum Technologies Sdn Bhd (CRTSB)

Online education is a trend that is fast gaining popularity and it is also a way to reach out to the community in rural areas where infrastructure is scareed. In view of the growth potential, Kulim has decided to acquire a further 25% equity in CRTSB which was accomplished on 24 November 2016, bringing its total stake to 76%. CRTSB operates a social network for education and is part of Kulim's Corporate Responsibility efforts to contribute towards the progress of national education, prepare the younger generation for the future and mould the leaders of tomorrow.

On 27 April 2017, Kulim through CRTSB in collaboration with the Johor State Education Department, Yayasan Pelajaran Johor, Yayasan Pasir Gudang and Yayasan Penyayang officially launched the E-Learning Johor Programme, officiated by YAB Dato' Mohamed Khaled Nordin, Chief Minister of Johor at English College, Johor Bahru. E-Learning Johor is the latest innovative product introduced by the Johor State Government which uses Classruum.com as the virtual platform.

Divestment of Granulab (M) Sdn Bhd (Granulab)

Another notable development was Kulim's decision to dispose Granulab, a medical device manufacturer specialising in synthetic bone graft to SIRIM Tech Venture Sdn Bhd in a deal completed on 13 November 2016 as part of its business consolidation efforts.

AWARDS & ACCOLADES

Kulim introduced the first Integrated Annual Report for financial year ended 31 December 2014 (IAR 2014) in 2015 with the aim of providing greater information and sharing the company's comprehensive value creation information, strategies, governance and performance. Kulim believes that the way forward is through greater disclosure to its shareholders and stakeholders, and was humbled by the Recognition Award 2016 received for Kulim's IAR for 'Pioneering Integrated Reporting (IR) in Malaysia, presented during the MIA (Malaysia Institute of Accountants) IR Conference & Recognition Award. Consecutively, Kulim won the National Annual Corporate Reporting Awards (NACRA) 2016 - Industry Excellence Awards in Plantation & Mining category (Main Board Companies) for 8 times in 9 years. Whilst, Kulim's Sustainability Report 2012/2013 was shortlisted during ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2016.

NACRA AWARDS

Kulim's Intergrated Annual Report 2015 - Winner of the Industry Excellence Awards (Main Board) in Plantation & Mining category for

8TH TIMES IN 9 YEARS

Kulim Businesses

Kulim also bagged two awards during The Edge Billion Ringgit Club and Corporate Awards for 'Highest Return on Equity Over 3 years in Plantation Sector' and 'Highest Growth in Profit Before Tax Over 3 years in Plantation Sector'. In addition, Kulim also won the Bronze Award for 'Best Workplace Practices Awards' during the 8th Annual Global CSR Summit and Awards 2016. Meanwhile, during the Asia Sustainability Reporting Awards (ASRA) 2016, Kulim's Integrated Annual Report 2015 was shortlisted for Asia's Best Integrated Report.

SEGMENT HIGHLIGHTS
Plantations in Malaysia

During the year, Kulim managed to achieve average Crude Palm Oil (CPO) prices of RM2,532 per tonne for Malaysian operations, which was well above the RM2,191 per tonne average attained a year earlier. Kulim also recorded a higher Palm Kernel (PK) price of RM2,387 per tonne in 2016 for Malaysian operations, compared to RM1,534 per tonne previously.

However, drought damage diminished production growth, causing Kulim's and Johor Corporation's Fresh Fruit Bunches (FFB) output for Malaysia operation shrink by 4.6% to 981,734 tonnes compared to 1,029,725 tonnes previously. This brought the yield per hectare in 2016 to 20.75 tonnes compared to 22.39 tonnes recorded in year 2015. In 2016, total FFB processed was also decreased by 5.03% at 1,339,659 tonnes while Oil Extraction Rate (OER) stood at 20.40%, markedly lower than that of 20.86% previously. The FFB performance was superior compared to the average yield achieved by the industry in Johor as well as Peninsular Malaysia, which was 17.80 tonnes and 15.77 tonnes respectively.

The decrease of FFB production experienced by the Group's estates was in tandem with the general industry trend, as planters suffered from drought stressed weather over the past two years, exacerbated by the El Nino phenomenon.

The performance of the Plantation Division was swayed by several key factors, namely the erratic weather conditions, crop yield, global commodity price trends and operating efficiency.

To strengthen its sustainable performance, Kulim continues to commit to replanting - a very important aspect of the industry with a view of improving the age profile of its palms for optimal productivity. During the year under review, a total of 1,568 hectares (Kulim and Johor Corporation) were replanted with high yielding clones. Replanting we undertaken on a staggered basis to maximise the crop potential before felling is carried out. As a result of the replanting initiative, the average age profile of the palms improved to 11.50 years from 11.42 years in 2015. Prime trees of between 9 and 18 years constituted around 45% of total planted area. As at the end of 2016, the Group's planted area in Malaysia consisted of 50% prime mature areas, 39% immature/young mature areas and 11% old palms aged above 23 years.

Kulim Businesses

Plantations in Indonesia

Kulim's decision to expand its operations to Indonesia was a natural progression given the Group's strategic goal of increasing its plantation landbank. On 23 June 2016, PT WIN officially took over two plantations, namely PT TPR and PT RAJ of the Amara Group, which were located in the South Sumatera with 8,345 hectares of oil palm planted and 4,316 hectares of mature oil palm. The rehabilitation process, which included improvement on infrastructure and implementation of initial stage of Roundtable on Sustainable Palm Oil (RSPO) as well as Indonesian Sustainable Palm Oil (ISPO) are currently underway.

Kulim also has 307 hectares oil palm planted in North Barito, Central Kalimantan, as at end-2016.

Intrapreneur Ventures (IV)

The overall financial performance of the IV Division was somewhat muted, as the triumph from turnarounds in several ventures as well as higher revenue were diluted by higher operating costs resulting from the weaker currency.

Overall the IV Division recorded RM57.61 million in revenue for 2016, down 10.07% from 2015's RM64.06 million. The pre-tax profit decreased by 35.23% from RM1.09 million to RM704,960.

Extreme Edge Sdn Bhd remain its key earnings contributor, bringing in revenue and PBT of RM20.42 million and RM2.44 million respectively, followed by MIT Insurance Brokers Sdn Bhd with revenue of RM9.59 million and PBT of RM1.50 million.

The Division is continuously evaluating its portfolio of businesses, maintaining flexibility to strategically shift its business strategy. As in all business decisions, it was unfortunate that a couple of smaller ventures had stalled, which led to the subsequent disposal/cessation of these non-performing ventures.

Oil and Gas ("O&G")

O&G support services operations in Malaysia continued to draw strength from its marine vessel operation, with E.A. Tech contributing revenue of RM591.66 million, a 10.28% increase from RM536.53 million posted in the previous financial year. Pre-tax profit increase by 36.18% to RM21.54 million, from RM15.82 million in 2015.

During the year under review, E.A. Tech achieved higher revenue from its Engineering, Production, Construction, Installation and Commissioning (EPCIC) projects, marine transportation, offshore operation and port marine services.

Another O&G support service company, Danamin (M) Sdn Bhd (Danamin) is involved in provision of reliable, high quality, cost effective and technology-driven Engineering, Non-Destructive Testing (NDT), Quality Assurance, Asset Integrity Management and Inspection services.

During the year under review, Danamin registered a marginal 8.35% increase in revenue to RM34.5 million in 2016 from RM31.84 million in 2015. Despite the marginal growth in revenue, the company's earnings improved substantially, turning its pre-tax loss of RM4.75 million in 2015 into pre-tax profit of RM1.33 million in 2016. This was mainly due to the effectiveness in costs management, which includes review of manpower planning.

Agrofood Businesses

The progression into Agrofood businesses was akin to a chain feed, allowing Kulim to promote green activities through natural recycling of compost and fruit waste to support its feedlot and cattle integration effort while, at the same time, supporting its partners and outgrowers in building up a successful venture thereby supporting the national food security programme.

Kulim Businesses

During the year under review, Kulim made great strides in its Agrofood Division, with its feedlot activities generating some RM2.5 million from the sale of cattle whilst its pineapple plantation prospered with revenue of RM4.92 million.

As one of the biggest producers of fresh pineapples in Malaysia for the local as well as export markets in the Middle East, East Asia and Singapore, Kulim remains on track in its target to expand the pineapple plantation to about 1,000 hectares by 2019, from the current 182 hectares.

Kulim produces fresh fruits and pineapple-based products such as tarts, jam, frozen yogurt and drinks under the brand of “Melita”.

In a two-pronged approach to recycle waste and reduce costs, pineapple waste will be collected by Kulim Livestock Sdn Bhd (KLSB) at least twice a week to be used as feed for livestock. This initiative reduces Kulim’s reliance on the relatively more costly Palm Kernel Cake (PKC) as a major feed ingredient while being environmentally friendly.

OUTLOOK AND PROSPECTS

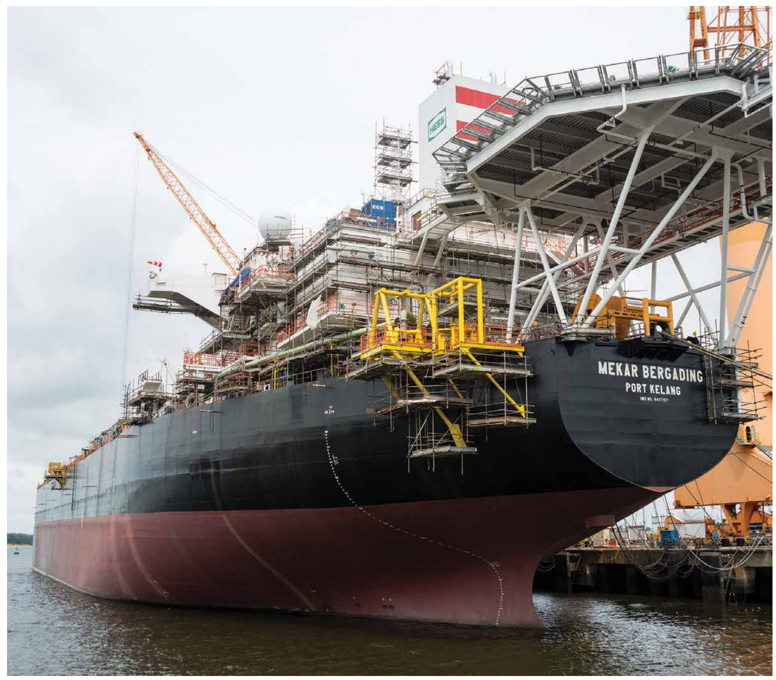
Outlook for the Plantation Division

CPO prices are expected to remain firm as it gathers pace in early 2017, though there is a likelihood it may ease towards the later part of the year as yields improve and output increases following better weather conditions in the later part of 2016 and early 2017.

In view of this, Kulim expects that the Plantation Division will continue to present a satisfactory showing in the year ahead supported by greater demand from the biodiesel sector which helps to stabilise demand for palm oil.

Outlook for the O&G Division

Market conditions for the offshore O&G industry was extremely challenging throughout 2016, but going forward, Kulim expects the environment to improve as oil prices stabilise, which is timely for Kulim’s upstream venture in Indonesia to likely yield returns in about 2-3 years.



Kulim ventured into the South West Bukit Barisan (SWBB) Block E&P project, onshore West Sumatera Province under a Production Sharing Contract in 2016 and are in the midst of obtaining appropriate approvals. Depending largely on its commercial viability, production is targeted to begin in the second half of 2017, thus making Kulim well-positioned to capitalise on the anticipated upstream O&G recovery in the coming year.

Kulim continues to see bright prospects for E.A. Tech as it continues to leverage on its existing contracts whilst securing new jobs from a recovering industry. This wider fleet of vessels enables E.A. Tech to meet greater and more diverse needs of its customers. Kulim also sees a renewal in demand for more supporting O&G activities amid market anticipation of an uptick in upstream activities in 2017.

The official launch of Pengerang Local Authority in January 2017 to oversee the Pengerang Integrated Petroleum Complex (PIPC) industrial zone and its surrounding areas is also seen as an enabler to fast track the development of RAPID project which would be advantageous to Danamin’s businesses.

Kulim Businesses

Outlook for the IV Division

Kulim believe that the IV Division holds significant growth potential and Kulim will continue to evaluate new ideas and opportunities that will allow the Group to unlock the value of the businesses nurtured under its IV initiative.

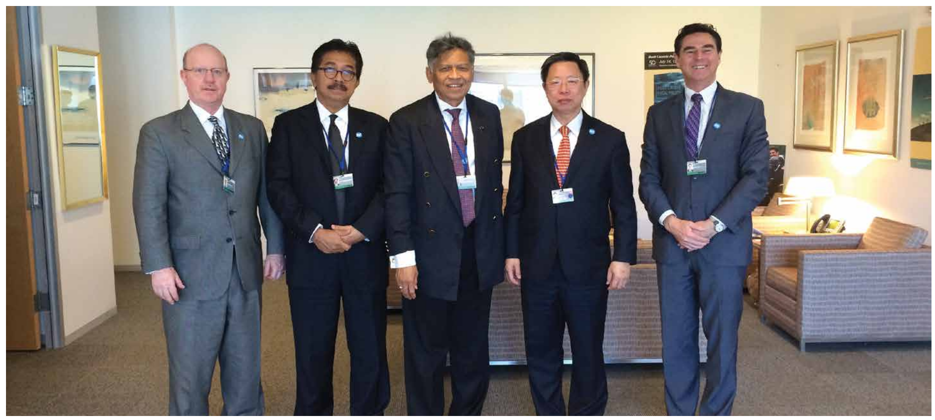
Kulim's strategies going forward include, among others, efforts to strengthen existing businesses by leveraging on the Group's knowledge, expertise and experience as well as to support the growth of new investments. Kulim will also consider harvesting matured ventures, exiting non-performing businesses or divesting investments to optimise returns.

However, for businesses that hold significant potential, Kulim will restructure the operations to make them more efficient in order to remain an ongoing entity. The Group aims to continue investing in new potential business ventures as well as ideas that provide opportunities for the Group to further diversify its operations.

ASIA LOGISTICS COUNCIL SDN BHD – EMPOWERING THE DIGITAL ECONOMY

Economic growth is tepid, at best, in many parts of the world as the shadows of the Global Financial Crisis linger. Unemployment is still a major concern in many quarters around the world, fuelling uneasiness across the globe. Protectionist measures continue to gain ground while the trade facilitation agreement falters. In all, fear of another recession mounts, even as memories are still fresh from the last one.

Our world needs a powerful economic boost and this boost will not be delivered only through traditional measures including fiscal, monetary and trade policies. The truth is, we need to rebalance and grow the economic pie through exploiting what technology makes possible today via innovation.



Since 2008, Johor Corporation via Asia Logistics Council Sdn Bhd (ALC), a company under Kulim Group invested and collaborated with World Logistics Council Limited (WLC-Ireland) and the Global Coalition for Efficient Logistics (GCEL), a Swiss based non-profit Public-Private Partnership in spearheading a global initiative to empower the digital economy via the Multi-Dimensional Digital Economy Application System (MDDEAS), an integrated suite of e-commerce, e-finance, e-insurance and e-logistics applications aimed at improving trade efficiency and transparency. MDDEAS will de-risk business between high, mid and low income countries which lead to lower trade costs, expanded finance, insurance and advertising/market exchange services as well as increased trade, thereby creating millions of jobs within the B2B market place.

In order to maintain non-monopolistic and geo-political balance on the deployment of the digital economy platform globally, ALC was established as one of four Regional Councils in the world to assist in the deployment of the platform in the Asia and Pacific region as part of a patented comprehensive and ingenious Governance and Ownership Structure known as the "Global Structural Formula – GSF". ALC is a member of the GCEL, and has it own governance structure including Board of Directors and Advisors represented by visionary and thoughtful leaders from around the region. ALC is also the "founding member" together with WLC and GCEL in this initiative. Each region also has an Economic Development Fund entity purposely set up to share the digital economic development opportunity regionally besides supporting the deployment activities.

This digital economy platform will be provided "free of cost" to all end-users involved in shipment for trade from shelf to shelf especially to SMEs where they can make use of an enterprise trading system integrating digital commerce, finance, insurance and logistics at their fingertips mobile devises and through the internet.

To date, ALC's achievements have been very encouraging amidst a multitude of challenges. At the policy level, GCEL's initiative which was geared towards increasing the global economy has gained significant momentum on the global policy arena. ALC has been instrumental in instituting the need of implementing Digital Economy among G20 Leaders where GCEL participated in the B20 Task forces for the last 4 years. GCEL's executive team was reappointed to the 2016 China B20 Task Forces whereby their interventions resulted in the 2016 China G20 Leader's Communique that set forth the Digital Economy Development Cooperation Initiative and Innovation Blueprint for Growth.

Kulim Businesses

Immediately after the 2016 China G20 Summit, ALC's Advisory Board Chairman Tan Sri Dr. Surin Pitsuwan was invited to present the keynote address as to the importance of the Digital Economy at the 2016 Business Innovation Forum in conjunction with the 2016 G20 Ministers of Science, Technology and Innovation Meeting.

Recognizing the need to implement the digital policy directives, the 2017 B20 Germany consequently established the inaugural Digitalization Task Force.

Over a period of more than 15 years of R&D and creation of awareness around the globe, more than 150 countries comprising nearly 75% of the world's citizens through their pan-regional organizations that are entrusted by their member countries to deploy regional economic development programmes have executed agreements and published economic roadmaps to deploy the Digital Economy Platform in collaboration with WLC. Among others, these organizations include: The Organization of American States, Organization of Islamic Cooperation, African Union, League of Arab States, ASEAN-Business Advisory Council and the Association for Development Financing Institutions in Asia and the Pacific (representing more than 131 member institutions (including development banks) in 45 countries.

As a first step towards deploying the digital economy at the trade participants level, GCEL have also conducted the G20 Shipment and Trade Efficiency Assessment a face-to-face diagnostic assessment of trade practices based on what technology makes possible today among the G20 countries' trade players, in cooperation with more than 71 ministries, industry associations, academia and private sector experts including Deloitte, Frost and Sullivan and the Nielsen Company, collecting first hand information on how users actually conduct their trade from the perspective of the use of technology. With 1.2 million data points collected, the results yielded that 90.4% do not have an integrated system and 94.5% of them look forward to using a digital information system like MDDEAS to make their job more efficient through various benefits including seamless global market reach, multiple validated and reliable market and trade information plus 24/7 transparency on their shipment at "no additional cost" so long as internet connectivity is available.

Complementing what has been achieved above, at the technology providers level today, 26 of the world's leading technology firms, including IBM, Oracle, SAP, HP, Accenture, TATA, WIPRO and others have validated the WLC's MDDEAS, business model and value proposition. Accordingly, these firms have then signed Non-compete Agreements with the WLC as they recognize the efficacy of its proposed digital economy solution which helps to duoble their EBIT through their participation. More importantly they also recognize that they were unable to implement an alternative solution successfully on their own without a global collaboration framework such as the GSF promoted by GCEL.

In addition to that, the State of Telangana India has also entered into strategic agreement, offering to host the "e-Hub of the World" that is the MDDEAS development centre in the city of Hyderabad, supported by their Academic Institutions and world renowned technology firms like Infosys, HCL and Tech Mahindra. To-date discussions are still on-going towards finalizing the ideal home for the "e-Hub of the World".

In the year under review, the MDDEAS platform has undergone extended enhancements of its functionalities and architectural scalability. The process was completed and ready for review upon the appointment of the 12 global technology gateways who will be tasked to deploy the platform besides imparting their role as part of the Technology Governance Board overseeing the development, maintenance and on-going enhancements of the MDDEAS.

Going forward, the year 2017 and 2018 are promised to be the most exhilarating years for the initiative as ALC moves towards the completion of the Global Structural Formula (Governance Structure); the final selection for the home for the e-Hub and its Core-triangle partners, the selection of the 12 Global Technology Gateways; the Digital Services Strategic Operating Partners and selection of the 4-region Benchmark Trade Lane partnering countries who will be the selected first users of the Digital Economy Platform projected to be implemented in 2019. ALC as the Asia Regional Council Partner and founding member will strive towards making this "Next Big Thing" a reality.

Specialist Healthcare Businesses

KPJ HEALTHCARE BERHAD (KPJ) REGISTERED A POSITIVE ACHIEVEMENT IN THE YEAR 2016, DESPITE FACING MANY CHALLENGES.

KPJ HEALTHCARE BERHAD

The financial year ended 31 December 2016 proved to be very challenging due to currency fluctuations, compounded by an increased cost of living. This scenario made a big impact on the nation's private healthcare industry as the number of the patient admissions decreased.

Despite the myriad of macroeconomic and geopolitical challenges faced, KPJ never lost sight of its north star – to provide the highest level of quality and safe services for its patients and communities, both at home and abroad. KPJ also deeply committed to creating economic and sustainable value for its shareholders.

Guided by these principles, KPJ has once again presented strong deliverables, registering a revenue of RM3.0 billion in 2016, a 6.1% year-on-year growth from 2015. Profit before zakat and tax came in at RM210 million, a slight increase in comparison to RM209.6 million in 2015.

Specialist Healthcare Businesses

The higher revenue recorded for the year under review was mainly attributed by the newly opened hospitals, maturing greenfield projects and existing hospitals that achieved turnaround during the year.

KPJ also continued its expansion in 2016 with a series of hospital openings and ground breaking ceremonies. It also upgraded, renovated and expanded existing hospitals.

Among the milestones achieved in 2016 was the opening of KPJ Pahang Specialist Hospital which was officiated by KDYTM Tengku Abdullah Al-Haj Ibni Sultan Ahmad Shah, Pemangku Raja Pahang on 6 October 2016. KPJ Pahang Specialist Hospital (KPJ Pahang) in Tanjung Lumpur, Kuantan is well positioned to support the State Government's efforts to transform Pahang into a retirement haven and the preferred hub for health tourists and expatriates looking to retire in Malaysia. The resort-like 11 storey hospital has a pananomic view of the sea with comprehensive facilities and equipments, including cardiac care. It is also the first and only private hospital to offer full cardio check up in additional angiogram and angioplasty support.

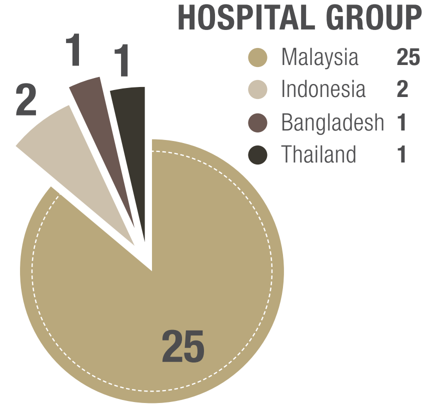
In the southern region, the launch of KPJ Bandar Maharani Specialist Hospital, Muar's first private hospital on 30 October 2016 was graced by HRH Raja Zarith Sofiah Binti Almarhum Sultan Idris Shah, The Permaisuri of Johor. HRH Raja Zarith Sofiah also accepted a contribution valued at RM10,000 on behalf of for Yayasan Kanser Tunku Laksamana Johor from KPJ Bandar Maharani Specialist Charity Fund.

Meanwhile, KPJ Sabah Specialist Hospital was officiated by Tun Datuk Seri Panglima (Dr) Haji Juhar Bin Datuk Haji Mahiruddin, Tuan Yang Terutama Yang Di-Pertua Negeri Sabah on 23 August 2016. The hospital located at Jalan Damia, Luyang near to Kota Kinabalu is the 22nd specialist hospital in the KPJ Group. With a capacity of 200 beds, KPJ Sabah also created history as the only private hospital in the state providing haemotology services, vitreo-retinal surgery, gynae-oncology services, non-invasive treatment for GERD, radiotherapy and oncology services.

In the State of Sarawak, the new full-fledged KPJ Miri Specialist hospital will be built in Bandar Permyjaya, Miri in collaboration with Naim Holdings. The ground breaking ceremony was officiated by YB Datuk Seri Dr Subramaniam, Minister of Health on 27 November 2016. The hospital is expected to be completed in 2018 and provide a full range of services and expertise, including establishment of Care Burn Unit services to treat burn victims – taking into consideration the needs of the petroleum and gas industry in the area as well the neighbouring Brunei Darussalam.

KPJ embarked on the development of new hospital to cater to the growing needs of Batu Pahat residents and its surrounding areas. Through its wholly-owned subsidiary Puteri Specialist Hospital (Johor) Sdn Bhd, an Agreement To Lease was entered into with Johor Land and Johor Corporation, for the lease of a hospital building to be known as KPJ Batu Pahat Specialist Hospital, a soon-to-be-built seven storey hospital with a capacity of 200 beds. Its ground breaking event was officiated by YAB Dato' Mohamed Khaled Bin Nordin, Chief Minister of Johor on 17 October 2016.

NUMBER OF HOSPITAL GROUP



Specialist Healthcare Businesses

On 19 December 2016, KPJ Kluang Specialist Hospital's ground breaking ceremony was officiated by Yang Berhormat Datuk Halimah Binti Mohamed Sadique, Deputy Minister of Urban Wellbeing, Housing and Local Government. This project is a joint venture with Optimax Healthcare and is located in Taman Saujana, Kluang.

The Group continued to enhance its hospital infrastructure within the Group. In 2016, KPJ Ipoh Specialist Hospital (KPJ Ipoh) launched a new intensive care unit (ICU) complex in February. The larger ICU can now accommodate up to 14 individual private rooms including two for isolation cases and another two specially allocated for neonatal ICU cases. This increases patients' level of comfort and reduces the risk of infections.

The Group also invested RM1.29 billion to build a further seven hospitals to its network, including through collaborations such as KPJ Bandar Dato' Onn Specialist Hospital in Johor Bahru and KPJ BDC Specialist Hospital in Kuching, Sarawak.

In August 2016, KPJ entered into a tri-partite collaboration (MoU) with Sojitz Corporation and Capital Medica Co Ltd of Japan for a proposed USD12 million oncology centre at Rumah Sakit Medika Bumi Serpong Damai (RSMBSD).

The signing took place during the 12th World Islamic Economic Forum (WIEF) in Jakarta, Indonesia, witnessed by YAB Dato' Sri Mohd Najib Tun Razak, the Prime Minister of Malaysia, and YABhg Tun Musa Hitam, Chairman of the World Islamic Economic Forum Foundation.

On 23 September 2016, KPJ also signed an agreement to collaborate with Sebarun Hospital from Korea to set up a Minimal Invasive Surgery (MIS) Spine Centre at KPJ Tawakkal Health Centre (THC). KPJ also signed a memorandum of understanding (MoU) with DK Medical Centre (DKMC) for a Cosmetics & Reconstructive Surgery at the THC, and the Daejeon Wellness Hospital (DWH) for a Specialised Wellness Centre in Johor Bahru. Both DKMC and DWH are also Korean companies.

KPJ's Indonesian operations saw heightened activity in 2016, reporting a revenue of RM59.6 million an increase of 15% compared to RM52.0 million which was recorded in 2015.

In the year under review, Rumah Sakit Medika Bumi Serpong Damai (RSMBSD) also launched their new Kidney-Hypertension and Diabetic Clinic with an additional eight dialysis machines. The hospital was named the winner of the Trauma Centre Award 2016 – BPJS Ketenagakerjaan for the Province of Banten for their service excellence in 2016.

Meanwhile, Rumah Sakit Medika Permata Hijau (RSMPH) is committed towards delivering continued quality healthcare services to its customers. RSMPH is in the process of obtained a certification of accreditation from the Komite Akreditasi Rumah Sakit Indonesia (KARS).

KPJ Innovation

The Group is continuously installing and upgrading its systems with cutting-edge technology, including in the area of 3D technology. KPJ is also exploring the implementation of a cancer-related decision support system that could assist doctors to quickly diagnose and treat the cancer cases, at par with top cancer institutes around the world.

KPJ's Clinical Information System (KCIS) which has been implemented since 2011 ensures that each customer has a seamless experience, from registration to diagnosis to treatment and follow-up care. This increases efficiency and improves patient safety by reducing medication errors and minimising risks. As part of the KCIS, KPJ adopted new solutions utilising cloud based services, such as the Electronic Medical Record (EMR). In 2017, KPJ will be looking into upgrading three of its hospitals that are currently using KCIS to KCIS2.

Specialist Healthcare Businesses

ELDERLY CARE CENTERS

1 Australia **2** Malaysia

HIGHER EDUCATION

1 University College **2** Branches

ACCREDITED HOSPITAL

18 Accredited by **Malaysian Society for Quality in Health (MSQH)**

4 Accredited by the **Joint Commission International (JCI)**

Talent Management

In 2016 alone, KPJ invested over RM10 million on employees training and development programmes of the Group. KPJ employees received an average of 47 hours of training, exceeding the mandatory 30 hours of training per year.

KPJ's Employee Share Options Scheme (ESOS) had been offered to staff who have been employed for at least three years in the 'Executive' category and more are eligible for the scheme. ESOS expenses registered in 2016 was RM27.8 million compared to RM26.5 million in 2015.

Health Tourism Services

The overall performance of KPJ's Health Tourism business in 2016 recorded an 8% increase in revenue, with 155,052 visits by foreign patients in the year under review. Revenue from this segment also grew a healthy 8% to RM124.2 million despite the challenging operating environment.

The growth has been due to various on-the-ground marketing and social activities conducted internationally and domestically throughout 2016, including KPJ's overseas exhibitions; health awareness talks with expatriate communities, embassies and international schools; receiving referrals from foreign doctors and health coordinators; as well as leveraging social media (Facebook and Instagram) to promote KPJ with 12 Centres of Excellence covering key niche services – Advanced Laproscopy/Bariatric; Cardiac; Dental Centre; Eye Care Centre; IVF Centre; Oncology; Orthopaedic; Paediatrics; Reconstructive Plastic Surgery; Rehabilitation & Physiotherapy; and Senior Living Care amongst others.

The markets with tremendous increase were Bangladesh (23%), Kazakhstan and Uzbekistan (35%). This was supported by inbound media familiarisation trips where by KPJ hosted representatives from the Kazakhstan Ministry of Health, together with three Kazakhstan media at KPJ Ampang Puteri Specialist Hospital in March 2016.

Corporate Responsibility

We continue to touch the lives of the impoverished and underprivileged communities through our management of Klinik Waqaf An-Nur (KWAN) initiative. Since the inception of the first KWAN charity clinic in Johor in 1988, it has since served more than one million patients. Today, the KWAN network encompasses one hospital in Johor, 18 clinics throughout Malaysia, as well as four mobile clinics in Kuala Lumpur, Johor and Selangor.

Food & Restaurant Services Business

IN 2016, KFC MALAYSIA ACHIEVED A DOUBLE DIGIT GROWTH ON ITS REVENUE OF 12.3% TO RM2.37 BILLION, UP FROM RM2.11 BILLION RECORDED IN THE YEAR BEFORE. KFC MALAYSIA ALSO BAGGED A NUMBER OF PRESTIGIOUS AWARDS WINNING GOLD FOR THE PUTRA BRAND – PEOPLE'S CHOICE AWARDS IN THE RESTAURANTS & FAST FOOD CATEGORY, BEST OF 2016 – MALAYSIA'S STRONGEST BRANDS AWARDS IN THE FOOD CATEGORY, AND WAS LISTED ON GOOGLE'S GLOBAL HALL OF FAME, THINK, AND OTHER TO NAME A FEW.

KFC MALAYSIA

KFC Malaysia's menu offerings vary throughout the year, including during the holiday seasons and festive occasions, and offer specific products for a limited-time only to attract both new and repeat customers. Following the success of "KFC Hot & Cheezy" in 2015, the "KFC Cheezy Onion Crunch" was launched in 2016 to rave reviews and achieved the same store sales growth and store transaction growth of 18.5% and 10.3% respectively. In addition, the Super Jimat Box range and a series of high end Value Buckets further drove transactions and tickets for 2016. The highlight of 2016 was the launch of KFC's Crispy Tenders offering a new experience for customers to enjoy their favourite KFC – with no bones! The campaign drove new customers and created much interest and excitement in the market.

As a brand that believes in giving back to the community, KFC Malaysia continues to support the underprivileged groups through the "Add Hope" and "Projek Penyayang" programmes as well initiatives to support special communities such as the speech or hearing impaired.

In an attempt to provide greater access to KFC according to customers' varied needs, 73 restaurants were given facelift in 2016. Eight stores were closed and 31 new outlets were added to the network including two drive-thru outlets – expanding KFC's reach further.

With 667 restaurants nationwide – 553 in Peninsular Malaysia and 114 in East Malaysia – KFC remains the Malaysia's largest restaurant chain.

Food & Restaurant Services Business

KFC SINGAPORE

In 2016, KFC Singapore strengthened its position as the leading chicken based QSR with an improved fresh marinated Original Recipe chicken and many other exciting chicken innovation. To address the varied taste buds of consumers, different trendy flavours such as Parmesan, Japanese styled Umakara and the spicy Red Hot were introduced and received many rave reviews. For the younger and non chicken-on-bone eaters, a new boneless KFC Crispy Tenders was added on to the menu. As part of the value strategy, the Ultimate Value Box was promoted with the launch of two new Boxes from only S$5.90. KFC Singapore also continued to market its permanent S$5 Fill-Up Meal layer with a new Sambal Rice bucket variant in August. To further delight its consumers, KFC A.M breakfast menu was relaunched to include a new range of breakfast burgers that come with fresh whole eggs, while the frozen yoghurt dessert, Froyo, featured a new peach flavour. The year 2016 ended with 86 stores, a net increase of two units. Sales were 4% lower than 2015 at S$166.7 million, a decrease of S$6.9 million, due to landlord redevelopment that resulted in the closure of three high volume stores.

KFC BRUNEI

There weren't any new outlet opened for KFC Brunei during 2016. Thus, the number of outlets remains at 16 restaurants. Total revenue slightly reduced by 0.2% to B$11.6 million, a decrease of B$27,000.

KFC CAMBODIA

KFC Cambodia made total sales of USD4.8 million in the year 2016, an increase of 5.8% over 2015. The increase was predominantly concentrated in after the announcement of an increase in minimum wages in the garment sector, and with the increase of foreign investments into Cambodia; strengthening the spending power of the lower and middle class workers. The management continued to take steps to ensure food costs were in control as well as the strict management on wastages which in turn helped to maintain the gross margin at 59.0%. In total, only one store (KFC Chbar Ampov) was closed on the 14th of December 2016 due to a yearlong loss which was caused by massive road-works that took place right in front of the outlet. KFC Cambodia ended the year 2016 with a total of 12 restaurants.

PIZZA HUT MALAYSIA

Pizza Hut is the number one pizza restaurant chain in Malaysia, and is fast becoming one of the country's most preferred dining experiences for both urban adults and families with pre-teen and teenage children. Featuring a delicious mix of nutritious Italian-American cuisine that includes the world's favourite pan pizza and other delectable dishes, Pizza Hut offers a cosy, friendly ambience in which to relax and unwind with the company of family and friends.

Pizza Hut Malaysia's sales revenue experienced a marginal decline of 1%, to register at RM474.6 million in 2016 against RM479.3 million in 2015. However, Pizza Hut

TOTAL KFC RESTAURANTS

667 Malaysia

16 Brunei

Singapore 86

Cambodia 12

shows much promise in gaining further profit through many exciting marketing campaigns and promotions lined up for 2017.

In 2016, Pizza Hut ran six major value promotions and two innovations dedicated to festive celebrations. Gracing the Chinese New Year festive, Pizza Hut introduced Cheesy Crown Pizza featuring unique crust and abundance of toppings. The chunky toppings included tantalizing crab claws, chicken chunks, roasted red & green capsicums, onions and pineapples, all drizzled with Pizza Hut's spicy and tangy sauce. In conjunction with Ramadhan, Pizza Hut introduced the Loaded Pockets Pizza, featuring 12 generous and mouthwatering pockets of crust.

Of all value promotions, Wow promotion started in Oct 2016 for Take-Away was the key driver in turning around the sales momentum. Pizza Hut is committed to provide better dining experience in Pizza Hut Restaurants. This was evident with the launch of 5 Image-Enhanced Stores in Klang Valley, complete with upgraded menu as one of the key initiatives to strengthen customers' experience in Pizza Hut's restaurants.

Pizza Hut Malaysia ended the year in 2016 with 392 outlets. A total of 14 new outlets were opened with 46 existing outlets underwent a re-modeling. Out of the 14 outlets opened in 2016, two outlets were delivery stores, one outlet being a restaurant and 11 outlets were express formats.

Food & Restaurant Services Business

PIZZA HUT SINGAPORE

2016 was another year of innovations, kicking off with the Bountiful Fortune Pizza for Chinese New Year; Seoul Sensation Pizza to ride on the Korean food craze; and a come-back of the ever-popular Cheesy 7 and Cheesy Bites for cheese-loving Singaporeans. Pizza Hut Dine-in continued to appeal to Singaporeans with "Pizza and More" menu enhancement in July, and the launch of 1-for-1 Weekday lunch deal that provided a sumptuous spread of pasta, pizza and entrees for guests. In response to the entry of delivery aggregators, Pizza Hut Delivery leveraged on its pizza innovation and reinforced its value offering with the Double Box and Big Box layers, while improving its service KPI's to retain its market share. Pizza Hut Express expanded and introduced pizza variants as monthly specials to continuously entice guests. "Trade zone activation" commenced in Q4 to engage the community and further drive awareness of the outlets' locations and promotions. Operations division continued to invest in training and development throughout the year, aimed at elevating guests' experience. Pizza Hut achieved sales of S$93.2 million amidst the market challenges in 2016, a slight decline of S$0.7 million from 2015, due to landlord redevelopment which resulted in the closure of one high volume outlet. Pizza Hut Singapore ended 2016 with 80 outlets, a net increase of nine outlets driven by the expansion of the Express formats.

UPSTREAM DIVISION

In 2016, improvement initiatives were put in place to boost productivity optimisation through Corrective Action Plans which focused on quantitative and qualitative factors.

At the end of financial year 2016, Upstream Division's consolidated EBITDA stood at RM30.8 million which was 43.0% higher than prior year on the back of lower revenue of RM1, 675.3 million, a 2.2% decrease as compared to 2015.

INTEGRATED POULTRY SEGMENT

Ayamas Integrated Poultry Industry Sdn Bhd (AIPI)
The Integrated Poultry operations under Upstream Division involve end-to-end poultry farming which comprises its own dedicated Feedmill, Breeder Farms, Hatchery and Broiler Farms. AIPI is a crucial component to the Group operations as it provides consistent support towards a stable source of high quality poultry supply to KFC restaurants besides regulating cost structure within the poultry industry.

- AIPI Feedmill

As one of the largest single feedmill in Malaysia, AIPI Feedmill supplies to the Group breeder farms, broiler farms and contract broiler farms throughout the country. The total feed production stood at 106,000 metric tonnes for 2016. Revenue for 2016 was RM192.2 million, lower than the prior year by 14.4%. However, EBITDA grew by 24.2% at RM18.9 million against the prior year.

- Farms & Hatchery

Under the Farms & Hatchery unit, the breeder farms supply hatchable eggs to the hatchery to produce Day Old Chicks (DOCs). The Unit engages around 40 Contract Farms located throughout the country and has its own farms at Sedenak and Mantin with the capacity of 32-36 million broilers per annum to supply Ayamas Food Corporation Sdn Bhd (AFCSB) processing plant. For 2016, the Farms and Hatchery unit registered lower revenue by 9.9% at RM150.3 million against the prior year. Its EBITDA experienced more than 100% drop, resulting in a loss of RM4.3 million as compared to the prior year, resulting the management to implement productivity optimisation programme to turn the unit back into profitability which is currently showing positive results.

Ayamas Food Corporation Sdn Bhd (AFCSB)
The company engages in poultry processing activities through production of fully-cooked chicken toppings and chicken parts as well as freezer to fryer products including chicken patties, nuggets, sausages, chicken balls etc. to supply the QSR Brands (M) Holdings Sdn Bhd restaurant chains as well as the open market under the Ayamas brand name. The Group's three processing plants at Port Klang, Penang and Bandar Tenggara (Johor) produce more than 4 million birds per month.

The year 2016 was a challenging year for AFCSB. Sales were registered at RM735.8 million, lower by 9.1% compared to the previous year. Despite having recorded a RM2.5 million loss at EBITDA level, it actually was 88.9% improvement as compared to previous year's performance.

QSR Trading Sdn Bhd
QSR Trading Sdn Bhd (QSRT) was established in 2001 as a sales, marketing and trading arm for QSR Brands and external markets, both domestically and internationally with a vision to be the preferred distributor of superior quality Halal brands. Total revenue stood at RM402.8 million at the end of 2016. However, EBITDA declined by 15.0% as compared to 2015. We expect QSRT financial results to close stronger this year as we have experienced huge uptakes in sales throughout the first half of 2017 on the back of improved domestic demand on consumer products.

Property Division

JOHOR LAND BERHAD'S MAIN AIM IS TO FOCUS TOWARDS DEVELOPING A WELL-PLANNED DEVELOPMENT AND QUALITY HOMES. ITS KEY ACHIEVEMENT IN DEVELOPING AND MAINTAINING A STRONG TRACK RECORD OF BUILDING COMMUNITY HAS BEEN PROVEN BY ITS RESIDENTIAL NEIGHBOURHOOD AT PASIR GUDANG AND BANDAR DATO' ONN IN JOHOR BAHRU, BESIDES BANDAR TIRAM AT ULU TIRAM.

JOHOR LAND BERHAD

Long term commitment to sustainable development and ability to respond to the needs of local market made Johor Land Berhad (JLand) continues to be proactive in identifying market preferences and will develop new products in line with market needs. With strategically located land bank measuring 1,012 hectares in the heart of Iskandar Malaysia, JLand is well poised to sustain and strengthen its leadership position in the property development sector.

While expecting that property market will continue to remain challenging for the coming years, JLand is encouraged by its success to look forward to a successful 2017. JLand will continue to strengthen its position as a leading and trusted property developer not only in Johor but throughout Malaysia.

Property Division

FINANCIAL PERFORMANCE

World economic instability has indirectly affected the company's performance. As at 31 December 2016, JLand recorded a profit before tax of RM193 million, achieved on the back of a revenue of RM346 million compared to RM163 million profit before tax and RM505 million revenue in 2015. JLand has continued to maintain its excellent performance, in achieving profit before tax of more than RM100 million for the fifth consecutive year.

Despite the dismal market, JLand's residential and commercial products continued to be in demand. JLand is expected to maintain a good performance in 2017 by taking into consideration the completed projects as well as new projects that will be launched. JLand's balance sheet remains fundamentally strong as net tangible assets increased to RM1.29 billion in 2016, against RM1.14 billion during in the preceding year.

OPERATIONAL OVERVIEW

Bandar Dato' Onn

Bandar Dato' Onn has grown to be a preferred destination in Johor Bahru property scene both for residential and commercial units. With its strategic location, this premier development is easily accessible via a dedicated interchange to and from the North – South Highway and located only 12 kilometres from Johor Bahru City Centre. Encompassing 612.69 hectares of freehold land, it has been planned as a self-contained township comprising 17,200 residential and commercial units and a 90,000 residents to call home. To date, Bandar Dato' Onn has completed a total of 2,203 residential and commercial units, while another 359 units will be completed in 2017.

In 2016, JLand launched 239 units of terraced houses at Neighbourhood 15, Phase 2 with Gross Development Value (GDV) of RM152.8 million. Besides that, JLand also launched 74 units of three-storey shop offices at Neighbourhood 4 with GDV of RM67.3 million.

Bandar Dato' Onn also provides facilities within its vicinity such as mosque, parks, school and police station. AEON Shopping Centre is also under rapid construction and expected to be completed by mid of 2017. The construction of Masjid Sultan Iskandar at Bandar Dato' Onn was completed on 7 January 2016 and JLand had received 'Qlassic Excellence Award 2016' from Construction Industry Development Board (CIDB) for the mosque development.

Property Division

Bandar Tiram

Bandar Tiram is another JLand's development landmark measuring 485.62 hectares and is developed in stages (Bandar Tiram Phase 1 – 5) consisting of 11,000 residential and commercial units scheduled to be fully completed by 2025.

Bandar Tiram Phase 1 consists of mixed development of 1,429 residential units and 132 units of shop offices with GDV of RM440 million. In 2016, a total of 708 units of residential and 53 units of shop offices at Bandar Tiram Phase 1 were launched with GDV of RM245 million. A centralized landscape is also provided and completed for public use.

The development of Bandar Tiram will transform Ulu Tiram into a modern and thriving new township that focuses on structured development and attractive home design yet affordable. Bandar Tiram's interchange provides direct accessibility for residents to Johor Bahru City Centre or Kota Tinggi as well as other various destinations via Senai – Desaru Highway.

Taman Bukit Dahlia

Taman Bukit Dahlia is developed on a site measuring 168.75 hectares at Pasir Gudang, one of Johor's growth corridors. This mixed development will place more than 3,800 units of terraced and semi-detached houses, bungalows and also commercial units. The project is expected to generate GDV of RM990 million. In 2016, a total of 34 units of Lovage double-storey terraced houses Phase 2, 66 units of Idaman 1 and 2 terraced houses, 28 units of semi-detached houses, 78 units of Laman Cendana double-storey terraced houses and 14 units of shop offices were completed with Certificate of Completion and Compliance (CCC).

Taman Damansara Aliff

Taman Damansara Aliff is developed on 90.31 hectares of land consisting of commercial units, shop offices and residential units in a structured and innovative neighbourhood. It is strategically located and is directly accessible by Perling – Pasir Gudang Highway and Jalan Tampoi. A joint development between Damansara Reality Johor Berhad (DRJ) with JLand had completed the construction of 42 units of shop offices in April 2016 and 26 units of shop offices are scheduled to be completed in May 2017. JLand also developed 86 units of terraced houses that had been completed in November 2016.

Taman Mutiara Gading

Taman Mutiara Gading is a new mixed development on 95.51 hectares of land which commenced in May 2016. This development project is strategically located 7 kilometres from Batu Pahat city centre and accessible from main road Air Hitam to Batu Pahat and also near to the proposed location of High Speed Rail (HSR) station.

Taman Mutiara Gading will consist of 1,599 units of double-storey terraced houses, 113 units of double-storey shop offices, 6 units of middle low-cost shop offices, 2 commercial lots and 211 units of *Perumahan Komuniti Johor (PKJ*) terraced houses. Taman Mutiara Gading is scheduled to be completed within 20 years. In addition, Taman Mutiara Gading will also be equipped with public facilities such as recreational park and playground.

Menara JLand

Menara JLand is the most recent office tower development in the heart of Johor Bahru City Centre. The construction of Menara JLand began in November 2014 and as at December 2016, it was 76% completed and its expected completion is in December 2017. Menara JLand is the first building in Johor that aims for 'Gold Certification of Green Building Index' (GBI) and grade 'A' office building in the Ibrahim International Business District (IIBD).

Property Division

Menara JLand consists of 37 storeys. It is strategically located at the entrance of IIBD and Iskandar Malaysia and is easily accessible from Singapore. This tower is linked to six centres of economic growth within the range of 60 kilometres - Pasir Gudang, Senai, Iskandar Puteri, Tanjung Langsat, Pengerang and Tanjung Pelepas. Strategic linkage with pedestrian bridge linking the building with and shopping centres in the city is considered as an advantage to Menara JLand and for visitors as well as city dwellers to do activities such as work, recreation or shopping.

Development of Affordable Homes

JLand as a responsible corporate entity is committed to the State Government's aspiration in providing affordable homes for those with low income residing in city or rural areas through *Dasar Perumahan Johor*. Through the signing of a Memorandum of Agreement (MoA) between Johor Corporation and the Johor State Government in September 2013, JLand is committed in developing 7,599 units of low cost and affordable homes in main locations such as Bandar Dato' Onn, Bandar Tiram, Bandar Baru Majidee, Taman Mutiara Gading, Jalan Kong Kong – Masai, Pasir Gudang and Lenga, Muar. The overall development will be in stages and is scheduled to be completed in 2030.

JLand will also develop 1,016 units of *Perumahan Komuniti Johor* houses type B at Bandar Dato' Onn, whereby 1,000 units are categorised under MyHome Scheme. This project is expected to be completed in 2017. The development is adopting 'Industrialised Building System' and is 96% completed for Phase 1 and 79% completion for Phase 2. In April 2016, YB Datuk Halimah Binti Mohamed Sadique, Deputy Minister of Urban Wellbeing, Housing and Local Government officiated the gimmick of Handing Over Ceremony for *Skim Perumahan Mampu Milik Swasta* (MyHome) Bandar Dato' Onn to 22 owners.

In order to cater for the housing demand at Bandar Tiram, a total of 630 units consisting of low cost and affordable homes have been developed and expected to be completed in May 2017. A total of 250 units PKJ B is categorised under MyHome Scheme. JLand has also developed 320 units of RMMJ at Bandar Baru Majidee and 156 units of RMMJ at Kampung Londang Batu, Endau, Mersing in 2016.

DAMANSARA ASSETS SDN BHD

Damansara Assets Sdn Bhd (DASB) is a wholly owned subsidiary of Johor Corporation under the Property Division. Its main activity is commercial property management particularly shopping centres and office towers. To-date, DASB is managing approximately 205,000 square metres of net lettable area in Kuala Lumpur and Johor Bahru.

Property Division

Commercial properties under Al-Salām REIT consisting of KOMTAR JBCC, Pasaraya Komuniti @mart Kempas, Menara KOMTAR JBCC and KFCH International College are managed by Synergy Mall Management Sdn Bhd (SMMSB), a subsidiary of DASB.

Besides managing its own commercial properties i.e. Galleria@ Kotaraya and Pusat Perniagaan Taman Dahlia, DASB also manages commercial properties under Johor Corporation Group, such as Menara JCorp, Menara 238, Menara VSQ1, Menara Ansar, Tanjung Leman Jetty, Tunjuk Laut Beach Resort, Larkin Sentral Terminal and Masjid Sultan Iskandar, Bandar Dato' Onn.

Chingay Parade at KOMTAR JBCC

The 144th Chingay Parade attracting more than 40,000 crowds was conducted on 28 February 2016 at Jalan Wong Ah Fook. The main stage was located in front of KOMTAR JBCC where HRH Sultan Ibrahim Ibni Almarhum Sultan Iskandar, The Sultan of Johor witnessed the largest Chingay Parade together with YAB Dato' Mohamed Khaled Bin Nordin, Chief Minister of Johor and other dignitaries.

Launch of UTC Johor at Galleria@Kotaraya

The launch of Urban Transformation Centre at Galleria@Kotaraya was held on 6 March 2016. It was officiated by YAB Dato' Seri Najib Tun Razak, the Prime Minister. Also present were YAB Dato' Seri Dr Ahmad Zahid Hamidi, Deputy Prime Minister, and YAB Dato' Mohamed Khaled Bin Nordin, Chief Minister of Johor. UTC Johor is the eighth UTC being set up in the country consisting of 32 government agencies, government linked companies and utilities providers. UTC Johor has been visited by 3 million customers since its opening on 3 July 2014.

Upgrading Work of Larkin Sentral

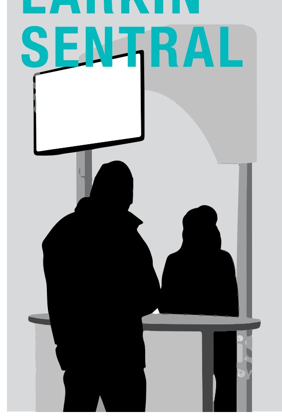
DASB as the property manager of Larkin Sentral carried out upgrading works at the Johor's largest public transportation terminal in 2016 for the convenience of the patrons as well as enhancing its image and competitiveness. Among the upgrading works include Terminal Operating System (TOS) involving 56 new ticketing counters and new platforms for busses. The upgrading work with estimated cost of RM15.3 million has started in March 2016 and is scheduled to complete in Q3 2017.

7,599
UNITS OF LOW COST AND AFFORDABLE HOMES ARE **DEVELOPED BY 2020**

205,000
SQUARE METRES OF NET **LETTABLE AREA MANAGED BY DASB**

3
MILLION CUSTOMERS VISITED **UTC JOHOR**

56
NEW TICKETING COUNTERS AT **LARKIN SENTRAL**



Evacuation/Fire Drills

As precautionary measures, six evacuation/ fire drills were conducted during the year in collaboration with The Fire and Rescue Department of Malaysia (Bomba). The drills were conducted at Menara KOMTAR, KOMTAR JBCC, Pusat Perniagaan Taman Dahlia, Menara Ansar, @mart Kempas and Galleria@Kotaraya involving all workers and tenants at the respective buildings.

KOMTAR JBCC

In conjunction with its first anniversary, KOMTAR JBCC had organised Shop & Win Mega Carnival from 19 August to 18 September 2016 for all its shoppers. The organiser received 1,000 participants for two contest which granted Perodua Axia. HRH Tunku Tun Aminah Binti Sultan Ibrahim has graced the Prize Giving Ceremony of the Shop & Win Mega Carnival on 20 November 2016.

Financial Performance 2016

As at 31 December 2016, DASB Group has generated a total revenue of RM117.94 million compared to RM86.84 million in 2015. The increase in rental was in line with the increase in occupancy rates of the buildings, such as VSQ Tower 1 which was fully occupied KOMTAR JBCC and Menara KOMTAR with 93% occupancy rates have contributed to the growth in revenue by RM24.54 million.

Nevertheless, the Profit Before Tax of DASB Group as at 31 December 2016 stood at RM27.09 million compared to RM75.29 million in 2015. Other income from disposal of development right of hotel amounting to RM50 million contributed to a higher Profit Before Tax in 2015.

Property Division

23

Properties under Al-`Aqar Healthcare REIT

RM1.61

Billion Asset Size

AL-`AQAR HEALTHCARE REIT

Al-`Aqar Healthcare REIT (Al-`Aqar) was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 August 2006. Marking the momentous 10th Anniversary in August 2016, Al-‘Aqar has recorded various achievements, amongst others, the World’s first listed Islamic REIT, Asia’s first Islamic Healthcare REIT and a benchmark for the development of Islamic REITs in Malaysia, as well as in the region.

Established with an initial portfolio of six properties, Al-`Aqar has grown its portfolio to 23 properties comprising 19 hospitals and 4 healthcare related properties spanning across Malaysia and Australia. These properties represent 90.6% of the total property value and contribute 89% and 88% to the revenue and net rental income of Al-`Aqar respectively

Jeta Gardens Aged Care & Retirement Village in Brisbane, Australia is the sole foreign asset owned by Al-`Aqar. This property represents 9.4% of the total property value and contributes 11% and 12% to the revenue and net rental income of Al-`Aqar respectively.

As at 31 December 2016, Al-‘Aqars asses size stood at RM1.61 billion with a market capitalisation of RM1.14 billion.

Al-‘Aqar is managed by Damansara REIT Managers Sdn Berhad (DRMSB or the Manager), a subsidiary of Johor Corporation Group.

Financial Performance

Al-`Aqar recorded revenue of RM103.8 million in FY2016, lower by 6.4% as compared to FY2015. Net property income (NPI) also decreased by 6.7% to RM97.6 million from RM104.6 million in FY2015. The decrease was mainly due to the disposal of Indonesian properties in 2015.

Profit for the year was RM63.1 million (11% decrease from FY2015 of RM70.9 million) comprising realised profit of RM61.5 million (FY2015: RM55.8 million) and unrealised profit of RM1.5 million (FY2015: RM15.1 million). The reduction in profit was due to lower gain in fair value adjustment.

Declared dividend in FY2016 was 7.70 sen per unit totalling RM56.1 million, which represented 95.7% of the income available for distribution.

Prospect

Al-`Aqar foresees that earnings will remain stable and resilient compared to other REITs in the market and it will grow organically from rental renewals and annual escalation as well as via acquisitions.

Property Division

AL-SALĀM REIT

Al-Salām REIT is a diversified Islamic REIT in Malaysia with assets strategically located in Johor Bahru City Centre as well as in major cities throughout Malaysia. Al-Salām REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 29 September 2015. As at 31 December 2016, Al-Salām REIT's asset size stood at RM978.2 million with a market capitalisation of RM620.6 million.

The initial portfolios of 31 assets were acquired by Al-Salām REIT from two subsidiaries of Johor Corporation, namely Damansara Assets Sdn Bhd (DASB), and QSR Brands (M) Holdings Bhd (QSR). Among the major assets acquired from DASB were KOMTAR JBCC, Menara KOMTAR, @mart Kempas and KFCH International College while assets from QSR were KFC and Pizza Hut restaurant chains nationwide and selected operational industrial assets. Johor Corporation is a sponsor of Al-Salām REIT.

Al-Salām REIT is managed by DRMSB, a subsidiary of Johor Corporation Group.

Financial Performance

Gross revenue and net property income (NPI) shot to an increase of 268.4% and 262.3% respectively from those recorded in 2015. This was due to the full year contribution from the properties upon aquasition on 30 September 2015.

During the financial year, Menara KOMTAR recorded the occupancy rate of 93%. Being utilized as the headquarters of Johor Corporation, this allows Menara KOMTAR to enjoy stable rental period in the long run.

The food and beverages (F&B) segment witnessed a lower contribution of revenue and NPI as compared to those from previous year. This was due to the fact that the acquisitions of the F&B properties were completed in 2 phases. The 1st phase was completed on 6 May 2015 which involved 13 F&B properties amounting to RM126 million. While the 2nd phase acquisition which involved 14 F&B properties and KFCH International College was completed on 29 September 2015.

Profit for the year was RM46.7 million (FY2015: RM14.8 million) since the acquisitions of the properties that contributed to the income of Al-Salām REIT was carried out in stages and was fully completed on 30 September 2015.

For the FY 2016, Al-Salām REIT declared a total annual dividend of 6.00 sen per unit totalling RM34.8 million, which represented 96.6% of the income available for distribution.

Prospect

Backed by long triple net lease arrangement, the F&B Restaurants and Non-F&B Restaurants provide strong earnings resilience for Al-Salām Reit. Such arrangement will help minimise Al-Salām REIT's exposure to the hikes in operating expenses in the long run.

Industrial Development Division

THE INDUSTRIAL DEVELOPMENT DIVISION'S (IDD) MAIN ROLE IS TO STRENGTHEN AND IMPLEMENT JOHOR CORPORATION'S FUNCTION AS THE STATE AGENT FOR INDUSTRIAL DEVELOPMENT IN JOHOR. THE ROLE ENCOMPASSES THE PLANNING, CONSTRUCTION AND COMPLETION OF INDUSTRIAL AREAS EQUIPPED WITH INFRASTRUCTURE FACILITIES AND COMPLEMENTED WITH INDUSTRIAL ENABLERS SUCH AS A PORT CAPABLE OF HANDLING BOTH LIQUID AND DRY CARGOES, FREE TRADE ZONE AND LOGISTICS HUB PROVIDING A CONDUCIVE ECOSYSTEM FOR INVESTMENTS.

To date, IDD has successfully developed 31 industrial areas located throughout the state with total planned area of 5,827.47 hectares. Johor Corporation has also successfully attracted almost RM63 billion in investments comprises 1,804 foreign and local and creating 184,000 job opportunities.

In 2016, demand for industrial properties was still encouraging despite the world economic uncertainties which resulted in investors taking the 'wait and see' stance. During this period IDD successfully brought in RM6 billion worth of investments to Johor.

The port business is closely linked to the global oil price. Since the aftermath of the 2014 global oil price crisis, the global oil price in 2016 registered a positive increase. This resulted from the agreement of OPEC member countries to cut down production. The increase and stable oil price directly boosted Tanjung Langsat Port's performance oil trading represent the port's main activity.

Industrial Development Division

Overall in 2016, the port registered an increase of 35% in throughput to 12.5 million tonnes of which petroleum products contributed 95% of the total throughput.

The improved oil price in 2016 also contributed to the increase in dry and bulk cargo handlings especially in the oil and gas (O&G) sector related activities with an increase of 0.3 million tonnes, or 41% compared to 2015.

With effect from 1 June 2016, the management of Tanjung Langsat Port was handed over to TLP Terminal Sdn Bhd, (previously known as Super Heritage Brand Sdn Bhd) a wholly-owned subsidiary of Johor Corporation.

DEVELOPMENT OF MUAR TIMBER INDUSTRIAL PARK

Johor Corporation has been entrusted by the State Government to develop a hub designated for the manufacturing and promotion of furniture industry in Muar. The hub measuring 399 hectares will take three years to complete. Once fully operational, the hub is expected to generate RM1.3 billion of investments from its surrounding 213 facilities.

DEVELOPMENT OF PENGERANG INDUSTRIAL PARK FOR OIL & GAS DOWNSTREAM ACTIVITIES

Johor Corporation has identified a 318-hectare land suitable for RAPID supporting industries. Some of the activities earmarked for the area are downstream O&G-related activities such as non-destructive testing (NDT) services, plastic injection moulding, pipes and profiles extrusion and foaming moulding.

Petronas' recent announcement on the commencement of RAPID phase 1 to be operational in Q1 2019 has prompted the increase in the number of inquiries for Pengerang Industrial Park which is in line with the positive sentiment on recovery of the O&G industry. Hence, Johor Corporation is working closely with both JPDC and Petronas in promoting the industrial area to capitalize on this recent development.

EXPANSION OF TLIC

Tanjung Langsat Industrial Complex is the single largest area readily available for heavy industries in Johor. As at December 2016, the area has registered RM24 billion in committed investments from 114 local and foreign companies out of which 53 companies are in operation with RM16.58 billion worth of investments.

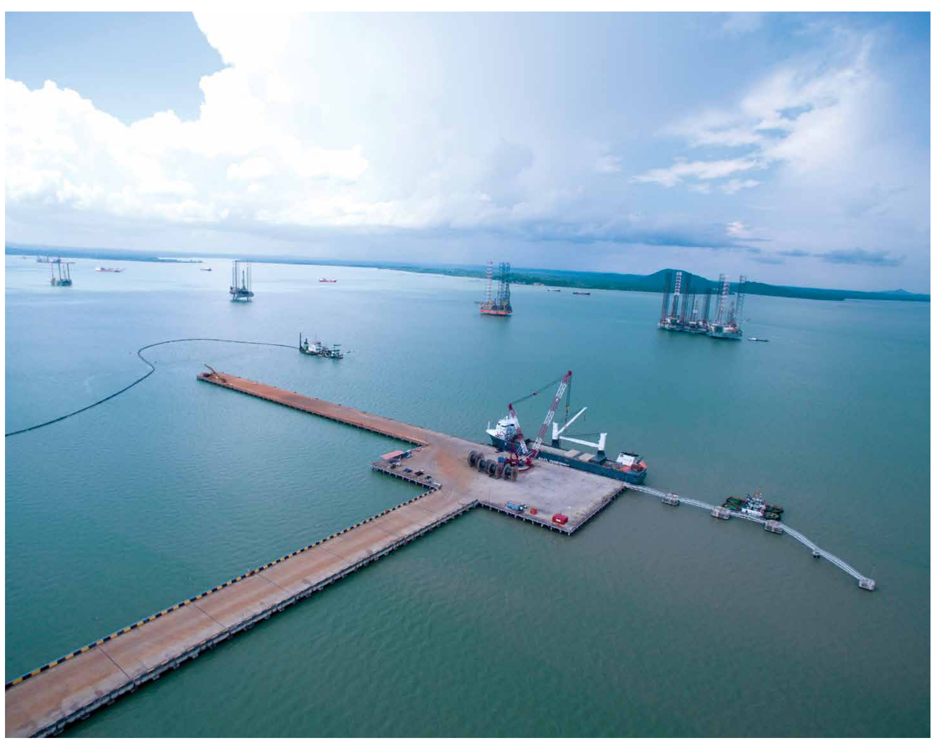
Due to significant demand for the area, the saleable area reduced to 485 hectares. Hence, Johor Corporation has identified a site north of the existing area measuring 309 hectares suitable for an offshore fabrication and maritime hub.

The proposed development is to locate activities related to ship repair & maintenance, fabrication and maintenance for O&G industries, as well as maritime activities. The development is expected to generate more than RM1 billion of investments and create more high income employment.

TLP TERMINAL SDN BHD

With effect from 1 June 2016, the management of Tanjung Langsat Port was handed over to TLP Terminal Sdn Bhd, (previously known as Super Heritage Brand Sdn Bhd) a wholly-owned subsidiary of Johor Corporation, upon awarded the Terminal Operator License by Johor Port Authority.

With authorised and paid up capital of RM1,000,000, TLPT recorded a commendable performance during its first seven-months operation until 31 December 2016.



Industrial Development Division

Below is the comparison of performance by TLPT from 1 June until 31 December 2016:

	June-December		
	2016 (TLPT)	2015 (Previous Operator)	Increment (%)
Number of vessel	**569**	438	30%
Cargo (million tonnes)	**7.9**	5.3	49%

Cargo handling increased by 49 percent to 7.9 million tonnes from 5.3 million tonnes. This was contributed to consolidation activity of Mogas product to oil terminal owned by Langsat Terminal (One) Sdn Bhd (LGT-1) starting from June 2016.

Following the surge in number of vessels and cargo handlings for the period of June to December 2016, TLPT recorded revenue of RM31.9 million and profit before tax of RM3.1 million.

PORT BUSINESS

TLP's strategic location of only 12 nautical miles from international shipping lane, and its attentive berthing facilities capable of handling vessels of Suezmax and Aframax sizes have positioned the port as a preferred harbouring destination among traders and investors. This is in line with the Federal Government's aspiration to make TLP a successful Entry Point Project (EPP). Several new investments commenced operations in 2016. Also a few development is being implemented to ensure the long term sustainability and improved performance of the port. The component of the cluster development are as follows:

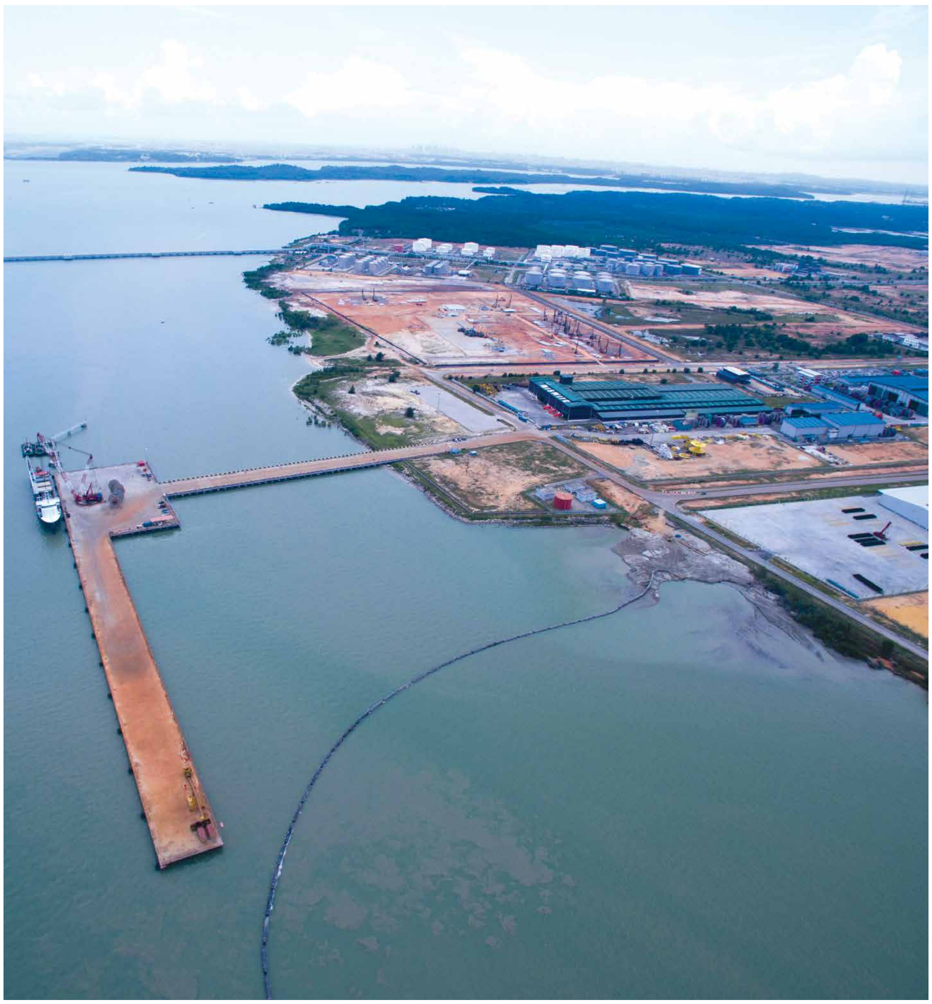
a) **Oil Storage Tanks**

Oil storage tanks with the capacity of 922,800 cubic metres is located within 161-hectare area comprises oil terminal for petroleum and petrochemical products as well as tankage facilities for edible oil. Several notable companies are currently in operation such as Langsat Terminal (One) Sdn Bhd, a joint venture involving Dialog Berhad, MISC Berhad & Puma Energy (Malaysia) Sdn Bhd; Langsat Terminal (Two) Sdn Bhd; Puma Energy (Malaysia) Sdn Bhd; Musim Mastika Oil & Fats Sdn Bhd; and Langsat Bulkers Sdn Bhd.

b) **Oilfield Services & Equipment Hub (OFSE)**

An area of 202 hectares has been allocated for OFSE companies. Some notable companies in operation thus far include French-based Asiaflex Products Sdn Bhd, Korea's Kiswire Neptune Sdn Bhd and Spain's Bahru Stainless Steel Sdn Bhd.

Industrial Development Division



c) Regional Marine Supply Base

The Regional Marine Supply Base were developed by Langsat OSC Sdn Bhd and Langsat Marine Terminal Sdn Bhd each with an area measuring 50 hectares comprising:

i) Langsat OSC Sdn Bhd (LOSC)

Construction of the Common User Supply Base (CUSB) by LOSC was completed and currently in operation with Public Bonded Warehousing License and Licensed Manufacturing Warehouse status in accordance to Sections 65 and 65A of the Customs Act 1967. The CUSB is equipped with 16 units of warehousing facilities to meet the needs of downstream activities of O&G companies. With the expertise from joint venture partner whom successfully manages facility of the same concept in Jebel Ali, Dubai, LOSC is poised to attract international players to the area.

ii) Langsat Marine Terminal Sdn Bhd (LMT)

The warehousing and logistics facilities offered by LMT has attracted several well-known players such as NKGBS (Malaysia) Sdn Bhd from Japan, whom has taken up all the covered area for a 10-year lease beginning 2016. Other players have thus far set up operations on a 30-year lease within the facilities under Section 65 Customs Act 1967. They include Wellfab Engineering Sdn Bhd, Tiong Nam Sdn Bhd and FGV Logistics Sdn Bhd.

ENABLER – FREE COMMERCIAL ZONE

Johor Corporation's move to set up a Free Commercial Zone (FCZ) within the port area is to capitalize on the port's strategic location and meet investors' needs for such facilities. The Ministry of Finance on 3 June 2016 has granted approval for Johor Corporation to set up the facility within a 75-hectare site. The physical development of the area is currently in progress and scheduled for completion by end of 2017.

With its completion and upon its operations, the area is poised to be an integrated logistics hub in the region. As of to date, several local and foreign investors or about 40% have committed to set up their facilities within the FCZ. More investors are expected to invest within the area in 2017.

ENABLER – PALM OIL INDUSTRIAL CLUSTER (POIC)

Ministry of Plantation Industries and Commodities (MPIC) granted the Federal Grant amounting to RM103 million for the development of POIC at TLIC. The complex comprises infrastructure facilities, office and factory buildings, biomass facility and oil tank farm. As of now, 78 hectares (69%) of the overall POIC have been leased and operated by strategic investors.

Industrial Development Division

ENABLER – JOHOR SKILLS

Johor Skills' function in providing skills training to fulfil industrial's requirement is a vital factor to ensure that Johor is in the radar as the preferred investment destination especially for foreign investments. For the year 2016, Johor Skills trained 3,412 participants through various training schemes.

CONTINUOUS EFFORT ON UPGRADING OF PORT FACILITIES

a) Expansion of Dry Cargo Jetty

Based on the upward trend in dry cargo activities forecast involving dry cargo jetty's current and new user namely MSM Malaysia Holdings Bhd, Johor Corporation has planned to construct two new berths at the dry cargo jetty. The RM120 million expansion will begin in 2017 and expected to be completed by the end of Q1 2018. Upon completion, the capacity will increase by 155% from 2 million tonnes to 5.1 million tonnes per year.

TPM TECHNOPARK SDN BHD

TPM Technopark Sdn Bhd (TTSB) is a wholly owned subsidiary of Johor Corporation, under the IDD. It provides project management services for commercial and infrastructure development besides funtioning of the marketing agent and developer of Johor Corporation's industrial land.

Financial Performance

For the financial year ended 31 December 2016, TTSB Group of companies recorded revenue of RM55.72 million compared to RM107 million in 2015. Profit before tax for 2016 of RM9.8 million a decrease from RM30 million in 2015. The decline was due to the 'wait and see' stance from potential investors particularly foreign companies.

TTSB's balance sheet remains strong with net asset of RM117 million in 2016 compared to RM112 million in 2015.

TTSB is expected to perform better in 2017, taking into account the on-going projects as well as new projects despite the challenging scenario of industrial property business.

MARKETING OF INDUSTRIAL LAND

As the marketing arm for Johor Corporation's industrial development, TTSB main focus is to attract new investment and introduce Johor as the preferred investment destination in Malaysia particularly in TLIC and Sedenak.

Johor as the **second data centre** in Malaysia

Industrial Development Division

During the year of 2016, TTSB has actively participated in trade missions organized by Malaysian Investment Development Authority (MIDA) and Johor State including to Japan, China, Germany and United Kingdom.

TTSB along with IDD has held Business Networking Sessions with investors and stakeholders as a show of appreciation for their contribution in industrial development in Johor as well as providing platform for engagement with investors.

PROJECT MANAGEMENT

TTSB played an important role as project manager, whereby during the year of 2016, TTSB has managed 35 projects owned by Johor Corporation's Group of Companies with the value of almost RM100 million.

TTSB also act as project manager for projects under Department of Prime Minister through the State Development Office (SDO). For the year 2016, TTSB handled 16 SDO projects worth RM32.7 million. Since 2011, TTSB has managed 52 projects.

Overall, TTSB completed 18 commercial and 6 industrial projects with a value of RM186 million; namely the development of Johor Military Camp; upgrading of MARSAH; upgrading works for Stadium Tan Sri Dato' Haji Hassan Yunos in Larkin; and earthwork at Sedenak Industrial Park.

READY BUILT FACTORY

TTSB strive to devise business strategy that provide continuous income to supplement its core business. Among them is Premium Corporate Premises, 14 units of ready built factories in Phase 2 of Pasir Gudang Zone 12B Industrial Area.

Additionally, from Federal Grant of RM30 million, Johor Corporation is developing 30 units of ready built factory in Pasir Gudang Industrial Area to cater for demand from small and medium Bumiputera enterprises. Construction expected to begin in January 2017 and completion by end of 2018.

Park Management

TTSB has been appointed to execute the pilot project for management of industrial areas in Johor which will be finalized by end of 2017.

SEDENAK ISKANDAR DATA HUB (SIDH)

A 302 hectares land in Sedenak Industrial Park has been identified for the development as Sedenak Iskandar Data Hub, a data base centre as announced by Federal Government. This will indirectly put Johor as the next data base centre in Malaysia.

TTSB anticipates that the project will create positive economic spillover and ultimately stimulate job opportunities as well as local and foreign investment to the area.

PROSPECT

Based on the five year strategic plan, TTSB intend to increase its industrial land bank that will generate income for TTSB and Johor Corporation. The planning will materialize though development of new industrial areas currently being planned.

Assuming all projects in the planning will be implemented according to schedure, IDD is expected to maintain its status as contribute on Johor Corporation's performance, thus cementing Johor Corporation's role in spearheading the industrial development in Johor.

Business Development Division

UPHOLDING TO THE VISION OF 'MEMBINA DAN MEMBELA', JOHOR CORPORATION PLAYS A VITAL ROLE IN THE FUTURE ECONOMIC DEVELOPMENT OF JOHOR AS WELL AS MALAYSIA IN ORDER TO FULFIL THE NATIONAL ECONOMIC POLICY (NEP).

INTRAPRENEUR

In accordance with this objective, entrepreneur development agenda remains the main task and core of Johor Corporation's undertaking with the aim of boosting Small and Medium Enterprises (SME) entrepreneurs to support the sustainable and competitive growth of the state and national economy. Through Intrapreneur Scheme which began in 1999, Johor Corporation continues to provide opportunities and prospects to its employees within the Group as well as third parties to become the entrepreneurs.

Johor Corporation Intrapreneur Scheme is an innovative entrepreneur development initiative with prudent track record of excellent achievement and success.

As at 31 December 2016, there were 34 companies under Johor Corporation’s Intrapreneur Scheme with total turnover recorded at RM420 million and profit before tax of RM10 million. Seven Intrapreneur companies recorded profit before tax exceeding RM1 million.

Business Development Division

By the end of December 2016, there were 17 Intrapreneur companies under Kulim (Malaysia) Berhad; Johor Corporation (eight); KPJ Healthcare Bhd (six); Waqaf An-Nur Corporation Bhd (two); and QSR Brands (M) Holdings Bhd (one).

In 2016, two new Intrapreneur companies known of Total Meal Solution Sdn Bhd and Skop Yakin Sdn Bhd were formed among the employees of KPJ Healthcare Berhad Group.

Several outstanding milestones were achieved by Intrapreneur companies in 2016, such as Danamin (M) Sdn Bhd which was awarded the ISO 14001:2004 and OHSAS 18001:2007 Certification on 23 April 2016 as well as the "Responsible Contractor for Outstanding Performance" by Petronas Chemical Ammonia Sdn Bhd on 11 October 2016.

Microwell Bio Solutions Sdn Bhd was certified by NanoVerify and SIRIM QAS International for nano-based products; Groagro 1 and Groagro 4. The company is in the midst of finalizing several collaborations with government agencies and government-linked companies.

Syarikat Pengangkutan Maju (MAJU) Berhad continued its TransJohor Bus Service agenda in collaboration with Perbadanan Pengangkutan Awam Johor (PAJ). In Kota Tinggi, there are currently a total of six buses offering the service since April 2016. Meanwhile, there are two busses operating along the Muar route since May 2016. Three MAJU drivers received Prudent Drivers Award recognition from the Inspector General of Police.

IN 2016, THERE WERE
34 COMPANIES
PLACED UNDER JOHOR CORPORATION'S INTRAPRENEUR SCHEME WITH TOTAL REVENUE RECORDED
RM420 MILLION

These Intrapreneur achievements were amongst the evidence of the scheme's effectiveness and the commitment of Johor Corporation in implementing entrepreneur development programmes particularly in Johor and throughout the country. The commitment has also been expanded into agricultural industry in order to realise the government's aspiration of National Food Security through the development of Bumiputera entrepreneurs in poultry industry and chilli cultivation.

For the Poultry Programme, Johor Corporation aims to develop 10 Bumiputera broilers with the production capacity of 50,000 chickens/cycle in 2017. At the same time, Johor Corporation through its subsidiary, KARA Holdings Sdn Bhd will further offer business platforms under Corporate Licensing Scheme for Kedai Ayamas outlets. As to date, there are two outlets; one located in Bukit Baru, Malacca and another in Taman Melawati, Ulu Kelang under this scheme.

For chilli cultivation, Johor Corporation initiated 1.2-hectare pilot project through its subsidiary Absolute Ambient Sdn Bhd in Mukim Bukit Batu, Sedenak, Johor as the catalyst of the agropreneur programme. This pilot project was a continuation of the Strategic Collaboration Agreement between Johor Corporation and Serotech Sdn Bhd, a subsidiary of Universiti Kebangsaan Malaysia (UKM) through its Technology Transfer Company, UKM Technology Sdn Bhd. Through this project, Johor Corporation aimed to create young agropreneurs for the cultivation and production of chillies for domestic market.

The success story of the Intrapreneur Scheme since 18 years ago has encouraged and convinced Johor Corporation to continue this initiative with greater improvements. The scheme will be reviewed in order to identify its strengths and weaknesses for further improvisation known as Intrapreneur Scheme 2.0. This scheme mainly aims to attract more participations among qualified employees and external entrepreneurs to boost the growth of the scheme.

Corporate Responsibility Division

CORPORATE RESPONSIBILITY DIVISION COORDINATES AND MONITORS CORPORATE RESPONSIBILITY (CR) ACTIVITIES OF JOHOR CORPORATION WHICH ARE CARRIED OUT DIRECTLY THROUGH ITS NON-PROFIT ORGANISATIONS COMPRISING OF WAQAF AN-NUR CORPORATION BERHAD AND YAYASAN JOHOR CORPORATION AS WELL AS INDIRECTLY THROUGH ITS GROUP OF COMPANIES.

Throughout the year 2016, Johor Corporation carried out its corporate responsibility programmes with a more effective mechanism to reach out to is various stakeholders within the community.

JDT FOOTBALL CLUB SPONSORSHIP

Since 2013, Johor Corporation has been among the main sponsors of Johor Darul Ta'zim (JDT) football club. The sponsorship is not merely due to the involvement of millions of football views and supporters, but also as a symbol of Johor Corporation's undivided support towards, the Royal Patron of JDT HRH Tunku Ismail Ibni Sultan Ibrahim, Tunku Mahkota Johor in developing Johor football scene.

Through the effective management of the club by HRH Tunku Ismail Ibni Sultan Ibrahim, Johoreans are able to hold their heads high with the achievements of JDT, following their success in championing the Super League for three consecutive years in 2014, 2015 and 2016, as well as becoming the first club in South East Asia to win the Asian Football Confederation (AFC) Cup in 2015.

Corporate Responsibility Division

SEMARAK JAWI ™

Semarak Jawi ™ is one of the innovative CR programmes by Johor Corporation Group in collaboration with Yayasan Johor Corporation. With the aim to preserve the cultural heritage and promote Jawi writing among the younger generation, Johor Corporation had on 7 September 2016 extended its sponsorship for the publication of weekly Jawi Newspaper i.e. Utusan Melayu Mingguan for the second year.

The 5,000 Jawi newspapers were distributed every Monday to selected schools in Johor for one year. Committed to promote the heritage locally and globally, the renewed sponsorship also witnessed the launch of the world's first Jawi news portal - *www.utusanmelayu.com.my.* The news portal aimed at attracting younger generations to read and write in Jawi through an easily accessible content platform. Furthermore, a Semarak Jawi Competitions were also held on weekly and monthly basis as advertised in the Utusan Melayu Mingguan newspaper with various attractive prizes.

SEMARAK JAWI ™ IS ONE OF THE INNOVATIVE CR PROGRAMMES INITIATED BY JOHOR CORPORATION GROUP IN COLLABORATION WITH YAYASAN JOHOR CORPORATION **THAT AIMS TO PRESERVE THE CULTURAL HERITAGE AND PROMOTE JAWI WRITING AMONG THE YOUNGER GENERATION.**

Following the newspaper publication sponsorship, Semarak Jawi ™ programme was conducted at schools in Johor as an edutainment approach to encourage Jawi scriptwriting culture among students.

The activities included Jelajah Jawi (treasure hunt), Coretan Jawi (essay writing) and Khat (Islamic calligraphy) Competition which saw participations of 975 students and teachers from 188 schools in Johor.

JALINAN UKHUWAH ™

Jalinan Ukhuwah ™ is an annual CR programme that is carried out by the Corporate Responsibility Division of Johor Corporation with the aim to foster the ties between Johor Corporation and the society besides contributing directly to the welfare of the local community. The programme demonstrates Johor Corporation's commitment in supporting the well-being of rural and suburban communities. The CR activities held in Jalinan Ukhwah are carried out by volunteers from Briged Waqaf ™ of Johor Corporation in collaboration with various government agencies including Fire and Rescue Department of Malaysia, Royal Malaysia Police and Johor Military Force.

Corporate Responsibility Division

HWAN AND KWAN

Through collaboration with Waqaf An-Nur Corporation Berhad and KPJ Healthcare Berhad, Johor Corporation has to date developed 21 units of Klinik Waqaf An-Nur (KWAN) nationwide and a Hospital Waqaf An-Nur (HWAN) in Pasir Gudang, Johor. The outpatient treatments are offered at KWAN for the public from all walks of life and backgrounds with a minimum fee of RM5 only. As at December 2016, a total of 1,398,524 treatments were carried out by KWAN, of which 11% (111,881) treatments were delivered to non-Muslim patients. The clinics also equipped with 66 dialysis machines that served a total of 307 kidney patients.

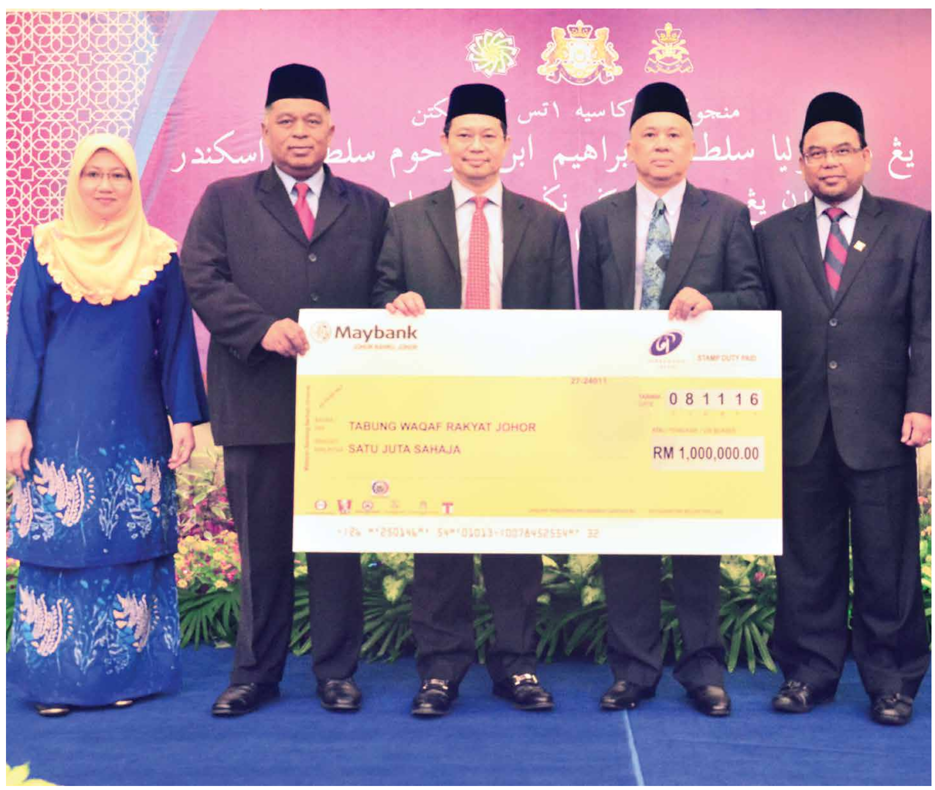
JSA AND MSA

Johor Corporation has pioneered sailing activities through its involvement in Johor Sailing Association (JSA) and Malaysia Sailing Association (MSA). Both associations are led by YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive of Johor Corporation who are also the appointed President of JSA and MSA. The associations are actively involved in promoting and developing sailing in the national and global arena.

Continuous efforts by the associations were proven fruitful when two Malaysian sailing athletes were selected to represent Malaysia at the 2016 Olympic Games in Rio, Brazil. The Malaysian athletes, Khairulnizam Mohd Afendy and Nur Shazin Mohamad Latif continued their excellent performance when Malaysia grabbed four gold medals at the International Regatta 2016 in Qatar. As the President of JSA and MSA, YB Dato' Kamaruzzaman Abu Kassim was also awarded with Sports Leadership Award 2016 during the National Sports Award Ceremony.

TUITION PROJECT

Carried out by Yayasan Johor Corporation in collaboration with the of Johor State Education Department, Tuition Project saw participation from 26 selected rural schools. Since its introduction in 2012, Tuition Project has benefited 1,973 underprivileged students and orphans, and supported by 372 teachers. The teaching method does not only focus on in class training, but also online for a more effective and attractive learning. As a motivational drive to the students, they were brought to visit Johor Corporation Headquarter office as well as Angry Birds Activity Park Johor Bahru. Tuition Project is also supported by the companies within Johor Corporation including Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Johor Land Berhad and QSR Brands (M) Holdings Bhd.



JOHOR MOTOR CLUB

Johor Motor Club is one of the active groups under the Automobile Association of Malaysia (AAM) which organises various motorsport events including Johor Clubman Race, Johor Sprint Challenge, Saturday Nite Sprint, Petronas AAM Malaysian Cub Prix and Motocross Championship.

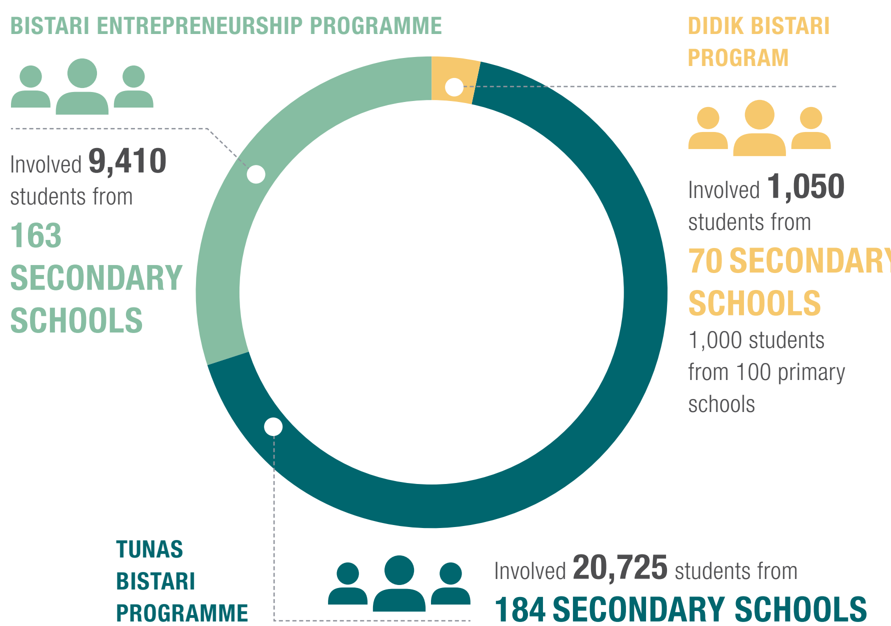
Corporate Responsibility Division

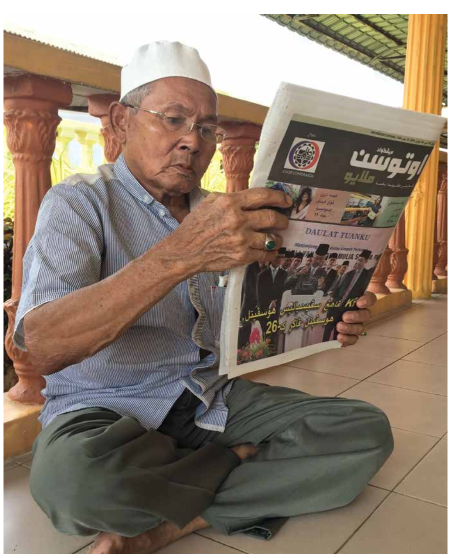
Johor Motor Club has also been entrusted to organise Motocross Championship at Motocross Circuit in Bandar Tiram, Johor Bahru. The event is sponsored by Johor Land Berhad.

MUTIARA JOHOR CORPORATION

Mutiara Johor Corporation was established to support the welfare of female employees and spouse of Johor Corporation male employees. The organisation has carried out various religious, social, education, welfare and recreational activities for its members. In line with its focus in healthcare and wellness, Mutiara has conducted Zumbarobic, Health Seminars and Aquarobic, as well as donation to the deserving ones.

In order to demonstrate its awareness on environmental preservation, Jom Tanam Pokok (Let's Plant Trees) was organised. Additionally, religious programme were carried out including Majlis Khatam Al-Quran (Completion of Al-Quran Reading Ceremony), Majlis Bacaan Yaasin (Yaasin Recitation) and Solat Hajat (Special Prayer) for children of Johor Corporation employees who were sitting for UPSR, PT3, SPM & STPM exams.





BISTARI ENTREPRENEURSHIP PROGRAMME

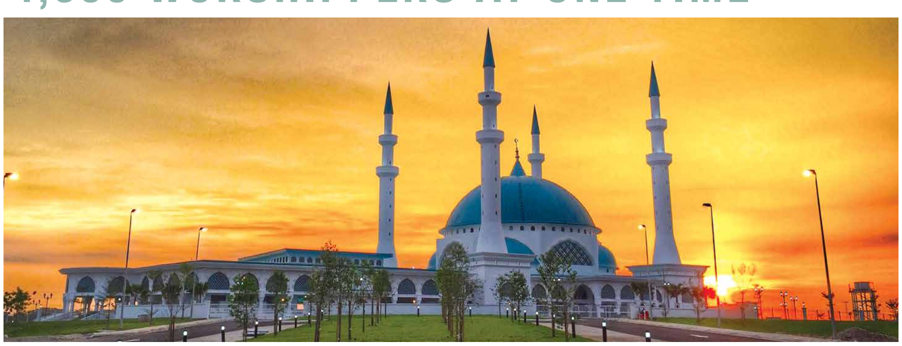
Throughout 2016, a total of 1,050 students from 70 secondary schools and 1,000 students from 100 primary schools in Johor participated in Bistari Entrepreneurship Programme. Since its introduction in 1992 until 2016, a total of 20,725 students from 184 secondary schools had benefited from Tunas Bistari Programme. On the other hand, Didik Bistari Programme had benefited 9,410 students from 163 primary schools since its introduction in 2005.

Corporate Responsibility Division

MASJID SULTAN ISKANDAR, BANDAR DATO' ONN IS THE SIXTH MOSQUE OF JOHOR CORPORATION.

THE LATEST ADDITION IS THE LARGEST MOSQUE WITHIN THE CHAIN OF AN-NUR MOSQUES, WHICH CAN ACCOMMODATE MORE THAN

4,600 WORSHIPPERS AT ONE TIME



Entrepreneurial spirit is also inculcated among university students through Siswa Bistari Programme that has been organised since 2004. In 2016, BizSiswa programme was introduced as to rebrand and improvise Siswa Bistari. As at December 2016, three universities collaborated with Yayasan Johor Corporation for BizSiswa, namely Universiti Teknologi MARA, KFCH International College and KPJ University College. A total of 12 companies were established under BizSiswa which raised total sales of RM74,794.

TIJARAH RAMADHAN FUND - YAYASAN JOHOR CORPORATION (TTR-YJC)

Tijarah Ramadhan Fund-Yayasan Johor Corporation (TTR-YJC) is an initiative by Johor Corporation that provides financial aid for healthcare treatments, disaster relief as well as charity to the deserving ones.

Since its launch in 2005, a total of RM3,620,613 have been raised by TTR-YJC from corporate organisations and the public through SMS and cash deposit. From the fund raised, a total of RM3,552,647 were distributed to the deserving parties throughout the country.

For the period between January-December 2016, RM335,208 has been donated to the target groups. In 2016, TTR-YJC received a total of RM312,000 from companies within Johor Corporation Group as well as public donation of RM5,280, bank hibah (RM5,098), auto debit and salary deduction by employees of Johor Corporation (RM17,928).

BRIGED WAQAF ™

Briged Waqaf ™ is a volunteer group of which members are composed of employees from the companies within Johor Corporation Group. They are active in handing out humanitarian aid and carrying out community services. In order to enhance the skills of its volunteers, selected members of Briged Waqaf ™ were registered for Amateur Radio Seminar and Amateur Radio Examination to test their competency level in handling amateur radio. On 23 October 2016, the Annual Briged Waqaf ™ Parade was organised at Bukit Mutiara Johor Bahru. Disaster Relief missions have been the core of Briged Waqaf ™ activities whereby Briged Waqaf ™ teams were involved in helping the victims of fire accident in Sultanah Aminah Hospital, Johor Bahru.

Corporate Responsibility Division

DANA NIAGA ™

Dana Niaga ™ is another initiative carried out through Waqaf An-Nur Corporation Berhad to provide financial assistance in the form of interest-free borrowing (*Al-Qardhul Hassan)* to individuals who wish to venture into business as well as the existing entrepreneurs who wish to expand their businesses. The fund aims to promote Islamic finance and drive the economic growth of Muslim entrepreneurs. As at December 2016, a total of RM709,300 were distributed to 344 recipients.

AN-NUR MOSQUES

Waqaf An-Nur Corporation Berhad manages six mosques that are located in Galleria@Kotaraya Shopping Complex, Larkin Sentral Terminal, Bandar Pasir Gudang, Kompleks Pasir Gudang dan Taman Cendana. Its newly developed mosque, Masjid Sultan Iskandar, Bandar Dato' Onn is the largest mosque under Waqaf An-Nur Corporation Berhad management that can accommodate more than 4,600 worshippers at one time. The mosque was officiated on 8 April 2016 by HRH Tunku Mahkota Johor. In order to ensure full utilisation and benefit from the chain of mosques, a website was developed to promote and update their activities. Please log on to *www.masjidwancorp.com* or Facebook: *Rangkaian Masjid An-Nur* for more information.

Human Capital Division

AMONG JOHOR CORPORATION'S LONG-LASTING TRADITION IS THE COORDINATION OF *PERHIMPUNAN DIALOG DAN AMANAT (PEDOMAN)* WHICH WAS FIRST INTRODUCED IN 1985. IT IS A TWO-WAY INFORMATION-SHARING PLATFORM WHICH ALLOWS EMPLOYEES TO SHARE CURRENT UPDATES AND FEEDBACKS THROUGH A DIALOGUE SESSION WITH THE PRESIDENT & CHIEF EXECUTIVE OF JOHOR CORPORATION. PEDOMAN JOHOR CORPORATION 2016 WAS HELD ON 26 JANUARY 2016. THE CEREMONY ALSO WITNESSED GRADUATION OF JOHOR CORPORATION LEADERSHIP PROGRAMME COHORT 1 PARTICIPANTS. MEANWHILE, THE MID-YEAR PEDOMAN TOOK PLACE ON 1 AUGUST 2016.

In strengthening its character building framework among its employees, Johor Corporation launched the Johor Corporation Core Values 2.0 during the Mid-Year PEDOMAN 2016. The five core values set to be embraced by every Johor Corporation employees are as follows:

1) Integrity.
2) Professional.
3) Innovative.
4) Loyal.
5) Teamwork.

These core values need to be instilled among all Johor Corporation employees and serve as a guide in undertaking all initiatives and business activities which will in turn create a transformed culture among its employees. This will indirectly increase the positive image of Johor Corporation and its Group among external agencies as well as stakeholders. In light of nurturing the values among the employees, several initiatives have been carried out including productions of video, poster and booklet of the Johor Corporation Core Values 2.0, delivery of value & culture briefings to new staff, induction programmes, Johor Corporation Core Values 2.0 Workshop for Top Managements, short video competitions in the Dynamites programmes as well as quizzes.

Human Capital Division

The Johor Corporation's *Membina dan Membela* Philosophy has been reinvigorated into Johor Corporation *Membina dan Membela* Philosophy 2.0, and simultaneously announced during the Mid-Year PEDOMAN 2016. The new philosophy is made up from 11 cores representing Johor Corporation's principles to be held and practised among all staff. The 11 cores are as follows:

1) Johor Corporation as an economic institution that embraces knowledge and thinking.
2) Working together under the spirit of collectiveness.
3) Practise and embrace Islamic principles and values.
4) Catalysing upturns in competitive drive, productivity, value and results through innovation and technology.
5) Strict adherence to good corporate governance in management and operation.
6) Executing a balanced and sustainable economic agenda.
7) Ethics and Integrity as the main practices in the institution and its human capital.
8) An economic institution that is efficient, responsive and optimising cost.
9) High-impact and value-oriented wealth creation.
10) Strategic repositioning of the organisation in the national and international standings.
11) Catalysing Bumiputera's economic transformation.

For 2016, Johor Corporation continued to award another 27 sponsorships under the Johor Corporation Education Sponsorship Programme (JESP) initiative to deserving candidates throughout Malaysia. Additionally, new disciplines were introduced namely Town Planning, Quantity Surveyor, Architecture and Oil & Gas (O&G) based on the business requirements and synergies in Johor Corporation and Group of Companies, taking into account future businesses that Johor Corporation might venture in. The professional talent pipeline is vital to produce professional that are capable to to drive the business continuity of Johor Corporation as an active and competitive conglomerate with diverse business worldwide.

In 2016, Johor Corporation under the initiative of Johor Corporation Chartered Accountancy Programme (JCAP) recruited 11 trainees from various local universities as part of the initiative to produce more Chartered Accountants. JCAP is a collaboration between Johor Corporation and the local accounting firms to allow the trainees to obtain professional certifications such as ICAEW, ACCA, MICPA and CPA such as PriceWaterhouseCoopers, Ernst & Young, Deloitte, BDO and KPMG. Australia under the programme. The trainees will be placed in the local accounting firms in Kuala Lumpur and Johor Bahru.

Johor Corporation also participated in Kembara Kerjaya 3.0 initiated by Johor State Government, Johor State Economic Planning Unit and Azam Kerja Muafakat Johor from 20 May until 22 May 2016. Four districts were visited to identify potential pool of talents to fulfill career opportunities in Johor Corporation namely Kluang, Kulai, Kota Tinggi and Johor Bahru.

Statement on Corporate Governance

It has always been the policy of Johor Corporation to strictly adhere to good corporate governance in its operations. Changes in business environment and the way businesses are operated has become a major factor in the establishment of an organisation's corporate governance structure. As such, being a state-owned enterprise and statutory body, Johor Corporation is required to comply with specific regulations and laws, namely Johor Corporation Enactment No. 4 of 1968 (as amended by Enactment No. 5 of 1995) (the Enactment), Incorporation Act of 1962 (State Legislatures Competency) (Act 380) and Loans Guarantee Act of 1965 (Bodies Corporate) (Act 96).

Johor Corporation has been continuously pursuing good corporate governance in all its activities and business transactions of its companies within the Group through its board of directors, companies administration system and governance committees. Johor Corporation takes pride in its standard of corporate governance and in the reputation it has built. Johor Corporation believes that these are essential in building an enduring brand value and achieving sustainable stakeholder value. Johor Corporation Group also observes high standards of corporate conduct in line with the principles and guidelines of the revised Malaysian Code on Corporate Governance (where applicable).

Johor Corporation has put in place a corporate governance structure with clear internal control system, reporting and responsibility lines as well as procedures that are easily understood. The Group's corporate governance practices are outlined in the following sections.

THE BOARD OF DIRECTORS

Composition

The Board has 11 members which comprise a Chairman, a Vice Chairman, three representatives from Johor Civil Service, three representatives from the Federal Government, three independent members as well as the President & Chief Executive. The President & Chief Executive is the only Executive Director.

Duties and Responsibilities

The Board takes responsibility of the overall performance of Johor Corporation. The Board establishes the vision and objectives of Johor Corporation, overseeing the adequacy and integrity of Johor Corporation's strategies, financial performance, business issues and internal control system.

As stipulated by the Enactment, the Chairman shall not be the President & Chief Executive and their roles are separated. The President & Chief Executive exercises control over the quality and timeliness of information flow between the Board and the management.

The Chairman, on the other hand, is independent of management and is responsible for the workings of the Board, ensuring that Board members engage the management in constructive debates on various matters including strategic issues and business planning processes.

Board Meetings

The Board meets to analyze Johor Corporation performance of and resolve on matters related to policy and strategic business issues of Johor Corporation and its Group of Companies. The Chairman may at any time call a meeting and shall, upon the written request of not less than five members of the Board, call a special meeting thereof within one month of the date of such request. In 2016, the Board met four times.

Statement on Corporate Governance

Board Committees

To ensure smooth operations and facilitate decision-making, while ensuring proper controls, the Board is supported by three board committees, namely the Audit Committee, Board of Tender Committee and Special Project Committee. Management functions are delegated to the Group Top Management Committee (TERAJU) and various other governance committees.

Access to Information

Management provides adequate and timely information to the Board on affairs and issues requiring board's decision. It also provides ongoing reports relating to operational and financial performance of the Group.

COMPANIES ADMINISTRATION SYSTEM

All company secretarial functions in companies whereby Johor Corporation is the main shareholder are undertaken by Group Company Secretarial Department, the company secretary service provider for the Group. The department's function is supported by qualified secretaries and is responsible in ensuring that all companies meet all statutory requirements under the Companies Act 1965 and where applicable, the Listing Requirements of Bursa Malaysia and the Securities Commission's Guidelines. It is also their responsibility to ensure that the board of directors complies with the companies' policies set forth and achieved its objectives. The appointment of company secretaries are forwarded to Teraju Korporat Committee for approval.

All appointments of directors are administered by Group Company Secretarial Department on an annual basis. The appointment must fulfill the criteria including passing all mandatory examinations; has been in employment for a minimum of five years, etc.

GOVERNANCE COMMITTEES

Johor Corporation adopts an elaborated decision-making structure and system embodying the principle and practice of Syura. The office of the President & Chief Executive plays important role in ensuring all decisions are approved by the respective committees.

- **Group Top Management Committee (TERAJU)**
  The Committee is chaired by the President & Chief Executive and comprises 12 members. Its roles include discussing and deciding on strategic issues relating to Johor Corporation and its Group of Companies.

- **Teraju Korporat Committee**
  The Committee is chaired by the President & Chief Executive and comprises 18 members. Its roles include endorsing and ratifying all decisions made at various other committees i.e. Executive Committee (EXCO) etc.

- **Executive Committee (EXCO)**
  The Committee is chaired by the Vice President (Business Develoment Division) and comprises 18 members. It deliberates on operational as well as financial matters and forward significant recommendations to Teraju Korporat Committee.

- **Investment Review Committee (JAWS)**
  The Committee is chaired by the Executive Director (Damansara REIT Managers Sdn Berhad).The Committee comprises 10 members appointed amongst the senior management of companies within Johor Corporation Group and deliberates on all new investments and projects.

Besides the four main committees mentioned above, there are also other governance committees which have their specific terms of reference and functions in monitoring Group's operations. The committees, among others are Nomination and Remuneration Committee, Strategic Planning Committee, Performance Appraisal Committee, Kemudi Korporat Committee, Quarterly Report Committee, Group Finance Committee and Risk Management Committee.

Statement on Corporate Governance

CORPORATE GOVERNANCE IN LISTED ENTITIES WITHIN JOHOR CORPORATION GROUP

There are four listed entities in Johor Corporation Group on the main board of Bursa Malaysia namely KPJ Healthcare Berhad, Al-'Aqar Healthcare REIT, E.A Technique (M) Berhad and Al-Salām REIT. As listed entities, the demand for implementing good corporate governance is increasing. They are required to always comply with various rules and guidelines issued by Bursa Malaysia on which the shares are registered and listed. Each company has its own board of directors and audit committee.

TOWARDS STRENGTHENING CORPORATE GOVERNANCE

Johor Corporation subscribes to the key notions of corporate governance as propounded in the 1999 High Level Finance Committee Report on Corporate Governance. It entails the concept of corporate governance as beyond corporate laws and regulations but fundamentally refers to system, process and structure within the organization.

Towards strengthening Johor Corporation's corporate governance framework and enhancing the institution's role as the Johor State's economic development arm, the President & Chief Executive has implemented the concept of Johor Corporation's Business Continuity Mission. Essentially, the Business Continuity Mission refers to the following key idea:

> **"TO ENSURE JOHOR CORPORATION REMAINS RELEVANT AND RESILIENT AS AN ECONOMIC INSTITUTION IN THE LANDSCAPE OF 21ST CENTURY – COMPETITIVE IN DOING BUSINESS, CONTRIBUTES TO ECONOMIC DEVELOPMENT AND BENEFITS THE STAKEHOLDERS THROUGH GOVERNANCE, INNOVATION AND CORPORATE RESPONSIBILITY"**

The Business Continuity Management Department (BCM Department) was established with the mandate to review and strengthen the systems and governance practices in Johor Corporation particularly in relation to innovation and corporate social responsibilities. Amongst the initiatives executed by BCM Department throughout 2016 were:

(i) Establishment of project management and monitoring functions on projects relating to Johor Corporation's Strategic Innovation and Corporate Governance Framework as well as the creation of New Wealth Wave;
(ii) The publication of e-Newsletter - "BCM Chrysalis", as a medium of knowledge sharing on the latest information on innovation development and corporate responsibility that are published periodically;
(iii) Enhancement of Johor Corporation's Intrapreneur Programme by introducing Johor Corporation Intrapreneur 2.0 Policy. By enhancing the policy, Johor Corporation is aiming for improvements in the following aspects:
   a) High-performance Intrapreneurs focusing on innovative products and services;
   b) Increase in the number of competitive Intrapreneur in the market;
   c) Establishment of social intrepreneurship.
(iv) Organization of Brown Bag Sessions – knowledge and sharing sessions on innovation and corporate responsibility to Johor Corporation's population on a bimonthly basis;
(v) The publication of Johor Corporation's Fortnight Economic Intelligence Report - current economic report of the State of Johor, domestic and global scenaries which are published periodically and distributed for information and internal use of Johor Corporation.

TRANSPARENCY

Transparency in doing business

Johor Corporation and its Group of Companies are committed to help the government in combating corruption and power abuse at organizational and individual level, besides acculturation of integrity in conducting business. As evidence, the President & Chief Executive of Johor Corporation signed the Integrity Pledge on 26 November 2013 followed by entities within the Group on 8 January 2014.

Statement on Corporate Governance

Subsequent to that, Johor Corporation and Group of Companies has implemented several initiatives to ensure integrity programmes are carried out continuously. One of the policies is the 'No Gifts and Entertainment Policy' which was introduced on 21 July 2014. The purposes of the policies are among others, as follows:

- To build a culture of not accepting any gift or entertainment before, during or after discharge of responsibilities from those who have official dealings with employees.
- To avoid staffs from predicament in decision-making as well as conflict of interest.
- To avoid accusations of corruption from any party who received the gift or entertainment which could affect the image and reputation of Johor Corporation and its Group of companies.

Transparency in the decision making process

Several examples of the implementation of the transparency aspect include the information infrastructure development in the forms of the intranet and knowledge management. The knowledge management is the employees' means to give various information in the forms of suggestions and ideas. Those who express bright ideas and innovations that might be chosen to be implemented or adopted will receive awards from Johor Corporation. In addition, Johor Corporation has also developed a whistleblowing communication channel namely Ethics Declaration Form, for employees to provide direct input to the President & Chief Executive should they find any irregularities and/or counterproductive behaviours among staff.

Transparency to business partner

To boost transparency to all business partners, Johor Corporation also extends the Ethics Declaration Form to the contractors, suppliers and vendors.

Besides that, in order to strengthen the existing complaints mechanisms, Johor Corporation has also developed “Whistleblowing” policy where the complainants who has complained or disseminated the information with good faith and non-malicious intention will be protected from any harmful acts and the identity of the complainant and the information provided will be kept confidential.

The “Whistleblowing” policy is designed to facilitate Johor Corporation staff, contractors, suppliers, agents or any external party to make disclosures relating to any improper conduct in their knowledge and to provide protection to the identity of the whistleblowers. The policy will also protect the identity of the whistleblower that makes disclosure of misconduct as defined in Section 6 of the Whistleblower Protection Act 2010. Any complaint received will be brought to the Information Assessment Committee for further action.

Transparency in assessing employees’ performance

Each employee is appraised based on achievement of individual set of Key Performance Indicators (KPI) which was agreed at the beginning of the year. The Human Capital Development Department-Operation together with the respective heads of department will present result of the appraisals to the Performance Appraisal Committee.

Johor Corporation also adopts the Reverse Appraisal system where by Senior Executives and above will be appraised by the subordinates and fellow employees.

ACCOUNTABILITY AND AUDIT

In presenting the annual financial statements, the Directors aim to present an accurate and balanced assessment of the Group’s financial position and prospects. The Audit Committee reviews the annual financial statements to ensure that appropriate accounting policies are consistently applied and supported by reasonable judgements and estimates, convince that all accounting standards which they consider applicable have been followed.

Risk Management and Internal Control

Statement on Risk Management & Internal Control outlines the scope and nature of risk management as well internal control of Johor Corporation for the financial year ended 31 December 2016 as set out on page 80.

Relationship with Auditors

The Board, through the Audit Committee maintains a transparent and appropriate relationship with the internal and external auditors. The role of the Audit Committee in relation with the auditors is illustrated in the Audit Committee Report set out on page 83.

Statement on Risk Management & Internal Control

Johor Corporation is committed to maintain a robust risk management and internal control system to ensure that governance at every level runs smoothly.

Risk Management

Risk management was established to provide a sound contribution to the achievement of Johor Corporation's goals and objectives as it covers the process of identifying, analysing, assessing and treating risks. Through risk management, Johor Corporation is able to anticipate and potential risk and prepare risk control strategies to assist in the decision-making process. Risk management also involves continuous monitoring to ensure the identified risk is mitigated and the new risk is addressed.

Johor Corporation's Risk Management Framework is benchmarked against the best practices and standards of Australia / New Zealand Risk Management (AS / NZS 4360: 2004); Committee of Sponsoring Organisations of the Treadway Commission (COSO) in Organizational Risk Management - Integrated Framework (2004); and International Organization for Risk Management Standardization - Principles and Guidelines (ISO 31000: 2009). The Johor Corporation Risk Management Framework outlines the risk management governance, structure, process, accountability and responsibilities throughout Johor Corporation.

Risk Management awareness sessions were held in June 2016 to all department representatives to maintain risk awareness culture as well as to promote understanding and the importance of risk management amongst employees.

Risk Management Committee (RMC)

The Risk Management Committee serves as a management committee in providing consistent supervision for the implementation of Risk Management Policy. The Risk Management Committee also manages and monitors overall risk management activities besides deliberating significant matters that require action and that should be brought to the attention of the Board Audit Committee (BAC) and the Board.

For the reporting year ended 31 December 2016, the Risk Management Committee have met twice, in February and May to discuss and decide on various risk-related matters including identification of new or emerging risk that may affect Johor Corporation's objective.

Statement on Risk Management & Internal Control

Specific Roles and Responsibilities for Risk Management are as follows:

Board of Directors	- Responsible for Risk Management and Legal Compliance Governance at Johor Corporation. - Approve Risk Management and Compliance Framework Policy.
Board Audit Committee	- Monitoring the Risk Management and Legal Compliance Governance in Johor Corporation.
Risk Management Committee	- Overseeing procedures and practices in identifying, evaluating, controlling and monitoring risk exposures of Johor Corporation and Group. - Advise/ give view to the management from time to time regarding the type of resources and internal control needed to address such risks. - Regularly report to the Board on issues or risks encountered. - Identify and assess key risks faced by each section systematically. - Assess potential risks and opportunities. - Develop and implement risk management strategies and assign responsibilities for each action plan in managing the key risks of each business unit. - Conduct a quarterly review of risk trends as well as action plan status and update the reports to the Board.
President & Chief Executive / Chief Operating Officer	- Responsible for overall risk management: risk policy, risk monitoring and reporting to Audit Committee. - Monitoring of Risk Management and Legal Compliance. - Determination of mitigation measures and acceptable risk levels at the organization level. - Monitoring of the Master Risk Register and always report to the Audit Committee on the management of risk issues. - Champions Johor Corporation Risk Management.
Top Management	- Assess strategic and operational risks and manage, monitor and report to the President & Chief Executive through Group's Risk Management Department.
Group Risk Management Department	- Manage the process of identifying and monitoring risks in Johor Corporation. - Maintenance of Risk Register. - Responsible for the creation, implementation and dissemination of the Policy and Risk Management Framework and Compliance. - Encourages employees to perform best practices on risk management and compliance. - Provides continuous training opportunities for all employees and promote risk management culture in Johor Corporation. - Ensures staffs are informed of issues relating to risk management and compliance.
All Workers	- Awareness in managing operational and business risks as well as responsibility in identifying and reporting new risk or risk level accurately.
Internal Audit	- Provide insights and advise the top management for best risk management practices. - Provide independent professional advice on key risks and control issues when requested. - Conduct periodic audits on Johor Corporation risk management process.

Statement on Risk Management & Internal Control

FEATURES OF THE INTERNAL CONTROL:

Control Framework

The Group's strategy is formulated by the management team and approved by the Board. Management has the ultimate responsibility in for implementing plans, identifying risks and ensuring appropriate control measures are in place. This is achieved through an organisational structure that clearly defines responsibilities, levels of authority and reporting procedures.

The Group adopts The Committee of the Sponsoring Organisation of the Treadway Commission (COSO) Internal Control Framework and has in place manuals on policies and procedures for accounting and financial reporting, capital expenditure appraisal, delegation of authorities and authorisation levels, treasury risks management, property operations and human resource management.

Financial Reporting

Detailed budgets prepared by each division are reviewed by the Strategic Planning Committee before the consolidated budget is approved by the Board. KPI and operating results are prepared and monitored against budgets.

Operating Controls

The Group's management team operate within the Group's guidelines on operating procedures designed to achieve optimum operating efficiency, service effectiveness and the planned financial results. Specific controls are in place to ensure prudent financial management as well as safeguard assets from physical loss and insuring them at appropriate levels.

Investment Appraisal

The Group has clearly defined procedures for the approval of investments and other capital expenditures. Planned expenditure is set out in the annual budget. Approval of capital expenditure commitments is made in accordance with the delegated authority levels approved by the Board. All major investment proposals are subjected to JAWS Panel and Committee reviews, before being presented to TERAJU and the Board for approval.

Monitoring Controls

The effectiveness of internal financial control systems and operational procedures is monitored by the management and audited by the Group Internal Audit Department (GIA) of Johor Corporation. GIA adopts a risk-based audit plan, an approach whereby the auditor focuses on the factors that affect, beneficially or adversely, the achievement of the organisational objectives and its operations. Its scope covers the risks themselves, and the way those risks are governed, managed and controlled. It then reports to the Internal Audit Committee of Johor Corporation Group (IAC) / Board Audit Committee (BAC) on internal control weaknesses and monitors the implementation of recommendations for improvements.

INTERNAL AUDIT

The internal audit function is undertaken by GIA, supported by the internal audit departments of the respective listed companies. The department plans its internal audit schedules each year in consultation with the management; (yet independent from it) and the plan is submitted to IAC/BAC for approval.

Johor Corporation is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). GIA subscribes to, and is guided by the International Standards for the Professional Practice of Internal Auditing ("the Standards") and has incorporated these Standards into its audit practices. The Standards cover requirements on:

- Independence
- Professional proficiency
- Scope of work
- Performance of audit work
- Management of the Internal Audit activities.

To ensure that the internal audits are performed by competent professionals and technical knowledge remains current and relevant, GIA provides appropriate training and development opportunities to its staff, including the Certified Internal Auditor (CIA) programme. At present, there are eleven practicing CIAs across Johor Corporation Group.

Audit Committee Report

Composition

Board Audit Committee (BAC) is chaired by YBhg Encik Izaddeen Daud, an independent member of the Board. Other members are YB Tuan Haji Mohd Nasir Abd Salam, YBhg Datuk Dr Hafsah Hashim and YBhg Puan Zainah Mustafa who are independent directors of listed companies outside and within Johor Corporation Group respectively. YBhg Datuk Dr Hafsah Hashim was appointed as a new member of the BAC effective 22 January 2017.

YB Tuan Haji Mohd Nasir Abd Salam is currently the State Financial Officer of Johor and YBhg Puan Zainah Mustafa is a Fellow of the Association of Certified Chartered Accountants (ACCA) United Kingdom.

ATTENDANCE AT MEETINGS

BAC meets on a scheduled basis at least twice a year. In 2016, BAC met in three occasions as follows:

MEMBERS	DATE OF MEETING		
	3 Mar	17 Aug	21 Nov
YBhg Encik Izaddeen Daud	✓	✓	✓
YB Tuan Haji Mohd Nasir Abd Salam	-	-	✓
YBhg Puan Zainah Mustafa	✓	✓	✓

DUTIES AND RESPONSIBILITIES

The role of BAC includes:-

Internal Control

- Consider the effectiveness of the company's internal control over its financial reporting, including information technology security and control;
- Understand the scope of internal and external auditors' review of internal control over:
  - Reliability and accuracy of financial reporting;
  - Effectiveness and efficiency of operation;
  - Compliance with applicable laws, rules and regulations; and
  - Safeguarding of assets.

Internal Audit

- Review reports by the Internal Audit Committee of Johor Corporation Group (IAC);
- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Consider the major findings of internal investigations and management's response;
- As necessary, meet separately with the Head of Audit to discuss any matters that the BAC or the Head of Audit believes should be discussed privately.

External Audit

- Meet separately with the external auditors to discuss any matters that the BAC or the external auditors believe should be discussed privately;
- Review the external auditors' management letter and response from the management;
- Review the appointment of external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board;
- Discuss with the external auditors on the nature and scope of the audit before the audit commences and ensure coordination shall there be more than one audit firms involved.

Financial Statements

- Review the year-end financial statements of Johor Corporation, focusing particularly on:
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption; and
  - Compliance with accounting standards as well as other legal requirements.

Risk Management

- Review risk management reports by the Risk Management Committee (RMC), discuss any significant risk or exposure and assess the steps taken by the management in minimising the risk.

Audit Committee Report

Business Continuity Management

- Review the implementation of strategic business continuity initiatives of Johor Corporation which focuses on corporate responsibility and innovation as follows:
  - Conception, development and introduction of strategic organizational frameworks for CR and innovation;
  - Identification of new future key economic areas for Johor Corporation and propose innovative products or services for Johor Corporation potential venture;
  - Inculcation of multi-tiered key knowledge areas focusing on corporate responsibility and innovation amongst population in Johor Corporation; and
  - Showcase of the implementation of business continuity initiatives.
- Review and evaluater the successful implementation of Johor Corporation's strategic business continuity initiatives.
- Provide suggestions and ideas towards enhancing value-added business management agenda of Johor Corporation.

Inspectorate

- To discuss the findings resulting from inspection and evaluation of activities and projects developed by Johor Corporation and its Group of companies.

Strategic Planning

- To review and deliberate on strategic planning of Johor Corporation and its Group of companies.

Material Litigation

- To discuss litigation issues that cause huge impacts and disrupt business continuity of Johor Corporation and its Group of companies.

Other Responsibility

- Perform other activities related to its term of reference and other areas as requested and defined by the Board.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2016, the activities of the BAC were the followings:

- Reviewed reports by the IAC which had held its meetings on 18 February and 8 November 2016;
- Reviewed and approved the Annual Audit Plan for the year 2017;
- Discussed problems and reservations arising from the interim and final audits, and any matter both internal and external auditors may wish to discuss (in the absence of management where necessary);
- Reviewed the adequacy of the scope, functions and resources of the external auditors, and that it had the necessary authority to carry out its work;
- Reviewed the results of year-end audit by the external auditors and discussed the findings and other concerns raised by the external auditors;
- Reviewed reports by the RMC which had held its meetings on 17 February and 24 May 2016.
- Reviewed the implementation of the strategic initiative of Johor Corporation's Business Continuity Mission executed throughout the year 2016 by the Business Continuity Management Department;
- Discussed the findings reported by the Inspectorate Department and recommend for improvement towards better corporate governance practices and project management;
- Discussed the relevant Acts and Guidelines that governed Johor Corporation and its Group of companies;
- Discussed the completion of initiatives and activities undertaken by the Group Integrity Unit throughout the year 2016;
- Discussed the report from Strategic Planning Committee Meeting of Johor Corporation; and
- Reviewed the current status of lawsuits involving Johor Corporation and its Group of companies.

FINANCIAL STATEMENTS

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
JOHOR CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2016

Report on the Financial Statements

Opinion

The Financial Statements of Johor Corporation and the Group for the year ended 31 December 2016 have been audited by my representative, which comprise the Statements of Financial Position as at 31 December 2016 and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, summary of significant accounting policies and notes to the financial statements as set out on pages 106 to 265.

In my opinion, the financial statements give a true and fair view of the financial position of the Johor Corporation and of the Group as at 31 December 2016 and of their financial performance and cash flows for the year then ended in accordance with financial reporting standards in Malaysia and Johor Corporation Enactment (No. 4 of 1968) (as amended under Enactment No. 5 of 1995).

Basis for Opinion

I conducted the audit in accordance with the Audit Act 1957 and The International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence and Other Ethical Responsibilities

I am independent of the Johor Corporation and of the Group and I have fulfilled the other ethical responsibilities in accordance with The International Standards of Supreme Audit Institutions (ISSAI).

Information Other than the Financial Statements and Auditors' Report Thereon

The Board of Directors is responsible for the other information in the Annual Report. My opinion on the financial statements of Johor Corporation and of the Group does not cover the information other than the financial statements and auditors' report thereon and I do not express any form of assurance conclusion thereon.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements of Johor Corporation and of the Group that give a true and fair view in accordance with financial reporting standards in Malaysia and Johor Corporation Enactment (No. 4 of 1968) (as amended under Enactment No. 5 of 1995). The Board of Directors is also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of Johor Corporation and of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of Johor Corporation and of the Group, the Board of Directors is responsible for assessing the Johor Corporation's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISSAI, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

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

d. Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Johor Corporation's or the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements of Johor Corporation and of the Group or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of auditors' report.

e. Evaluate the overall presentation of the financial statements of Johor Corporation and of the Group, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Johor Corporation Enactment (No. 4 of 1968) (as amended under Enactment No. 5 of 1995), I also report the following:

a. In my opinion, the accounting and other records required to be kept by Johor Corporation and its subsidiaries of which I have acted as auditors have been properly kept in accordance with the provision of the Enactment.

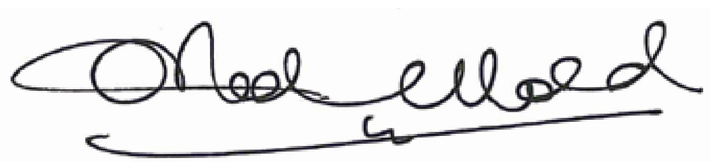
b. I have considered the accounts and the auditors' reports of all the subsidiaries of which I have not acted as auditor, as disclosed in Note 18 to the financial statements.

c. I am satisfied that the accounts of the subsidiaries that have been consolidated with the Johor Corporation's financial statements are in appropriate and proper form and content for the purposes of the preparation of the Group's financial statements and I have received such satisfactory information and explanations as required for those purposes.

d. The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment.

Other Matters

This report is made solely for the Board of Directors and for no other purpose. I do not assume responsibility to any other person for the content of this report.



(TAN SRI DR. MADINAH BINTI MOHAMAD)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
20 JUN 2017

Directors' Report

The Directors have pleasure in presenting their report together with the audited Financial Statements of the Group and of the Corporation for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

Johor Corporation was incorporated under the Johor Corporation Enactment No. 4, 1968, (as amended by Enactment No. 5, 1995) as a development agency and public enterprise. The Corporation is principally engaged in oil palm plantation, property development and management, and investment holding. The principal activities of the Group consist mainly of oil palm plantation, healthcare services, property development and management, intrapreneur ventures, quick service restaurants and investment holding.

FINANCIAL RESULTS

	Group RM Million	Corporation RM Million
Profit net of tax	415	120
Profit attributable to:		
Owner of the Corporation	274	120
Non-controlling interests	141	-
	415	120

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Directors' Report

DIRECTORS

The names of the Directors of the Corporation in office since the date of the last report and at the date of this report are:

YAB Dato' Mohamed Khaled Bin Nordin	(Chairman)
YBhg Tan Sri Dr Ali Bin Hamsa	(Deputy Chairman)
YB Dato' Kamaruzzaman Bin Abu Kassim	(President & Chief Executive)
YB Dato' Haji Azmi Bin Rohani	(Appointed on 1 January 2017)
YB Dato' Ishak Bin Sahari	
YB Tuan Haji Mohd Nasir Bin Abd Salam	
YBhg Dato' Siti Zauyah Binti Md Desa	
YBhg Datuk Seri Dr Rahamat Bivi Binti Yusoff	(Retired on 14 April 2017)
YBhg Dato' Azman Bin Mahmud	
YBhg Datuk Dr Hafsah Binti Hashim	
YB Datuk Haji Md Jais Bin Haji Sarday	
YBhg Encik Izaddeen Bin Daud	
YB Dato' Haji Ismail Bin Karim	(Retired on 31 December 2016)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the Statements of Comprehensive Income and Statements of Financial Position of the Group and of the Corporation were made out, the Directors took reasonable steps to ascertain that:

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

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

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and of the Corporation inadequate to any substantial extent; or

(ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Corporation misleading; or

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

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

Directors' Report

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

(d) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Corporation which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Corporation which has arisen since the end of the financial year.

(e) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Corporation to meet their obligations when they fall due; and

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

Signed on behalf of the Board of Directors:

DATO' MOHAMED KHALED BIN NORDIN
Chairman

DATO' KAMARUZZAMAN BIN ABU KASSIM
President & Chief Executive

Johor Bahru

19 JUN 2017

Statements by Chairman and One of the Directors of Johor Corporation (Group Accounts)

We, Dato' Mohamed Khaled Bin Nordin and Dato' Kamaruzzaman Bin Abu Kassim being the Chairman and one of the Directors of Johor Corporation respectively, do hereby state that, in the opinion of the Directors, the accompanying financial statements as stated in the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows set out together with the notes to the financial statements are drawn up in accordance to Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Corporation as at 31 December 2016 and of their results and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors:

DATO' MOHAMED KHALED BIN NORDIN
Chairman

DATO' KAMARUZZAMAN BIN ABU KASSIM
President & Chief Executive

Johor Bahru

19 JUN 2017

Declaration Made by the Officer Primarily Responsible for the Financial Management of Johor Corporation

I, Mohamad Salleh Bin Mohamad Yusof, the officer primarily responsible for the financial management and accounting records of the Group and Johor Corporation, do solemnly and sincerely declare that the financial statements shown in the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows set out together with the notes to the financial statements are in my knowledge and opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the above named
at Johor Bahru on 19 JUN 2017

Before me,

PESURUHJAYA SUMPAH
No J253
Pesuruhjaya sumpah
Nama HJ ZAMANI BIN HJ AHMAD
MALAYSIA
Lot K1 & K2 Podium 2
Bangunan Ansar, 65 Jalan Trus
80000 Johor Bahru
Johor (Bersebelahan UTC)

Commissioner of Oaths

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Note	Group		Corporation	
		2016	2015 Restated	2016	2015 Restated
Continuing operations					
Revenue	4	**5,355**	5,306	**288**	574
Cost of sales		**(3,633)**	(3,787)	**(56)**	(121)
Gross profit		**1,722**	1,519	**232**	453
Other items of income					
Other income	5	**520**	640	**348**	170
Other items of expense					
Distribution expenses		**(43)**	(83)	**(7)**	(20)
Administrative expenses		**(1,171)**	(1,026)	**(117)**	(124)
Other expenses	6	**(195)**	(199)	**(215)**	(89)
Finance costs	7	**(433)**	(412)	**(129)**	(128)
Share of results of associates, net of tax		**77**	24	**-**	-
Share of result of joint ventures, net of tax		**64**	36	**-**	-
Profit before tax from continuing operations	8	**541**	499	**112**	262
Income tax	11	**(126)**	(118)	**8**	(56)
Profit from continuing operations, net of tax		**415**	381	**120**	206
Discontinued operations					
Profit from discontinued operations, net of tax	12	**-**	1,316	**-**	-
Profit net of tax		**415**	1,697	**120**	206

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Note	Group 2016	Group 2015 Restated	Corporation 2016	Corporation 2015 Restated
Other comprehensive income /(loss), to be reclassified to profit or loss in subsequent periods:					
Net income/(loss) on available for sale financial assets		**8**	(5)	**-**	-
Foreign currency translation of foreign operations		**(2)**	2	**-**	-
Other comprehensive income /(loss), not to be reclassified to profit or loss in subsequent periods:					
Net surplus/(deficit) from revaluation of property, plant and equipment		**121**	249	**(10)**	14
Other comprehensive income/(loss), for the financial year, net of tax		**127**	246	**(10)**	14
Total comprehensive income for the financial year		**542**	1,943	**110**	220
Profit attributable to:					
Owner of the Corporation		**274**	1,042	**120**	206
Non-controlling interests		**141**	655	**-**	-
		415	1,697	**120**	206
Total comprehensive income attributable to:					
Owner of the Corporation		**400**	1,189	**110**	220
Non-controlling interests		**142**	754	**-**	-
		542	1,943	**110**	220

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

Statements of Financial Position

As At 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Note	Group			Corporation		
		31.12.2016	31.12.2015 Restated	1.1.2015 Restated	31.12.2016	31.12.2015 Restated	1.1.2015 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	13	**9,730**	9,358	8,872	**608**	623	932
Land held for property development	14(a)	**137**	190	119	**73**	108	26
Investment properties	15	**3,609**	3,340	2,896	**1,450**	1,421	1,225
Intangible assets	16	**261**	304	302	**-**	-	-
Land use rights	17	**1**	8	12	**-**	-	-
Investment in subsidiaries	18	**-**	-	-	**3,195**	3,314	3,769
Investment in associates	19	**249**	267	268	**4**	36	36
Investment in joint ventures	20	**1,351**	1,287	1,246	**-**	-	-
Deferred tax assets	21	**89**	260	160	**-**	-	-
Other investments	22	**221**	242	139	**-**	23	4
Trade and other receivables	24	**-**	-	-	**153**	105	65
		15,648	15,256	14,014	**5,483**	5,630	6,057
Current assets							
Property development costs	14(b)	**1,245**	969	862	**457**	348	430
Inventories	23	**183**	166	174	**21**	22	72
Trade and other receivables	24	**1,626**	1,440	991	**425**	387	289
Other currents assets	25	**523**	186	47	**329**	-	7
Other investments	22	**16**	80	75	**48**	98	42
Tax recoverable		**53**	51	-	**3**	10	71
Derivative financial instrument	26	**-**	1	2	**-**	-	-
Cash and bank balances	27	**1,268**	2,403	1,048	**77**	111	85
		4,914	5,296	3,199	**1,360**	976	996
Assets of disposal group classified as held for sale	28	**327**	54	4,859	**192**	37	63
		5,241	5,350	8,058	**1,552**	1,013	1,059
Total assets		**20,889**	20,606	22,072	**7,035**	6,643	7,116

Statements of Financial Position

As At 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Note	Group 31.12.2016	Group 31.12.2015 Restated	Group 1.1.2015 Restated	Corporation 31.12.2016	Corporation 31.12.2015 Restated	Corporation 1.1.2015 Restated
EQUITY AND LIABILITIES							
Current liabilities							
Current tax liabilities		**55**	45	40	**-**	-	-
Loans and borrowings	29	**2,349**	1,285	2,246	**406**	56	62
Trade and other payables	30	**1,823**	1,975	1,877	**917**	936	1,620
		4,227	3,305	4,163	**1,323**	992	1,682
Liabilities directly associated with disposal group classified as held for sale		**-**	-	2,085	**-**	-	-
		4,227	3,305	6,248	**1,323**	992	1,682
Net current assets/(liabilities)		**1,014**	2,045	1,810	**229**	21	(623)
Non-current liabilities							
Other payables	30	**81**	-	-	**368**	352	453
Other long term liabilities	31	**970**	558	474	**694**	390	290
Deferred tax liabilities	21	**666**	811	635	**71**	70	57
Loans and borrowings	29	**7,158**	6,732	5,930	**2,610**	2,969	2,974
		8,875	8,101	7,039	**3,743**	3,781	3,774
Total liabilities		**13,102**	11,406	13,287	**5,066**	4,773	5,456
Net assets		**7,787**	9,200	8,785	**1,969**	1,870	1,660
Equity							
Capital reserves	32(a)	**443**	337	281	**55**	55	55
Asset revaluation reserve	32(b)	**1,152**	1,026	892	**202**	212	198
Currency fluctuation reserve	32(c)	**(80)**	(74)	(91)	**-**	-	-
Fair value adjustments reserve	32(d)	**55**	48	51	**-**	-	-
Equity transaction reserves	32(e)	**(61)**	(56)	(56)	**-**	-	-
Revenue reserve	32(f)	**4,074**	3,628	2,766	**1,712**	1,603	1,407
		5,583	4,909	3,843	**1,969**	1,870	1,660
Non-controlling interests		**2,204**	4,291	4,942	**-**	-	-
Total equity		**7,787**	9,200	8,785	**1,969**	1,870	1,660
Total equity and liabilities		**20,889**	20,606	22,072	**7,035**	6,643	7,116

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

Statement of Changes in Equity

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

2015 Group	Capital reserves	Asset revaluation reserve	Currency fluctuation reserve	Fair value adjustments reserve	Equity transaction reserves	Revenue reserve	Total	Non-controlling interests	Total equity
Opening balance at 1 January 2015									
As previously reported	297	784	(91)	51	(56)	1,802	2,787	4,542	7,329
Effect of transfer of revaluation in 1997	-	(860)	-	-	-	860	-	-	-
Prior year adjustment	(16)	968	-	-	-	104	1,056	400	1,456
At 1 January 2015 (restated)	281	892	(91)	51	(56)	2,766	3,843	4,942	8,785
Profit net of tax	-	-	-	-	-	1,042	1,042	655	1,697
Other comprehensive income									
Revaluation surplus on property, plant and equipment	-	134	-	-	-	-	134	115	249
Fair value adjustment for available for sale financial assets	-	-	-	(3)	-	-	(3)	(2)	(5)
Foreign currency translation of foreign operations	-	-	16	-	-	-	16	(14)	2
Total other comprehensive income for the financial year	-	134	16	(3)	-	-	147	99	246
Total comprehensive income for the financial year	-	134	16	(3)	-	1,042	1,189	754	1,943
Transaction with owner									
New issue for cash by public listed REITs	-	-	-	-	-	-	-	241	241
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(310)	(310)
Disposal of subsidiaries	-	-	-	-	-	-	-	(1,363)	(1,363)
Dilution of interest in subsidiaries	63	-	1	-	-	(147)	(83)	34	(49)
Accretion of interest in subsidiaries	(7)	-	-	-	-	(23)	(30)	(7)	(37)
Distribution of fund to State Government	-	-	-	-	-	(10)	(10)	-	(10)
	56	-	1	-	-	(180)	(123)	(1,405)	(1,528)
Closing balance at 31 December 2015	337	1,026	(74)	48	(56)	3,628	4,909	4,291	9,200

Statement of Changes in Equity

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

2016 Group	Capital reserves	Asset revaluation reserve	Currency fluctuation reserve	Fair value adjustments reserve	Equity transaction reserves	Revenue reserve	Total	Non-controlling interests	Total equity
Opening balance at 1 January 2016									
As previously reported	374	848	(74)	48	(56)	2,689	3,829	3,892	7,721
Effect of transfer of revaluation in 1997	-	(860)	-	-	-	860	-	-	-
Prior year adjustment	(37)	1,038	-	-	-	79	1,080	399	1,479
At 1 January 2016 (restated)	337	1,026	(74)	48	(56)	3,628	4,909	4,291	9,200
Profit net of tax	-	-	-	-	-	274	274	141	415
Other comprehensive income									
Revaluation surplus on property, plant and equipment	-	127	-	-	-	-	127	(6)	121
Fair value adjustment for available for sale financial assets	-	-	-	7	-	-	7	1	8
Foreign currency translation of foreign operations	-	(1)	(6)	-	-	-	(7)	5	(2)
Total other comprehensive income for the financial year	-	126	(6)	7	-	-	127	-	127
Total comprehensive income for the financial year	-	126	(6)	7	-	274	401	141	542
Transaction with owner									
Redemption of redeemable convertible preference shares of a subsidiary	86	-	-	-	-	(86)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(98)	(98)
Dilution of interest in subsidiaries	20	-	-	-	-	50	70	114	184
Accretion/dilution of interest in subsidiaries:									
Selective Capital Redemption	-	-	-	-	-	250	250	(2,422)	(2,172)
Other dilution of interest	-	-	-	-	-	(31)	(31)	176	145
Acquisition of subsidiaries	-	-	-	-	(5)	-	(5)	2	(3)
Distribution of fund to State Government	-	-	-	-	-	(11)	(11)	-	(11)
	106	-	-	-	(5)	172	273	(2,228)	(1,955)
Closing balance at 31 December 2016	443	1,152	(80)	55	(61)	4,074	5,583	2,204	7,787

Statement of Changes In Equity

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

Corporation	Capital reserves	Asset revaluation reserve	Revenue reserve	Total equity
Opening balance at 1 January 2015				
As previously reported	55	-	1,407	1,462
Prior year adjustment	-	198	-	198
At 1 January 2015 (restated)	55	198	1,407	1,660
Profit net of tax	-	-	206	206
Other comprehensive income				
Revaluation surplus on property, plant and equipment	-	14	-	14
Total comprehensive income for the financial year	-	14	206	220
Transaction with owner				
Distribution of fund to State Government	-	-	(10)	(10)
Closing balance at 31 December 2015	55	212	1,603	1,870

	Capital reserves	Asset revaluation reserve	Revenue reserve	Total equity
Opening balance at 1 January 2016				
As previously reported	**55**	**-**	**1,616**	**1,671**
Prior year adjustment	**-**	**212**	**(13)**	**199**
At 1 January 2016 (restated)	**55**	**212**	**1,603**	**1,870**
Profit net of tax	**-**	**-**	**120**	**120**
Other comprehensive loss				
Revaluation deficit on property, plant and equipment	**-**	**(10)**	**-**	**(10)**
Total comprehensive income for the financial year	**-**	**(10)**	**120**	**110**
Transaction with owner				
Distribution of fund to State Government	**-**	**-**	**(11)**	**(11)**
Closing balance at 31 December 2016	**55**	**202**	**1,712**	**1,969**

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

Statements of Cash Flows

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
OPERATING ACTIVITIES				
Profit before tax:				
Continuing operations	**541**	499	**112**	262
Discontinued operation	**-**	1,319	**-**	-
Adjustments:				
Property, plant and equipment:				
Net (gain)/loss on disposal	**(17)**	7	**(9)**	-
Written off	**42**	43	**-**	-
Depreciation	**386**	378	**24**	25
Impairment loss	**12**	1	**-**	-
Investment properties:				
Changes in fair value	**(290)**	(193)	**(194)**	13
Net loss on disposal	**-**	1	**-**	-
Land use rights:				
Amortisation	**4**	-	**-**	-
(Gain)/loss on disposal of:				
Partial interest in subsidiaries	**-**	-	**-**	(10)
Associates	**(1)**	-	**-**	-
Other investments	**-**	(14)	**-**	(11)
Discontinued operations	**-**	(1,341)	**-**	-
Bargain purchase on acquisition of subsidiaries	**(20)**	-	**-**	-
Development expenditure:				
Written off	**-**	11	**-**	-
Investments:				
Changes in fair value	**(2)**	(23)	**6**	(35)
Reversal of allowance for diminution in other investment	**-**	(33)	**-**	-
Allowance for diminution in subsidiaries	**-**	-	**116**	54
Written off	**26**	-	**43**	-
Intangible assets:				
Amortisation	**3**	2	**-**	-
Impairment	**59**	-	**-**	-

Statements of Cash Flows

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
OPERATING ACTIVITIES (CONTINUED)				
Inventories written off	**-**	5	**-**	-
Dividend income	**(3)**	(3)	**(133)**	(320)
Unrealised foreign currency exchange loss	**60**	(35)	**-**	-
Amortisation of government grant	**(12)**	(17)	**(4)**	(3)
Amortisation of land lease rental	**(17)**	(8)	**(15)**	-
Allowance for impairment of receivables	**35**	82	**-**	-
Reversal of impairment for receivables	**(56)**	(100)	**(83)**	(92)
Bad debt written off	**1**	-	**-**	-
Interest expense	**433**	434	**129**	128
Interest income	**(54)**	(104)	**(3)**	(9)
Share of results of associates and joint ventures	**(141)**	(60)	**-**	-
Operating profit/(loss) before changes in working capital	**989**	851	**(11)**	2
Changes in working capital				
Inventories	**41**	3	**1**	50
Property development cost	**(357)**	(148)	**(106)**	33
Receivables	**(333)**	(426)	**(196)**	(37)
Payables	**76**	207	**(17)**	(310)
Associates and joint ventures	**24**	24	**-**	-
Cash generated/(used in) from operations	**440**	511	**(329)**	(262)
Tax refunded	**39**	26	**20**	14
Tax paid	**(162)**	(155)	**-**	-
Dividend received	**3**	3	**133**	314
Interest received	**54**	104	**3**	7
Net cash generated from /(used in) operating activities	**374**	489	**(173)**	73

Statements of Cash Flows

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
INVESTING ACTIVITIES				
Proceeds from disposal of investment in:				
Subsidiaries	**-**	-	**3**	-
Partial interest in subsidiaries	**-**	-	**-**	25
Associates	**2**	-	**-**	-
Other investments	**20**	24	**24**	15
Deposit received on disposal of an associate	**34**	-	**34**	-
Deposit paid on acquisition of a subsidiary	**(130)**	(81)	**-**	-
Advance paid to subsidiaries	**-**	-	**(52)**	-
Development expenditure	**-**	(33)	**-**	(33)
Proceed from disposal of land held for sale	**-**	-	**10**	26
Property, plant and equipment:				
Proceeds from disposal	**65**	348	**5**	146
Purchase	**(617)**	(965)	**(28)**	(55)
Investment properties:				
Proceeds from disposal	**1**	124	**1**	-
Purchase	**(18)**	(366)	**-**	(40)
Intangible assets:				
Additions	**(12)**	(10)	**-**	-
Disposals	**-**	6	**-**	-
Acquisition of subsidiaries	**(38)**	-	**-**	-
Purchase of:				
Partial interest in subsidiaries	**-**	-	**-**	(3)
Other investments	**(4)**	(13)	**-**	(45)
Net cash inflow on disposal group classified as held for sale	**-**	2,663	**-**	-
Net cash flows (used in) /generated from investing activities	**(697)**	1,697	**(3)**	36

Statements of Cash Flows

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
FINANCING ACTIVITIES				
Fixed deposits subject to restriction/pledged not regarded as cash equivalents	**1**	(24)	**1**	(1)
Drawdown of term loans and other long term borrowings	**1,872**	964	**-**	-
Repayment of term loans and other long term borrowings	**(423)**	(1,123)	**(9)**	(11)
Government grant received	**45**	42	**40**	35
Advance received from subsidiaries	**-**	-	**245**	-
Interest paid	**(433)**	(434)	**(129)**	(97)
Dividend paid to non-controlling interests	**(98)**	(310)	**-**	-
Distribution of fund to State Government	**(5)**	(10)	**(5)**	(10)
Proceeds from dilution of interest in subsidiaries	**100**	-	**-**	-
Proceeds arising from exercise of warrant and ESOS	**145**	-	**-**	-
Selective Capital Redemption in a subsidiary	**(2,172)**	-	**-**	-
Net cash used in financing activities	**(968)**	(895)	**143**	(84)
Net (decrease) /increase in cash and cash equivalents	**(1,291)**	1,291	**(33)**	25
Cash and cash equivalents at 1 January	**2,310**	911	**91**	66
Effect of exchange rate changes on cash and cash equivalents	**12**	108	**-**	-
Cash and cash equivalents at 31 December	**1,031**	2,310	**58**	91
CASH AND CASH EQUIVALENTS				
Cash and bank balances	**783**	866	**75**	55
Fixed deposits	**485**	1,535	**2**	56
	1,268	2,401	**77**	111
Fixed deposits subject to restriction/pledged	**(97)**	(45)	**(19)**	(20)
Bank overdrafts	**(140)**	(46)	**-**	-
	1,031	2,310	**58**	91

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

1. CORPORATE INFORMATION

Johor Corporation was incorporated under the Johor Corporation Enactment No. 4, 1968, (as amended by Enactment No. 5, 1995).

The address of the principal place of business of the Corporation is as follows:
Level 11, Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru, Johor
Malaysia.

The consolidated financial statements of the Corporation as at and for the financial year ended 31 December 2016 comprise the Corporation and its subsidiaries and the Group's interest in associates and joint ventures.

The Corporation is principally engaged in oil palm plantation, property development and management and investment holding. The principal activities of the Group consist mainly of oil palm plantation, healthcare services, property development and management, intrapreneur ventures, quick service restaurants and investment holding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Corporation have been prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Corporation adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2016 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest million (RM million) except when otherwise indicated.

The preparation of financial statements in conformity with the Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates.

It also requires management to exercise judgement in the process of applying the Group's and Corporation's accounting policies, the areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

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

On 1 January 2016, the Group and the Corporation adopted the following improvements to FRSs mandatory for annual financial periods beginning on or after 1 January 2016:

Description
Amendments to FRS 11: Joint arrangements - Accounting for Acquisition of Interest in Joint Operations
Amendments to FRS 116 & FRS 138: Clarification of Acceptable Method of Depreciation and Amortisation Amendments to FRS 101: Presentation of Financial Statements - Disclosure Initiative
Amendments to FRS 127: Equity Method in Separate Financial Statements
Amendments to FRS 10,12 & 128: Investments Entities - Applying the Consolidation Exception
Annual Improvement to FRSs 2012 – 2014 Cycle (FRS 5: Non-Current Assets Held for Sale and Discontinued Operations; FRS 7: Financial Instrument Disclosure and FRS 119: Employee Benefits)

The Directors of the Corporation do not anticipate that the application of these amendments and improvements will have a significant impact on the Group's and the Corporation's financial statements.

(b) Prior to 1 January 2016, estates land were stated using the cost model. During the financial year, the Group has changed its accounting policy to recognise estate land under the revaluation model to provide more reliable and relevant information to users of the financial statements as it reflects the current market value of the estates land.The change in accounting policy has been applied rectrospectively and prior year comparatives have been restated accordingly as disclosed in Note 41 to the financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Corporation's financial statements are disclosed below. The Group and the Corporation intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendment to FRS 107: Statement of Cash flows – Disclosure Initiative	1 January 2017
Amendment to FRS 112: Income Taxes – Recognition of Deferred Tax Assets For Unrealised Losses	1 January 2017
FRS 9: Financial Instruments	1 January 2018

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2016. None of these is expected to have a significant effect on the consolidated financial statements of the Group and Corporation, except the following as set out below:

(a) Amendments to FRS 107 'Statement of Cash Flows - Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on change in liabilities arising from financing activities.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

(b) Amendments to FRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1January 2017) clarify the requirement for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on assets carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods againts which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

The amendments shall be applied retrospectively.

(c) FRS 9 'Financial Instruments' (effective from 1 January 2018) will replace FRS 139 'Financial Instruments: Recognition and Measurement'

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

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

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

FRS 9 is to be applied retrospectively but comparatives are not required to be restated. The effects of this standard are currently being assessed by the Directors of the Corporation.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards MFRS Framework.

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 'Agriculture' ("MFRS 141") and IC Interpretation 15 'Agreements for Construction of Real Estate' ("IC 15"), including its parent, significant investor and venturer (herein called as 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards ("FRS") as its financial reporting framework for annual periods beginning on or after 1 January 2018.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards ("MFRS Framework") (continued)

The Group falls within the scope definition of Transitioning Entities and accordingly will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2016 could be different if prepared under the MFRS Framework.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Corporation. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

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

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

(i) The size of the Corporation holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Corporation, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses and each component of other comprehensive loss within a subsidiary are attributed to the parent and non-controlling interests, even if that results in the non-controlling interest having a deficit balance.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owner of the Corporation.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.9(a).

2.5 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owner of the Corporation, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owner of the Corporation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests (continued)

Changes in the Corporation owner's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owner of the Corporation.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Corporation's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Corporation and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Healthcare properties and estate land are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the healthcare properties and estate land at the reporting date.

Any revaluation surplus is recognise in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extend that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extend that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on the retirement of disposal of the asset.

All expenditure relating to the development of oil palm field (immature field) is classified under estate development expenditure. This cost will be amortised over the useful life when the field reaches maturity. The maturity date for estate development expenditure is the point in time when such new planting areas achieve yields of at least 8.60 tonnes of fresh fruit bunches per hectare per annum or 48 months from the date of initial planting, whichever is earlier. Estate overhead expenditure is apportioned to profit or loss and estate development expenditure on the basis of proportion of mature to immature areas.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	15 – 904 years
Estate development expenditure	17 – 22 years from year of maturity
Buildings	4 – 50 years
Healthcare properties	50 – 999 years
Plant and machinery	3 – 25 years
Office equipment	5 – 15 years
Furniture and fittings	2 – 20 years
Motor vehicles	3 – 5 years
Renovations	10 years

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (continued)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible with finite useful lives are amortised using the straight line basis over the estimated useful lives of the assets as follows:

Parking operator concession right	3 years
Software development expenditure	5 years

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.10 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms of 99 years.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows Cash-Generating Units ("CGU").

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount not exceeding the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Investments in subsidiaries

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

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Corporation's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

2.13 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments in associates and joint ventures (continued)

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Corporation. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Corporation's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

2.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Corporation become a party to the contractual provisions of the financial instrument.

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

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

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses (other than those relating to derivatives which qualify for hedge accounting, as explained in Note 2.34) arising from changes in fair value are recognised in profit or loss.

Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(d) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Corporation's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss. Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Corporation commit to purchase or sell the asset.

2.15 Impairment of financial assets

The Group and the Corporation assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Corporation consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets (continued)

(a) Trade and other receivables and other financial assets carried at amortised cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

2.16 Biological assets

Biological asset are measured on initial recognition and at the end of each financial year, at fair value less cost to sell. A gain or loss on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of biological asset shall be included in profit or loss for the period in which it arises.

For biological asset in which market-determined prices or values are not available, and alternative estimates of fair value are determined to be clearly unreliable, the biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2.18 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 estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Construction contracts (continued)

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

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

When the total of costs incurred on construction contracts plus recognised profits (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.

2.19 Land held for property development and property development costs

(a) Land held for property development

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.

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.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such development activities which include property development and industrial land development.

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

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense, are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Inventories

Inventories consist of raw material, stores, work-in-progress and completed shops and house. Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method other than inventories relating to the Group's quick service restaurant business segment. These inventories, comprising raw materials, groceries, poultry and consumables, equipment, spares and finished goods, are determined on the first in, first out method.

The cost of agricultural produce is based on the weighted average method and includes the cost of direct materials and an appropriate proportion of estate revenue expenditure, manufacturing costs and overhead costs based on normal operating capacity.

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

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Government grants that compensate the Group for expenses incurred are recognised in profit and loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2.23 Financial liabilities

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

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Financial liabilities (continued)

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

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

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

The Group and the Corporation have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Corporation's other financial liabilities include trade payables, other payables and loans and borrowings.

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

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

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

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

2.24 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Borrowing costs

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

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

2.26 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.27 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Leases (continued)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.29(g).

2.28 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.29 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. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.19(b).

(c) Healthcare services

Revenue from healthcare services comprises inpatient and outpatient hospital charges, consultation fees, and sales of pharmaceutical products, medical supplies and surgical products. These are recognised when services are rendered and goods are delivered, net of discounts, rebates and returns.

(d) Transportation services

Revenue from transportation services which comprises revenue from port operations, dockage fees, wharf service charges and other port services and revenue from public transport services are recognised when services are rendered.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Revenue recognition (continued)

(e) Oil and gas support services

Revenues from oil and gas support services relates to businesses of ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services, shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy.

(f) Hotel services

Revenue from hotel services comprises rental of hotel rooms, convention centre operations, sale of food and beverage and other related income are recognised on an accrual basis.

(g) Management services

Management services represent amounts charged to residents at the retirement village under the long term management agreements. Deferred management fees are recognised upon performances of services, calculated in accordance with terms stipulated in resident contracts.

(h) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.18.

(i) Dividend income

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

(j) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(k) Interest income

Interest income is recognised using the effective interest method.

(l) Rendering of other services

Revenue from services rendered is recognised when services are rendered or in proportion to the stage of completion at the reporting date. Stage of completion is assessed by reference to surveys and work performed.

2.30 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Income taxes (continued)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.31 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Corporation who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.33 Hedge accounting

The Group uses derivatives to manage its exposure to commodity price risk (specifically fluctuations in palm oil prices). The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationship are classified as cash flow hedges. Cash flow hedging is applied when the Group hedges exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

(a) Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Hedge accounting (continued)

(b) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

2.34 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	-	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	-	Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Control over the following companies:

(i) Investment in KPJ Healthcare Berhad ("KPJ")

The Directors consider that the Group has control of KPJ even though it has less than 50% of the voting rights.

The Group is the majority sharehoder of KPJ with 37% equity interest. The second and third largest shareholders are Employee Provident Fund ("EPF") and Waqaf An-Nur Corporation Berhad, which own 11% and 7% of the equity shares of KPJ respectively. All other shareholders individually own less than 5% of the equity shares of KPJ. Historically, the other shareholders did not form a group to excercise their votes collectively.

The Directors assessed that the Group has control over KPJ. Therefore, in accordance with the requirements of FRS 10, KPJ is a subsidiary of the Corporation.

(ii) Investment in Al-'Aqar Healthcare REIT ("Al-'Aqar")

As at 31 December 2016, the Corporation via KPJ, held 49% equity interest in Al-'Aqar. Based on the management's assesment of the relevant facts and circumstances in respect of equity interest held in Al-'Aqar during the current financial year, the management has determined that control exists at the Corporation level as per the requirements of FRS 10.

KPJ is leasing the properties from Al-'Aqar, which is under the control of Damansara REIT Managers Sdn Bhd ("DREIT"), the fund manager and real estate investment management arm of the Corporation. Therefore, the fund manager has decision making power to direct the relevant activities of Al-'Aqar. However, any decisions made, affect the Group's overall exposure to variable returns and are made in the best interest of the Group.

As such, as at 31 December 2016, Al-'Aqar's financial statements were consolidated directly with the Corporation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements in applying accounting policies (continued)

(a) Control over the following companies: (continued)

(iii) Investment in Waqaf An-Nur Berhad ("WanBhd")

WanBhd is a company limited by guarantee incorporated to manage the assets and shares of companies of the Corporation which have been endowed in accordance with the principles of syariah. However, WanBhd has not been active since its incorporation. As at 31 December 2016, WanBhd held 100% equity interest in Sindora Ventures Sdn Bhd ("SVSB") and indirect interests on 2 other subsidiary companies (via SVSB).

Based on the management's assesment of the relevant facts and circumstances during the current financial year, the management has determined that WanBhd's financial statements for the financial year ended 31 December 2016 were consolidated with the Corporation, as currently, the members of the Board of Directors ("BOD") are solely represented by the two representatives from the Corporation which is not in accordance with the requirements of the Memorandum and Articles ("M&A") of WanBhd that required at least four directors to be appointed, consisting of Chief Executive of the Corporation, Mufti Negeri Johor, Director of Jabatan Agama Islam Johor and Waqaf Officer of Negeri Johor. As a result, the Corporation has full control to direct the relevant activities of WanBhd.

(iv) Investment in Al-Salam REIT ("Al-Salam")

Al-Salam was established on 26 March 2015 and listed on 29 September 2015 with 580,000,000 units of shares on the main market of Bursa Malaysia Securities Berhad. It was established to invest, directly and indirectly, in a diversified portfolio of Shariah-compliant with the properties that produce income from commercial retail, office and industrial real estate and related assets including shopping complex, office buildings, college buildings, warehouse and grocery store.

As at 31 December 2016, the Corporation and its subsidiaries collectively hold 66% equity interest of Al-Salam. Based on the management's assessment of the facts and circumstances in respect of equity interest held in Al-Salam during the current financial year, the management has determined that control exists at the Corporation level as per the requirements of FRS 10.

Al-Salam is managed by Damansara REITS Managers Sdn Bhd ("DREIT"), a wholly owned subsidiary of Damansara Assets Sdn Bhd ("DASB"), which is a wholly owned subsidiary of the Corporation.

The Corporation, through its collective equity interest in Al-Salam and control over DREIT, the fund manager, has decision making power to direct the relevant activities of Al-Salam, and affect the Group's overall exposure to variable returns.

Accordingly, Al-Salam's financial statements were consolidated in the Group financial statements for the financial year ended 31 December 2016.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements in applying accounting policies (continued)

(b) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and other option that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(c) Leases – As Lessor

The Group has entered into industrial land commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(d) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured at fair value, the Group has concluded that certain investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied based in the investment properties over time, rather than through sale. Therefore, the deferred tax on investment properties measured at fair value are recovered through sale has been rebutted for these properties. As a result, the Group has measured deferred tax on changes in fair values of these investment properties of the Group subject to income tax rate.

3.2 Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the recoverable amount of the Cash-Generating Units ("CGU") to which goodwill is allocated.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of the CGUs were determined based on the higher of fair value less cost to sell or value in use calculations. As a result of these impairment assessments, the Group has recognised an impairment of RM59,678,538 during the financial year.

Further details of the use of estimates and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 16.

Notes to the Financial Statements
For The Financial Year Ended 31 December 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key source of estimation uncertainty (continued)

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount and details of the Group's receivables at the reporting date are disclosed in Note 24.

(c) Property development

The Group recognises property development revenue and expenses in the Statements of Comprehensive Income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 14.

(d) Fair value of investment properties

Fair value of the investment properties of the Group were based on the valuation carried out by independent firm of professional valuers. The valuation applies estimates, judgements and assumptions in the determination of fair values for investment properties. The valuation forms the basis for the carrying amount in the financial statements disclosed in Note 15.

(e) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised. The amount of deferred tax assets arising from temporary differences and unutilised tax loses not recognised amounted to RM253 million (2015: RM242 million).

(f) Income taxes

Income taxes are estimated based on the rules governed under Income Tax Act, 1967. Significant judgement is required in determining the provision for income taxes and tax penalty exposure as there are many transactions and calculations 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, or any tax penalty will crystallise. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key source of estimation uncertainty (continued)

(g) Valuation of property, plant and equipment

The Group, in reliance on independent professional valuers, applied estimates, judgements and assumption in the determination of fair values for estates land. The valuation forms the basis for the carrying amount in the financial statements (Note 13).

(h) Construction contract

The Group recognises construction contract revenue in the profit or loss by using the stage of completion method. Construction contract revenue and profit are recognised based on percentage of completion which is determined by the proportion of actual costs incurred to date as compared to the estimated total budgeted costs.

Significant judgement and high degree of estimation are required in assessing the percentage of completion; determination of whether variations in contract works should be included in the contract revenue; measurement of claims which the Group seeks to collect from the customer as reimbursement for costs not included in the contract price as the measurement of such amounts is subject to a high level of uncertainty and often depends on the outcome of negotiations; and estimates made in respect of the total estimated contract costs.

A 5% increase/(decrease) in the estimated total budgeted costs would (decrease)/increase the Group's profits for the financial year by (RM31,242,387)/ RM25,029,751.

(i) Valuation of investments

The Group classifies its investments in unquoted equity instruments as available-for-sale ("AFS") financial assets when it does not have an intention to hold it for trading, nor designate it at fair value through profit or loss. The Group's investment in AFS financial assets in World Logistics Council Limited ("WLC") are carried at cost less any impairment loss as these equity instruments do not have a quoted price in an active market and whose fair value cannot be reliably measured. During the financial year, the directors of Asia Logistics Council Sdn. Bhd. ("ALC") performed a valuation on ALC's investment in based on a range of acceptable valuation techniques to determine the fair value of the instrument. Based on the fair valuation exercise, the Directors concluded that the instrument should be carried at cost less impairment primarily because the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed.

(j) Impairment of investments

The Group carries its investments which comprise investments in AFS financial assets at cost as fair value cannot be reliably determined. The Group assesses at every reporting date whether there is any objective evidence that the investment in AFS financial assets is impaired if, and only if, as a result of one or more events that occurred after initial recognition (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the AFS financial asset that can be reliably estimated. The Directors considered delays in WLC's business plan as an impairment indicator in respect of ALC's investment in WLC and accordingly the Directors have assessed the investment for impairment. Based on the impairment assessment performed, the Directors have concluded that the carrying amount of the investment recoverable.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

4. REVENUE

	Group		Corporation	
	2016	2015 Restated	2016	2015
Goods sold	**877**	949	**30**	90
Quick service restaurants	**55**	58	**-**	-
Property and industrial development	**449**	654	**82**	123
Healthcare services	**2,922**	2,732	**-**	-
Transportation services	**91**	71	**-**	-
Hotel services	**43**	48	**-**	-
Oil and gas support services	**626**	549	**-**	-
Management services	**95**	89	**-**	-
Dividend income	**3**	3	**133**	320
Rental income	**142**	90	**43**	41
Rendering of other services	**52**	63	**-**	-
	5,355	5,306	**288**	574

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

5. OTHER INCOME

The following items have been included in arriving at other income:

	Group		Corporation	
	2016	2015 Restated	2016	2015
Amortisation of government grant (Note 31)	12	17	4	3
Changes in fair value of investment properties (Note 15)	290	193	194	-
Changes in fair value of other investments	8	23	-	35
Gain on disposal of:				
Property, plant and equipment	17	-	9	-
Other investments	-	14	-	11
Associates	1	-	-	-
Gain on partial disposal of shares in subsidiaries	-	-	-	10
Interest income	54	104	3	9
Grants related to income received from government	-	22	49	-
Bargain purchase on acquisition of subsidiaries	20	-	-	-
Reversal of allowance for impairment of trade and other receivables	56	100	83	92
Reversal of diminution of shares in other investments	-	33	-	33
Realised foreign currency exchange gain	-	14	-	-
Unrealised foreign currency exchange gain	-	35	-	-
Bad debt recovered	1	-	-	-
Sundry income	67	94	7	10

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

6. OTHER EXPENSES

The following items have been included in arriving at other expenses:

	Group		Corporation	
	2016	2015	2016	2015
Amortisation and impairment of intangible assets (Note 16)	62	2	-	-
Changes in fair value of investment properties (Note 15)	-	-	-	13
Changes in fair value of other investment	6	-	6	-
Allowances for doubtful debt	35	82	-	-
Bad debt written off	2	-	-	-
Investment written off	26	-	43	-
Grant expense	-	-	49	-
Waqaf contribution	3	-	-	-
Allowance for impairment of investments in subsidiaries, net (Note 18)	-	-	116	54
Loss on disposal of:				
Property, plant and equipment	-	7	-	-
Investment properties	-	1	-	-
Realised foreign currency exchange loss	13	4	-	-
Unrealised foreign currency exchange loss	60	-	-	-

7. FINANCE COSTS

	Group		Corporation	
	2016	2015	2016	2015
Interest expense on:				
Guaranteed Redeemable Islamic Bond (“GRIB”)	34	33	-	-
Islamic Medium Term Notes (“IMTNs”)	202	194	96	95
Term loan	142	134	3	4
Short term borrowings	10	11	-	-
Bank overdraft	6	7	-	-
Federal Government Loan	13	7	4	1
Finance lease	7	5	-	-
Amount owing to a subsidiary	-	-	25	27
Others	19	21	1	1
	433	412	129	128

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax from continuing operations:

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
Medical consultants fees	**779**	700	**-**	-
Audit fees	**6**	5	*****	*
Cost of medical supplies	**707**	704	**-**	-
Hire of property, plant and equipment	**5**	9	**-**	-
Inventories written off	**-**	5	**-**	-
Property, plant and equipment:				
Depreciation (Note 13)	**386**	378	**24**	25
Written off	**42**	43	**-**	-
Impairment	**12**	1	**-**	-
Rental of plant and machinery	**-**	4	**-**	-
Land use rights:				
Amortisation (Note 17)	**4**	-	**-**	-
Rental of offices and buildings	**77**	121	**-**	-
Employee benefits expense (Note 9)	**1,100**	965	**46**	40
Repair and maintenance	**66**	38	**-**	-

* Audit fees for the Corporation is RM100,000 (2015: RM100,000)

9. EMPLOYEE BENEFITS EXPENSE (INCLUDING EXECUTIVE DIRECTORS REMUNERATION)

	Group		Corporation	
	2016	2015	2016	2015
Wages, salaries and bonus	**948**	846	**40**	35
Defined contribution retirement plan	**92**	88	**6**	5
Other employee benefits	**60**	31	**-**	-
	1,100	965	**46**	40

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

10. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel comprise of Directors, Chief Executives and members of Group Top Management Committee ("TERAJU") of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The key management personnel compensations are as follows:

	Group		Corporation	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive Director:				
Fees	**505**	517	**130**	130
Remuneration	**1,686**	1,694	**1,686**	1,694
Defined contribution retirement plan	**238**	254	**238**	254
Other Director's benefit	**10**	-	**10**	-
	2,439	2,465	**2,064**	2,078
Non-executive Directors:				
Fees	**1,665**	1,466	**1,665**	1,466
Other key management personnel:				
Fees	**3,034**	3,356	**-**	-
Remuneration	**30,027**	23,929	**10,813**	8,824
Other employee benefits	**4,151**	4,031	**6**	-
Defined contribution plan	**3,835**	3,733	**1,526**	928
	41,047	35,049	**12,345**	9,752
	45,151	38,980	**16,074**	13,296

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

11. INCOME TAX

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
Current income tax for the financial year:				
Malaysia	**132**	126	**-**	-
Foreign	**-**	-	**-**	-
(Over)/underprovision in prior financial years	**(12)**	(48)	**(11)**	47
	120	78	**(11)**	47
Deferred tax (Note 21):				
Origination and reversal of temporary differences	**6**	40	**3**	9
	6	40	**3**	9
Income tax attributable to continuing operations	**126**	118	**(8)**	56
Income tax attributable to discontinued operations (Note 12)	**-**	3	**-**	-
Total tax	**126**	121	**(8)**	56

Reconciliation of income tax applicable to profit before tax from continuing and discontinued operations at the Malaysian statutory income tax rate to income tax at the effective income tax rate of the Group and of the Corporation:

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
Profit before tax from continuing operations	**541**	499	**112**	262
Profit before tax from discontinued operations (Note 12)	**-**	1,319	**-**	-
	541	1,818	**112**	262
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	**130**	454	**27**	65
Deferred tax recognised at different tax rate	**(25)**	(1)	**(4)**	(1)
Non-deductible expenses	**58**	144	**29**	28
Income not subject to tax	**(12)**	(483)	**(47)**	(113)
Deferred tax assets not recognised	**20**	9	**-**	30
Recognition of previously unrecognised deferred tax	**-**	61	**(2)**	-
Share of results of associates	**(18)**	(6)	**-**	-
Share of results of joint ventures	**(15)**	(9)	**-**	-
(Over)/underprovision in prior financial years:				
Income tax	**(12)**	(48)	**(11)**	47
Total tax	**126**	121	**(8)**	56

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

11. INCOME TAX (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year. The domestic statutory tax rate has been reduced to 24% from the prior year's rate of 25%, which was effective from year of assessment 2016.

The Federal Government Gazette dated 16 August 2005 exempts the Corporation and certain of its subsidiaries from income taxes in respect of certain income specified in the gazette received from 1 January 1998 to 31 December 2006. On 18 January 2007, the same exemptions were further extended to 31 December 2012. In 2013, the Corporation has made an application to the Ministry of Finance ("MOF") for further extension and the extension was granted by MOF until 31 December 2017 in respect of the followings:

(i) Income tax exemption on statutory income (business income) under section 127(3A) Income Tax Act, 1967;

(ii) Exemptions on stamp duty under section 80(1A) Stamp Act, 1949 on "Surat cara pindah milik harta tanah atau saham" executed between the Corporation and its subsidiaries; and

(iii) Exemption on Real Property Gain Tax ("RPGT") under section 9(3A) RPGT Act, 1976 on disposal of land properties and shares between the Corporation and its subsidiaries.

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Discontinued operation in 2015

(a) Disposal of New Britain Palm Oil Limited ("NBPOL")

On 9 October 2014, Sime Darby Plantation Sdn Bhd ("SDP") served a takeover notice on NBPOL and announced its intention to make a cash offer to acquire all NBPOL shares at an offer price of GBP 7.15 or PNG Kina 28.79 per NBPOL share ("Offer") from Kulim (Malaysia) Berhad ("KMB"), a subsidiary of Corporation for a total consideration of RM2,887 million.

On 3 December 2014, the KMB's shareholders voted to accept the Offer from SDP at the Extraodinary General Meeting convened to consider the Offer.

On 18 February 2015, SDP announced that all conditions precedent in the Offer Document had been fullfilled and that the Offer was now unconditional.

On 26 February 2015, KMB announced that the disposal of NBPOL was completed following the receipt of the cash consideration from SDP. Accordingly, NBPOL had ceased to be a indirect subsidiary of the Group.

As NBPOL represents a major geographical area of operations, its results were excluded from the results of continuing operations and were presented as the single amount as profit after tax from discontinued operations in the statement of comprehensive income in the previous financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Discontinued operation in 2015 (continued)

(a) Disposal of New Britain Palm Oil Limited ("NBPOL") (continued)

The disposal of NBPOL had the following effects on the financial position and results of the Group for the financial year ended 31 December 2015:

	2015
Assets:	
Property, plant and equipment	3,362
Intangible assets	151
Inventories	539
Trade and other receivables	515
Tax recoverable	3
Cash and cash equivalents	32
Reserves	52
Assets of disposal group classified as held for sale	4,654
Liabilities:	
Trade and other payables	(139)
Deferred tax liabilities	(981)
Loans and borrowings	(817)
Liabilities directly associated with disposal group classified as held for sale	(1,937)
Net assets directly associated with disposal group classified as held for sale	**2,717**
Non-controlling interests	**(1,363)**
Net assets attributable to the Group	1,354
Cash proceeds from disposal	(2,887)
Expenses attributable to disposal of subsidiary	192
Gain on disposal to the Group	(1,341)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Discontinued operation in 2015 (continued)

(a) Disposal of New Britain Palm Oil Limited ("NBPOL") (continued)

Cash inflow arising on disposals:

	2015
Cash consideration	2,695
Cash and cash equivalents of subsidiary disposed	(32)
Net cash inflows	2,663

The expenses attributable to disposal of subsidiary represent consultant fees paid to an investment bank, legal firm and various other consultants for services rendered in connection with the disposal of NBPOL.

Results of disposed subsidiary presented as discontinued operations:

	2015
Revenue	303
Expenses	(321)
Loss from operations	(18)
Finance costs	(4)
Gain on disposal to the Group	1,341
Profit before tax from discontinued operations (Note 11)	1,319
Income tax (Note 11)	(3)
Gain from discontinued operations, net of tax	1,316

Cashflows of disposed subsidiary presented as discontinued operations:

	2015
Net cash from operating activities	10
Net cash from investing activities	(26)
Net cash from financing activities	(30)
Net cash outflows	(46)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Cost or valuation								
At 1 January 2015								
(as previously reported)	1,247	823	1,393	157	1,841	2,920	1,005	9,386
Prior year adjustment	363	1,297	-	-	-	-	-	1,660
At 1 January 2015 (restated)	1,610	2,120	1,393	157	1,841	2,920	1,005	11,046
Additions	-	5	67	66	145	459	252	994
Disposals	(154)	(6)	-	(37)	(7)	(41)	(145)	(390)
Write off	-	-	(7)	(60)	-	(27)	(14)	(108)
Transfer:								
from land use rights (Note 17)	-	-	-	-	-	4	-	4
to held for sale	-	(13)	-	-	-	-	-	(13)
to investment properties (Note 15)	-	-	-	-	-	(17)	-	(17)
Exchange differences	-	-	-	-	-	5	-	5
Revaluation	(23)	141	-	-	172	-	-	290
At 31 December 2015 and 1 January 2016 (restated)	**1,433**	**2,247**	**1,453**	**126**	**2,151**	**3,303**	**1,098**	**11,811**
Additions	**6**	**2**	**67**	**30**	**1**	**208**	**325**	**639**
Disposals	**-**	**(1)**	**(5)**	**(34)**	**-**	**(53)**	**-**	**(93)**
Write off	**-**	**-**	**(28)**	**(5)**	**-**	**(122)**	**(4)**	**(159)**
Reclassification	**77**	**(2)**	**-**	**471**	**-**	**351**	**(897)**	**-**
Disposal of subsidiaries	**-**	**-**	**-**	**(2)**	**-**	**(4)**	**-**	**(6)**
Acquisition of subsidiaries	**-**	**44**	**168**	**13**	**-**	**3**	**-**	**228**
Transfer:								
from land use rights (Note 17)	**-**	**5**	**-**	**-**	**-**	**-**	**-**	**5**
to held for sale	**-**	**-**	**-**	**-**	**(107)**	**(73)**	**-**	**(180)**
to investment properties (Note 15)	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
to inventories	**-**	**(5)**	**-**	**-**	**-**	**-**	**(21)**	**(26)**
from trade and other receivables	**-**	**-**	**-**	**-**	**-**	**65**	**(62)**	**3**
Exchange differences	**7**	**3**	**1**	**2**	**-**	**3**	**4**	**20**
Revaluation	**57**	**75**	**-**	**(17)**	**24**	**-**	**-**	**139**
At 31 December 2016	**1,580**	**2,368**	**1,656**	**584**	**2,069**	**3,681**	**440**	**12,378**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated depreciation:								
1 January 2015	-	119	361	137	57	1,487	-	2,161
Charge for the financial year (Note 8)	-	40	49	-	65	224	-	378
Disposals	-	(3)	-	(3)	-	(29)	-	(35)
Write off	-	-	(12)	(23)	-	(30)	-	(65)
At 31 December 2015 and 1 January 2016	**-**	**156**	**398**	**111**	**122**	**1,652**	**-**	**2,439**
Charge for the financial year (Note 8)	**-**	**47**	**44**	**28**	**21**	**246**	**-**	**386**
Disposals	**-**	**-**	**-**	**-**	**-**	**(42)**	**-**	**(42)**
Write off	**-**	**(1)**	**(11)**	**(3)**	**-**	**(102)**	**-**	**(117)**
Transfer:								
to held for sale	**-**	**-**	**-**	**-**	**(7)**	**(25)**	**-**	**(32)**
from land use right (Note 17)	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**2**
Acquisition of subsidiaries	**-**	**-**	**7**	**1**	**-**	**2**	**-**	**10**
Disposal of subsidiaries	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**
Exchange differences	**-**	**(1)**	**-**	**(1)**	**-**	**4**	**-**	**2**
Revaluation	**-**	**(5)**	**-**	**(13)**	**-**	**-**	**-**	**(18)**
At 31 December 2016	**-**	**198**	**438**	**123**	**136**	**1,733**	**-**	**2,628**
Accumulated impairment loss:								
At 1 January 2015	-	1	1	1	-	10	-	13
Charge for the financial year (Note 8)	-	-	-	-	-	1	-	1
At 31 December 2015 and 1 January 2016	**-**	**1**	**1**	**1**	**-**	**11**	**-**	**14**
Charge for the financial year (Note 8)	**-**	**-**	**-**	**1**	**-**	**11**	**-**	**12**
Disposal of subsidiaries	**-**	**-**	**-**	**(1)**	**-**	**(2)**	**-**	**(3)**
Disposals	**-**	**-**	**-**	**-**	**-**	**(3)**	**-**	**(3)**
At 31 December 2016	**-**	**1**	**1**	**1**	**-**	**17**	**-**	**20**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Net carrying amount:								
At 1 January 2015 (restated)	1,610	2,000	1,031	19	1,784	1,423	1,005	8,872
At 31 December 2015 (restated)	1,433	2,090	1,054	14	2,029	1,640	1,098	9,358
At 31 December 2016	**1,580**	**2,169**	**1,217**	**460**	**1,933**	**1,931**	**440**	**9,730**

* Other assets of the Group can be further analysed as follows:

Group	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Total
Cost or valuation						
At 1 January 2015	1,900	36	461	125	398	2,920
Additions	356	3	64	9	27	459
Disposals	(25)	-	(7)	(4)	(5)	(41)
Write off	(17)	-	(8)	(2)	-	(27)
Transfer:						
from land use rights (Note 17)	-	-	-	-	4	4
to investment properties (Note 15)	-	-	-	-	(17)	(17)
Exchange differences	-	-	5	-	-	5
At 31 December 2015 and 1 January 2016	**2,214**	**39**	**515**	**128**	**407**	**3,303**
Additions	**68**	**2**	**8**	**9**	**121**	**208**
Disposals	**(25)**	**-**	**(10)**	**(7)**	**(11)**	**(53)**
Write off	**(79)**	**-**	**(40)**	**(3)**	**-**	**(122)**
Reclassification	**382**	**12**	**61**	**-**	**(104)**	**351**
Transfer:						
to held for sale	**(60)**	**-**	**(13)**	**-**	**-**	**(73)**
from trade and other receivables	**65**	**-**	**-**	**-**	**-**	**65**
Acquisition of subsidiaries	**1**	**-**	**1**	**1**	**-**	**3**
Disposal of subsidiaries	**-**	**-**	**(4)**	**-**	**-**	**(4)**
Exchange differences	**7**	**-**	**(6)**	**-**	**2**	**3**
At 31 December 2016	**2,573**	**53**	**512**	**128**	**415**	**3,681**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Total
Accumulated depreciation:						
At 1 January 2015	820	12	262	80	313	1,487
Charge for the financial year	141	3	43	15	22	224
Disposals	(20)	-	(5)	(3)	(1)	(29)
Write off	(11)	-	(5)	(2)	(12)	(30)
At 31 December 2015 and 1 January 2016	**930**	**15**	**295**	**90**	**322**	**1,652**
Charge for the financial year	**152**	**5**	**38**	**13**	**38**	**246**
Disposals	**(22)**	**-**	**(6)**	**(6)**	**(8)**	**(42)**
Write off	**(62)**	**(1)**	**(37)**	**(2)**	**-**	**(102)**
Reclassification	**-**	**6**	**43**	**-**	**(49)**	**-**
Transfer:						
to held for sale	**(14)**	**-**	**-**	**-**	**(11)**	**(25)**
Acquisition of subsidiaries	**1**	**-**	**-**	**1**	**-**	**2**
Disposal of subsidiaries	**-**	**-**	**(2)**	**-**	**-**	**(2)**
Exchange differences	**2**	**-**	**2**	**-**	**-**	**4**
At 31 December 2016	**987**	**25**	**333**	**96**	**292**	**1,733**
Accumulated impairment loss:						
At 1 January 2015	10	-	-	-	-	10
Charge for the financial year	1	-	-	-	-	1
At 31 December 2015	11	-	-	-	-	11
Charge for the financial year	**5**	**-**	**5**	**-**	**1**	**11**
Disposals	**(3)**	**-**	**-**	**-**	**-**	**(3)**
Disposal of subsidiaries	**-**	**-**	**(2)**	**-**	**-**	**(2)**
At 31 December 2016	**13**	**-**	**3**	**-**	**1**	**17**
Net carrying amount:						
At 1 January 2015	1,070	24	199	45	85	1,423
At 31 December 2015	1,273	24	220	38	85	1,640
At 31 December 2016	**1,573**	**28**	**176**	**32**	**122**	**1,931**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
At cost or valuation:								
At 1 January 2015 (as previously reported)	303	123	55	81	-	46	161	769
Prior year adjustment	-	261	-	-	-	-	-	261
At 1 January 2015 (restated)	303	384	55	81	-	46	161	1,030
Additions	-	-	11	39	-	5	-	55
Disposals	(152)	-	(1)	(36)	-	(4)	-	(193)
Transfer:								
to investment properties (Note 15)	-	-	-	(8)	-	-	(161)	(169)
Revaluation	-	18	-	-	-	-	-	18
At 31 December 2015 and 1 January 2016 (restated)	**151**	**402**	**65**	**76**	**-**	**47**	**-**	**741**
Additions	**-**	**-**	**21**	**2**	**-**	**2**	**3**	**28**
Disposals	**(1)**	**-**	**(5)**	**-**	**-**	**(1)**	**-**	**(7)**
Revaluation	**-**	**(13)**	**-**	**-**	**-**	**-**	**-**	**(13)**
At 31 December 2016	**150**	**389**	**81**	**78**	**-**	**48**	**3**	**749**
Accumulated depreciation:								
As at 1 January 2015	-	11	21	32	-	34	-	98
Charge for the financial year (Note 8)	-	13	1	5	-	6	-	25
Disposals	-	-	-	(2)	-	(3)	-	(5)
At 31 December 2015 and 1 January 2016 (restated)	**-**	**24**	**22**	**35**	**-**	**37**	**-**	**118**
Charge for the financial year (Note 8)	**-**	**15**	**1**	**3**	**-**	**5**	**-**	**24**
Disposals	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2016	**-**	**39**	**23**	**38**	**-**	**41**	**-**	**141**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated impairment losses:								
At 1 January 2015, 31 December 2015 / 1 January 2016 and 31 December 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount:								
At 1 January 2015 (restated)	303	373	34	49	-	12	161	932
At 31 December 2015 (restated)	151	378	43	41	-	10	-	623
At 31 December 2016	**150**	**350**	**58**	**40**	**-**	**7**	**3**	**608**

* Other assets of the Corporation can be further analysed as follows:

Corporation	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Total
At cost or valuation:					
As at 1 January 2015	19	-	21	6	46
Additions	-	-	5	-	5
Disposals	(2)	-	(2)	-	(4)
At 31 December 2015	17	-	24	6	47
Additions	**-**	**-**	**1**	**1**	**2**
Disposals	**-**	**-**	**-**	**(1)**	**(1)**
At 31 December 2016	**17**	**-**	**25**	**6**	**48**
Accumulated depreciation:					
At 1 January 2015	14	-	17	3	34
Additions	2	-	3	1	6
Disposals	(2)	-	(1)	-	(3)
At 31 December 2015	14	-	19	4	37
Charge for the financial year (Note 8)	**1**	**-**	**3**	**1**	**5**
Disposals	**-**	**-**	**-**	**(1)**	**(1)**
At 31 December 2016	**15**	**-**	**22**	**4**	**41**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Total
Accumulated impairment losses:					
At 1 January 2015	-	-	-	-	-
At 31 December 2015 / 1 January 2016 and 31 December 2016	**-**	**-**	**-**	**-**	**-**
Net carrying amount:					
At 1 January 2015	5	-	4	3	12
At 31 December 2015	3	-	5	2	10
At 31 December 2016	**2**	**-**	**3**	**2**	**7**

The net book value of property, plant and equipment acquired under finance leases of the Group amounted to RM120 million (2015: RM108 million).

During the financial year, the Group and the Corporation acquired property, plant and equipment with an aggregate cost of RM639 million (2015: RM994 million) and RM28 million (2015: RM55 million) respectively. The acquisition is settled through the following means:

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
Cash payment	**617**	965	**28**	55
Under finance lease	**6**	19	**-**	-
Capitalisation of borrowing cost	**16**	10	**-**	-
	639	994	**28**	55

As at 31 December 2016, property, plant and equipment of the Group with net book value of RM1,173 million (2015: RM1,151 million) are pledged as security for borrowings.

Capitalisation of borrowing cost

The capital work in progress includes borrowing costs arising from general and specific borrowings. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 5% (2015: 5%).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The particulars of freehold land, leasehold land and healthcare properties stated at cost or valuation are as follows:

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
Cost:				
Freehold land	**102**	13	**150**	151
Leasehold land	**157**	111	**123**	123
Valuation:				
Freehold land	**1,478**	1,420	**-**	-
Leasehold land	**2,211**	2,136	**266**	279
Healthcare properties	**2,069**	2,151	**-**	-
	6,017	5,831	**539**	553

Revaluation of healthcare properties and estate land (freehold and leasehold).

Healthcare properties and estate land (freehold and leasehold) have been revalued on 31 December 2016 based on open market valuations carried out by an independent firm of professional values to reflect fair value. The book values of the healthcare properties and estate land (freehold and leasehold) were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

If the total amounts of healthcare properties and estate land (freehold and leasehold) had been determined in accordance with the historical cost, they would have been stated as follows:

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
Net book value:				
Healthcare properties	**951**	878	**-**	-
Estate Land:				
Freehold	**102**	13	**150**	151
Leasehold	**120**	19	**111**	112

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The fair value of property, plant and equipment is estimated by the Directors based on the valuation carried out by independent firm of professional valuers based on valuation techniques below:

Group

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Healthcare properties	Net income method	Capitalisation rate (6.25%-8.0%) (2015: 6.25%-8.0%)	The estimated fair value would increase/(decrease) if the capitalisation rate decrease/(increase)
	Investment method	Discount rate (5%-7.5%) (2015: 5%-7.5%)	The estimated fair value would increase/(decrease) if the lower / (higher) the discount rate or higher/(lower) of the term yield
		Term yield (6%-6.25%) (2015: 6%-6.25%)	
Estates land - Freehold	Comparison approach	Average price: RM85,759 per hectares (2015: RM80,432 per hectares) (2014: RM81,577 per hectares)	The higher the price per sq ft, the higher the fair value
		Recent transaction: RM52,217-RM86,326 per hectares (2015: RM52,217-RM86,326 per hectares) (2014: RM52,217-RM86,326 per hectares)	
Estates land - Leasehold	Comparison approach	Average price: RM59,029 per hectares (2015: RM57,449 per hectares) (2014: RM54,714 per hectares)	The higher the price per sq ft, the higher the fair value
		Recent transaction: RM52,217-RM86,326 per hectares (2015: RM52,217-RM86,326 per hectares) (2014: RM52,217-RM86,326 per hectares)	

Corporation

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Estates land - Leasehold	Comparison approach	Average price: RM59,029 per hectares (2015: RM57,449 per hectares) (2014: RM54,714 per hectares)	The higher the price per sq ft, the higher the fair value
		Recent transaction: RM52,217-RM86,326 per hectares (2015: RM52,217-RM86,326 per hectares) (2014: RM52,217-RM86,326 per hectares)	

The fair value hierarchy disclosure in report of these property, plant and equipment are disclosed in Note 37 (e).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Future development

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
At cost:				
Freehold land	**56**	30	**49**	-
Leasehold land	**85**	82	**21**	16
Development expenditure	**49**	7	**38**	10
At 1 January	**190**	119	**108**	26
Cost incurred during the financial year:				
Leasehold land	**1**	7	**1**	7
Development expenditure	**-**	14	**-**	-
	1	21	**1**	7
Less charged to Statement of Comprehensive Income:				
Leasehold land	**-**	(1)	**-**	-
	-	(1)	**-**	-
Transfer (to)/from:				
Current development (Note 14 (b))				
Freehold land	**(16)**	33	**-**	49
Leasehold land	**(22)**	(1)	**(21)**	-
Development expenditure	**(15)**	26	**(15)**	26
Investment properties (Note 15)				
Freehold land	**(1)**	-	**-**	-
	(54)	58	**(36)**	75
Disposal/write off:				
Freehold land	**-**	(7)	**-**	-
At 31 December	**137**	190	**73**	108
At cost:				
Freehold land	**39**	56	**49**	49
Leasehold land	**64**	87	**1**	23
Development expenditure	**34**	47	**23**	36
At 31 December	**137**	190	**73**	108

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(b) Current development

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
At cost:				
Freehold land	**74**	146	**-**	50
Leasehold land	**160**	396	**79**	82
Development expenditure	**2,571**	1,852	**804**	830
At 1 January	**2,805**	2,394	**883**	962
Cost incurred during the financial year:				
Leasehold land	**9**	7	**9**	1
Development expenditure	**575**	502	**127**	-
	584	509	**136**	1
Cost recognised as an expense in Statement of Comprehensive Income:				
Previous financial year	**(1,835)**	(1,532)	**(536)**	(532)
Current financial year	**(226)**	(303)	**(30)**	(4)
	(2,061)	(1,835)	**(566)**	(536)
Transfer from /(to):				
Future development (Note 14 (a))				
Freehold land	**16**	(33)	**-**	(49)
Leasehold land	**22**	1	**21**	-
Development expenditure	**15**	(26)	**15**	(26)
Inventories				
Development expenditure	**(27)**	(45)	**-**	-
Investment properties (Note 15)				
Development expenditure	**(109)**	8	**(32)**	-
	(83)	(95)	**4**	(75)
Disposal/write off:				
Leasehold land	**-**	(4)	**-**	(4)
At 31 December	**1,245**	969	**457**	348

Development land for the Group with carrying amount of RM109 million (2015: RM109 million) are pledged as security for borrowings.

As at 31 December 2016, title for land with carrying amount of RM279 million (2015: RM293 million) are not registered in the names of certain subsidiaries and are in the process of being transferred to the names of the subsidiaries.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(b) Current development (continued)

As at 31 December 2016, land with carrying amount of RM1 million (2015: RM1 million) are not registered in the name of certain subsidiaries but are held in escrow by the State Authority of Johor for the beneficial interest of the subsidiaries until the entire land has been sold in subdivided lots to purchasers.

Included in the development costs of the Group and Corporation is borrowing costs capitalised at the end of the financial year of RM7 million (2015: nil) and RM4 million (2015:nil) respectively, capitalised at annual capitalisation rate of 4.55%-7.85% (2015: nil) per annum.

15. INVESTMENT PROPERTIES

Group	At fair value 2016	2015 Restated
At 1 January (as previously reported)	**3,101**	2,686
Prior year adjustment	**239**	210
At 1 January (restated)	**3,340**	2,896
Additions	**18**	366
Disposals	**(43)**	(125)
Changes in fair value (Note 5)	**290**	193
Exchange differences	**-**	1
Transfer:		
from property, plant and equipment (Note 13)	**3**	17
from/(to) property development costs (Note 14 (a) and (b))	**110**	(8)
Reclassification as held for sale	**(109)**	-
As at 31 December	**3,609**	3,340

Group	At fair value 31.12.2016	31.12.2015 Restated	1.1.2015 Restated
Included in the above are:			
Freehold land	**700**	858	680
Short term leasehold land	**40**	132	43
Long term leasehold land	**1,799**	1,415	955
Buildings	**1,070**	935	1,218
	3,609	3,340	2,896

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

15. INVESTMENT PROPERTIES (CONTINUED)

Corporation	At fair value 2016	2015
At 1 January	**1,421**	1,225
Additions	**1**	40
Disposals	**(43)**	-
Changes in fair value (Note 5)	**194**	(13)
Transfer from property development cost (Note 14 (b))	**32**	-
Transfer from property, plant and equipment (Note 13)	**-**	169
Reclassification as held for sale	**(155)**	-
As at 31 December	**1,450**	1,421

Corporation	At fair value 2016	2015
Included in the above are:		
Freehold land	**232**	194
Short term leasehold land	**110**	88
Long term leasehold land	**397**	269
Port and buildings	**711**	870
As at 31 December	**1,450**	1,421

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
Rental income from investment properties	**113**	16	**43**	41
Direct operating expenses:				
From income generating investment properties	**10**	11	**-**	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

15. INVESTMENT PROPERTIES (CONTINUED)

The fair value of investment properties is estimated based on the valuation carried out by independent firm of professional values based on valuation techniques below:

Group

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Industrial land	Comparison method	RM20-RM39 per square feet (2015: RM20-RM32 per square feet)	The higher value per square feet, the higher the valuation
Commercial land	Comparison method	RM135-RM360 per square feet (2015: RM135-RM360 per square feet)	The higher value per square feet, the higher the valuation
Buildings	Investment method	Average occupancy rate (49%) (2015: rate 52%)	The estimated fair value would increase/(decrease) if occupancy rate were higher/(lower) or term and reversion yield were higher/ (lower)
		Term and reversion yield (5%-7.5%) (2015: 5%-7.5%)	
		Discount rate (5%-7.5%) (2015: 5%-7.5%)	
	Residual method	Average selling price per square foot of RM800 (2015: RM800)	The estimated fair value would increase/(decrease) if selling price were higher/(lower) or interest rate were lower/(higher)
		Discount rate (8%) (2015: 8%)	
	Net income method	Capitalisation rate (6.5%-7.8%) (2015: 6.5%-7.8%)	The estimated fair value would increase/(decrease) if the capitalisation decrease/(increase)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

15. INVESTMENT PROPERTIES (CONTINUED)

Corporation

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Industrial land	Comparison method	RM20-RM39 per square feet (2015: RM20-RM32 per square feet)	The higher value per square feet, the higher the valuation
Specialised properties (restricted use of commercial land as a port)	Depreciated replacement cost	Land: RM40-RM55 per square feet (2015: RM40-RM60 per square feet)	The estimated fair value would increase/(decrease) if the unobservable inputs mentioned were higher/(lower)
		Dredging: RM25-RM35 per cubic metres (2015: RM15-RM25 per cubic metres)	
		Jetty: RM2,500-RM3,500 per square metres (2015: RM2,500-RM3,000 per square metres)	
		Tank farm: RM656-RM1,720 per cubic metres (2015: RM565-RM1,720 per cubic metres)	
		Pipeline: RM5 million-RM8.5 million per kilometre (2015: RM5 million-RM8.5 million per kilometre)	

The fair value hierarchy disclosure in report of these investment properties are disclosed in Note 37 (e).

Long term and short term leasehold land refer to leasehold land with unexpired lease period of more than 50 years and less than 50 years respectively.

As at 31 December 2016, investment properties of the Group with carrying amount of RM150 million (2015: RM150 million) are pledged as security for borrowings. Investment properties of the Corporation with carrying amount of RM65 million (2015: RM65 million) are registered in the names of subsidiaries and are in the process of being transferred to the name of the Corporation.

Included in the investment properties of the Group is borrowing costs capitalised during the financial year of RM2 million (2015: nil), capitalised at annual capitalisation rate of 5.25% (2015: nil) per annum.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

16. INTANGIBLE ASSETS

Group	Goodwill	Parking operator concession right	Software expenditure	Software expenditure under development	Others	Total
Cost:						
At 1 January 2015	250	14	23	28	4	319
Additions	-	1	2	7	-	10
Disposals	-	(15)	-	-	-	(15)
Reclassification	-	-	4	(4)	-	-
At 31 December 2015 and 1 January 2016	**250**	**-**	**29**	**31**	**4**	**314**
Additions	**-**	**-**	**-**	**12**	**-**	**12**
Acquisition of subsidiaries	**-**	**-**	**-**	**-**	**7**	**7**
Written off	**-**	**-**	**-**	**-**	**(4)**	**(4)**
At 31 December 2016	**250**	**-**	**29**	**43**	**7**	**329**
Accumulated amortisation and impairment:						
At 1 January 2015	4	7	3	-	3	17
Amortisation (Note 6)	-	2	-	-	-	2
Disposals	-	(9)	-	-	-	(9)
At 31 December 2015 and 1 January 2016	**4**	**-**	**3**	**-**	**3**	**10**
Amortisation (Note 6)	**-**	**-**	**2**	**-**	**1**	**3**
Impairment	**59**	**-**	**-**	**-**	**-**	**59**
Written off	**-**	**-**	**-**	**-**	**(4)**	**(4)**
At 31 December 2016	**63**	**-**	**5**	**-**	**-**	**68**
Net carrying amount:						
At 31 December 2015	246	-	26	31	1	304
At 31 December 2016	**187**	**-**	**24**	**43**	**7**	**261**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

16. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets with indefinite useful lives

For the purpose of impairment testing, intangible assets with indefinite useful lives have been allocated to the following Cash-Generating Units ("CGU"):

	Goodwill		Intangible assets with finite useful lives		Total	
Group	2016	2015	2016	2015	2016	2015
Shipping and forwarding agent	**6**	6	**-**	-	**6**	6
Provision of sea transportation and related services	**6**	6	**-**	-	**6**	6
Insurance broker	**2**	2	**-**	-	**2**	2
Agricultural fertiliser and biotechnology research and development	**4**	4	**-**	-	**4**	4
Healthcare services	**168**	184	**-**	-	**168**	184
Development of global logistics platform	**-**	43	**-**	-	**-**	43
Software development expenditure	**-**	-	**67**	58	**67**	58
Others	**1**	1	**7**	-	**8**	1
	187	246	**74**	58	**261**	304

In respect of the goodwill, the recoverable amount of the CGUs have been determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by management for five-year period.

Goodwill - Healthcare services

Recoverable amount based on fair value less costs to sell

Malaysia and Indonesia

The recoverable amount of the CGU is determined based on fair value less cost to sell calculation (level 3 fair value hierarchy). These calculations use cash flow projections based on financial budgets approved by the Director covering a five-year period. Cash flow beyond the five-year period are extrapolated using the estimated growth rates stated below.

Aged care facility

(a) The Group investment in its aged care facility has been written down to its net recoverable value resulting in a full impairment of the goodwill of RM16,356,000 that has been charged to administrative expenses in the income statement.

The aged care facilities continued to incur losses and the operating cash flow of this CGU is expected to be negative in the foreseeable future, deeming the use of value-in-use to derive the recoverable amount inappropriate. The recoverable amount of the CGU has been instead determined based on the fair value of its net assets.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

16. INTANGIBLE ASSETS (CONTINUED)

Goodwill - Healthcare services (continued)

The key assumptions used are as follow:

	2016 %	2015 %
Malaysia		
Revenue[1]	**16.7**	11
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin[2]	**12.5-13.7**	31-33
Discount rate[3]	**12**	12
Terminal growth rate[4]	**5**	5
Indonesia		
Revenue[1]	**8.7**	24
EBITDA margin[2]	**16-20**	16-20
Discount rate[3]	**15**	15
Terminal growth rate[4]	**4**	4
Aged care facility		
Revenue[1]	**-**	6
EBITDA margin[2]	**-**	2-8
Discount rate[3]	**-**	10
Terminal growth rate[4]	**-**	3

Assumptions:

1 Based on compounded annual growth rate
2 EBITDA margin over the budget period
3 Post-tax discount rate applied to the cash flow projections
4 Terminal growth rate used to extrapolate cash flows beyond the budget period

The Directors have determined the revenue and EBITDA margin based on expectations of market development. The post-tax discount rates used are based on comparable healthcare companies and adjusted for projection risk. The terminal growth rate does not exceed the long-term average growth rate for the relevant group of CGUs.

16. INTANGIBLE ASSETS (CONTINUED)

Goodwill - Development of global logistics platform

The goodwill attributable to the global logistics platform arose from its controlling interest in Asia Logistics Council Sdn Bhd ("ALC"). ALC is involved in the development of a global logistics platform Multi-Dimensional Digital Economy Application System ("MDDEAS") that will link the various parties and stakeholders involved in the freight and shipping industry on a common platform.

ALC has a 5% interest in World Logistics Council Limited ("WLC"), which is responsible for the development of MDDEAS which will contribute revenue to WLC.

The recoverable amount of the CGU is determined based on value-in-use calculation ("VIU") using 5-year discounted cash flow projection which is in line with management's most recent 5-year business plan.

The key assumptions used in the VIU calculation are as follows:

(a) Revenue: Projected revenue of RM667 million to RM16,709 million commencing from 2019 to 2021 based on the latest earning projection provided by WLC, being derived from WLC's business plans. The revenue is based on the expected ALC's recurring income stream at 1.25% share of WLC revenue stream, mainly to be derived upon deployment of MDDEAS in 2019;

(b) EBITDA margin: EBITDA margin of 5% to 7% from 2019 to 2021 being derived based on industry information;

(c) Discount rate: Pre-tax discount rate of 25% based on the required rate of return expected for early-stage companies;

(d) Terminal growth rate: 0%

Management's judgement is involved in the assignment of probability of outcome to the recoverable amount taking into account the CGU as an early-stage business, the complex nature of planned business, the speed of penetration of MDDEAS may not reliably estimated and the milestones achieved to-date.

Based on the goodwill impairment assessment carried out during the financial year, the carrying amount of goodwill attributable to this CGU exceeds its recoverable amount resulting in a full impairment of the goodwill amounting to RM43,323,000, which has been accordingly charged to the profit or loss.

Other goodwill

In respect of the other goodwill, the recoverable amount of the CGUs have been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management for five-year period.

The management have determined the revenue and EBITDA margin based on expectation of market development. The post-tax discount rates used are based on comparable companies and adjusted for projection risk. The terminal growth rate does not exceed the long-term average growth rate for the relevant group of CGUs.

Management believes that there is no reasonably possible change in any of the above key assumptions which would cause the carrying amount of the CGUs to materially exceed the recoverable amount to result in a material impairment loss.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

17. LAND USE RIGHTS

Group	Leasehold land unexpired period less than 50 years	Leasehold land unexpired period more than 50 years	Total
Cost:			
At 1 January 2015 (as previously reported)	36	15	51
Prior year adjustment	(36)	-	(36)
At 1 January 2015 (restated)	-	15	15
Transfer to property, plant and equipment (Note 13)	-	(8)	(8)
At 31 December 2015 (restated) and 1 January 2016	**-**	**7**	**7**
Transfer to property, plant and equipment (Note 13)	**-**	**(5)**	**(5)**
At 31 December 2016	**-**	**2**	**2**
Accumulated amortisation:			
At 1 January 2015 (as previously reported)	4	3	7
Prior year adjustment	(4)	-	(4)
At 1 January 2015 (restated)	-	3	3
Transfer to property, plant and equipment (Note 13)	-	(4)	(4)
At 31 December 2015 (restated) and 1 January 2016	**-**	**(1)**	**(1)**
Amortisation for the financial year (Note 8)	**-**	**4**	**4**
Transfer to property, plant and equipment (Note 13)	**-**	**(2)**	**(2)**
At 31 December 2016	**-**	**1**	**1**
Carrying amount:			
At 1 January 2015 (restated)	-	12	12
At 31 December 2015 (restated)	-	8	8
At 31 December 2016	**-**	**1**	**1**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

18. INVESTMENT IN SUBSIDIARIES

	Corporation	
	2016	2015
Shares, at cost:		
Quoted shares in Malaysia	225	1,000
Unquoted shares in Malaysia	2,548	1,773
Unsecured preference shares*	1,863	1,863
As at 1 January	4,636	4,636
Disposal of investment in a subsidiary	(211)	-
As at 31 December	4,425	4,636
Less: Accumulated impairment		
As at 1 January	(1,322)	(1,268)
Charge for the financial year (Note 6)	(116)	(88)
Reversal (Note 6)	-	34
Disposal of investment in a subsidiary	208	-
As at 31 December	(1,230)	(1,322)
	3,195	3,314
Market value for quoted shares	1,603	4,361

* The unsecured preference shares are issued by different subsidiaries with features as follows:
- Convertible and non-convertible
- Cumulative and non-cumulative
- Redeemable and non-redeemable

(a) The 36.98% equity shares in KPJ Healthcare Berhad held by the Corporation and 99.98% equity shares in Kulim (Malaysia) Berhad are pledged as security for borrowings granted to certain subsidiaries.

At 31 December, the carrying amounts of the above equity shares pledged are as follows:

	2016	2015
KPJ Healthcare Berhad	62	-
Kulim (Malaysia) Berhad	-	73
	62	73

(b) Following assessment of the underlying value of its subsidiaries which incurred losses during the financial year, the Corporation noted that the recoverable amounts of a subsidiary, JCorp Hotels and Resorts Sdn Bhd is lower than the carrying amount of the investment in the subsidiary. In this connection, the Corporation had made an impairment charge on investment in the subsidiary of RM114 million during the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The recoverable amount is determined based on value in use using cash flows projection based on financial budget approved by the Directors covering a five-year period and applying the following key assumptions:

(i) Revenue growth rate of 10%, based on the revenue achieved in the financial year immediately before the budgeted financial year, adjusted for expectations on market and economic condition, expected efficiency improvement and management strategy to dispose certain loss making businesses in the near future. The cash flow projection includes estimated cash flow from disposal of loss making businesses based on valuation performed by independent firm of professional valuer, using comparison method, with key assumptions of disposal price of RM410,000 per room and land market value of RM700 per square metre.

(ii) Pre tax discount rate of 10%, which reflects specific industry risks of the subsidiary.

(iii) Terminal value growth rate of 3%, based on long term growth rates of the respective industry in Malaysia.

(c) Summarised financial information of Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Al-'Aqar Healthcare REIT and Al-Salam REIT which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before elimination of inter-company balances and transactions. The non-controlling interests in respect of the following subsidiaries are individually not material to the Group:

- IPPJ Sdn Bhd
- Johor Skills Development Sdn Bhd
- Pagoh Highland Resorts Sdn Bhd
- Sri Gading Land Sdn Bhd
- Tenaga Utama (Johor) Berhad
- Teraju Fokus Sdn Bhd
- SPMB Holdings Sdn Bhd

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

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-`Aqar Healthcare REIT		Al-Salam REIT		Other immaterial subsidiaries		Total	
Group	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
NCI percentage of ownership voting interest	**0.02%**	38.50%	**63.01%**	62.82%	**85.12%**	51.00%	**43.60%**	39.55%	**-**	-	**-**	-
Carrying amount of NCI	**289**	2,436	**851**	1,061	**718**	449	**303**	279	**44**	66	**2,205**	4,291
Profit allocated to NCI	**9**	551	**72**	94	**34**	7	**24**	7	**2**	14	**141**	673

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Summarised Statements of Financial Position

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-`Aqar Healthcare REIT		Al-Salam REIT		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Non-current assets	**5,778**	4,171	**2,905**	2,867	**1,424**	1,522	**922**	911	**11,029**	9,471
Current assets	**1,299**	2,255	**1,031**	1,065	**187**	73	**56**	38	**2,573**	3,431
Total assets	**7,077**	6,426	**3,936**	3,932	**1,611**	1,595	**978**	949	**13,602**	12,902
Current liabilities	**1,633**	819	**929**	1,098	**50**	50	**6**	5	**2,618**	1,972
Non-current liabilities	**1,265**	603	**1,322**	1,286	**665**	665	**360**	358	**3,612**	2,912
Total liabilities	**2,898**	1,422	**2,251**	2,384	**715**	715	**366**	363	**6,230**	4,884
Net assets	**4,179**	5,004	**1,685**	1,548	**896**	880	**612**	586	**7,372**	8,018
Equity attributable to owners of the company	**3,956**	4,740	**1,595**	1,448	**896**	880	**309**	309	**6,756**	7,377
Non-controlling interests	**223**	264	**90**	100	**-**	-	**303**	277	**616**	641
Total equity	**4,179**	5,004	**1,685**	1,548	**896**	880	**612**	586	**7,372**	8,018

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iii) Summarised Statements of Comprehensive Income

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-`Aqar Healthcare REIT		Al-Salam REIT		Total	
	2016	2015	2016	2015	2016	2015 Restated	2016	2015	2016	2015 Restated
Revenue	**1,613**	1,470	**3,021**	2,818	**104**	111	**76**	21	**4,814**	4,420
Profit for the financial year	**57**	1,418	**156**	142	**63**	67	**47**	15	**323**	1,642
Profit attributable to owners of the company	**41**	1,411	**149**	132	**63**	67	**47**	15	**300**	1,625
Profit attributable to the non-controlling interests	**16**	7	**7**	10	**-**	-	**-**	-	**23**	17
Other comprehensive income attributable to owners of the company	**166**	1,412	**(48)**	147	**-**	4	**-**	-	**118**	1,563
Other comprehensive income attributable to the non-controlling interests	**5**	(4)	**-**	10	**-**	-	**-**	-	**5**	6
Other comprehensive income for the financial year	**171**	1,408	**(48)**	157	**-**	4	**-**	-	**123**	1,569
Total comprehensive income	**228**	2,826	**108**	299	**63**	71	**47**	15	**446**	3,211
Total comprehensive income attributable to owners of the company	**207**	2,823	**101**	279	**63**	71	**47**	15	**418**	3,188
Total comprehensive income attributable to the non-controlling interests	**21**	3	**7**	20	**-**	-	**-**	-	**28**	23
	228	2,826	**108**	299	**63**	71	**47**	15	**446**	3,211
Dividend paid to non-controlling interests	**3**	3	**5**	81	**-**	36	**-**	-	**8**	120

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iv) Summarised Statements of Cash Flows

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-`Aqar Healthcare REIT		Al-Salam REIT		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net cash generated from operating activities	**130**	36	**143**	171	**89**	100	**53**	26	**415**	333
Net cash generated from/(used in) investing activities	**(477)**	2,290	**(132)**	(272)	**1**	36	**9**	(593)	**(599)**	1,461
Net cash (used in)/generated from financing activities	**(954)**	(1,200)	**(89)**	251	**(78)**	(140)	**(40)**	583	**(1,161)**	(506)
Net increase/(decrease) in cash and cash equivalents	**(1,301)**	1,126	**(78)**	150	**12**	(4)	**22**	16	**(1,345)**	1,288

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of subsidiaries in 2016

(i) Acquisition of Classruum Technologies Sdn. Bhd. ("CRTSB")

In February 2016, the Group acquired 204,000 ordinary shares in CRTSB representing 51% of the issued and paid up share capital of CRTSB for a total purchase consideration of RM2,142,000. Following the acquisition of the interest, CRTSB became a subsidiary of the Group.

(ii) Acquisition of PT Rambang Agro Jaya ("RAJ")

On 24 June 2016, the Group acquired 2,375 ordinary shares in RAJ representing 95% of the issued and paid up share capital of RAJ for a total purchase consideration of RM1,199,000. Following the acquisition of the interest, RAJ became a subsidiary of the Group.

(iii) Acquisition of PT Tempirai Palm Resources ("TPR")

On 24 June 2016, the Group acquired 2,375 ordinary shares in TPR representing 95% of the issued and paid up share capital of TPR for a total purchase consideration of RM2,000. Following the acquisition of the interest, TPR became a subsidiary of the Group.

(iv) Acquisition of Libra Perfex Precision Sdn Bhd ("LIBRA")

On 24 November 2016, the Group acquired 2,000,000 ordinary shares in LIBRA representing 100% of the issued and paid up share capital of LIBRA for a total purchase consideration of RM5,000,000. Following the acquisition of the interest, LIBRA became a subsidiary of the Group.

The acquisitions had the following effects on the Group's assets and liabilities on the acquisition date:

	Final fair value recognised on acquisition	Provisional fair value recognised on acquisition		
	CRTSB	RAJ & TPR	LIBRA	Total
Property, plant and equipment	-	218	-	218
Inventories	-	5	-	5
Intangible assets	2	-	5	7
Cash and cash equivalents	1	1	4	6
Receivables	-	-	1	1
Payables	-	(165)	(5)	(170)
Effect of exchange rate	-	(1)	-	(1)
Net identifiable assets	3	58	5	66
Less: Non-controlling interest on acquisition	(1)	(1)	-	(2)
Group's share of net assets	2	57	5	64
Bargain purchase	-	(20)	-	(20)
Total cost of acquisition	2	37	5	44
Cash and cash equivalents acquired	(1)	(1)	(4)	(6)
Net cash outflow	1	36	1	38

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Disposal of equity interest in subsidiary in 2016

(i) On 30 August 2016, the Corporation had disposed its entire equity interest in Akademi Mutawwif Sdn Bhd for a cash consideration of RM50,000. The effect of disposal is not material to the Group.

(ii) On 1 November 2016, Johor Ventures Sdn. Bhd., an indirect subsidiary of the Corporation had disposed its entire equity interest in Effective Corporate Resources Sdn Bhd, Bistari Young Entrepreneur Sdn Bhd and JCIA Services Sdn Bhd to a third party for a cash consideration of RM3. The effect of disposal is not material to the Group.

(iii) On 13 November 2016, the Group entered into an agreement for the disposal of its subsidiary, Granulab (M) Sdn. Bhd., which is involved in trading of granumas, a granulat synthetic bone graft. The decision is in line with the Group's business exit strategy for identified companies under its Intrapreneur Venture segment to maximise returns and mitigate risks. The disposal was completed during the current financial year. The effect of disposal is not material to the Group.

19. INVESTMENT IN ASSOCIATES

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
Unquoted shares in Malaysia, at cost	**104**	137	**4**	36
Unquoted shares outside Malaysia	**55**	55	**-**	-
Share of post-acquisition retained profits and reserves less losses	**90**	75	**-**	-
	249	267	**4**	36

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Details of the Group's associates are as follows:

	Country of incorporation	Principal activities	Percentage of ownership interest held by the Group* 2016	2015	Accounting model applied
Held by the Corporation:					
Panca Pesona Sdn Bhd	Malaysia	Industrial land and property developer	**40.00%**	40.00%	Equity method
Larkin Sentral Property Berhad (formerly known as Larkin Sentral Property Sdn Bhd)#	Malaysia	Operator of a transport terminal, renting of shop lots and wet market	**-**	39.00%	Equity method
Held through the subsidiaries:					
Bertam Properties Sdn Bhd	Malaysia	Estate management	**20.00%**	20.00%	Equity method
Revertex (Malaysia) Sdn Bhd	Malaysia	Processing of rubber and chemical	**30.07%**	30.07%	Equity method
Kedah Medical Centre Sdn Bhd	Malaysia	Operating as a specialist hospital	**45.65%**	45.65%	Equity method
Hospital Penawar Sdn Bhd	Malaysia	Operating as a specialist hospital	**-**	30.00%	Equity method
Healthcare Technical Services Sdn Bhd	Malaysia	Project management and engineering maintainance services for specialist hospital	**30.00%**	30.00%	Equity method
Vejthani Public Company Limited	Thailand	International specialist hospital	**23.37%**	23.37%	Equity method

* Equals to the proportion of voting rights held
# Reclassified to assets of disposed group classified as held for sale

These associates have the same reporting period as the Group.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

(i) Summarised Statements of Financial Position

	Larkin Sentral Property Berhad		Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Non-current assets	**-**	184	**162**	18	**86**	97	**62**	59	**37**	48	**347**	406
Current assets	**-**	3	**54**	94	**180**	166	**363**	244	**114**	146	**711**	653
Total assets	**-**	187	**216**	112	**266**	263	**425**	303	**151**	194	**1,058**	1,059
Non-current liabilities	**-**	11	**38**	4	**18**	18	**-**	-	**4**	6	**60**	39
Current liabilities	**-**	16	**55**	-	**25**	32	**101**	121	**29**	61	**210**	230
Total liabilities	**-**	27	**93**	4	**43**	50	**101**	121	**33**	67	**270**	269
Net assets	**-**	160	**123**	108	**223**	213	**324**	182	**118**	127	**788**	790

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts. (continued)

(ii) Summarised Statements of Comprehensive Income

	Larkin Sentral Property Berhad		Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue	**12**	12	**225**	219	**128**	189	**430**	459	**106**	189	**901**	1,068
Profit before tax from continuing operation	**6**	17	**19**	21	**34**	60	**219**	65	**20**	40	**298**	203
Profit for the financial year from continuing operations	**4**	15	**15**	16	**30**	46	**202**	56	**13**	31	**264**	164
Total comprehensive income	**4**	15	**15**	16	**30**	46	**202**	56	**13**	31	**264**	164
Dividend received from the associates during the financial year	**-**	-	**-**	1	**4**	-	**18**	-	**6**	16	**28**	17

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts. (continued)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Larkin Sentral Property Berhad		Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net assets at 1 January	**160**	151	**108**	92	**213**	177	**182**	186	**127**	97	**790**	703
Prior year adjustment	**-**	(6)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(6)
Disposal of investment in associates	**-**	-	**-**	-	**-**	-	**-**	-	**(7)**	-	**(7)**	-
Profit for the financial year	**4**	15	**15**	16	**30**	46	**202**	56	**13**	31	**264**	164
Changes in Equity	**6**	-	**-**	-	**-**	-	**-**	-	**-**	-	**6**	
Dividend received from the associates during the financial year	**-**	-	**-**	-	**(20)**	(10)	**(60)**	(60)	**(15)**	(1)	**(95)**	(71)
Net assets at 31 December	**170**	160	**123**	108	**223**	213	**324**	182	**118**	127	**958**	790
Interest in associates	**41.14%**	39.00%	**23.37%**	23.37%	**20.00%**	20.00%	**30.07%**	30.07%	**-**	-	**-**	-
Group share of net assets	**70**	62	**29**	25	**45**	43	**97**	55	**50**	53	**291**	238
Reclassification - Assets held for sale	**(70)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(70)**	-
Goodwill	**-**	-	**20**	20	**5**	6	**15**	15	**(12)**	(12)	**28**	29
Carrying value of group's interest in associates	**-**	62	**49**	45	**50**	49	**112**	70	**38**	41	**249**	267

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) Aggregate information of associates that are not individually material.

	Group	
	2016	2015
The Group's share of profit before tax from continuing operations	8	16
The Group's share of profit after tax from continuing operations	5	12
The Group's share of total comprehensive income	5	12

20. INVESTMENT IN JOINT VENTURES

	Group	
	2016	2015
At cost		
Shares unquoted in Malaysia	1,267	1,267
Share of post-acquisition reserves	84	20
	1,351	1,287

The Group has voting rights of its joint arrangements ranging from 51.00% to 63.04% (2015: 51.00% to 54.47%). Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities are classified as joint ventures of the Group.

(a) Details of the Group's joint ventures are as follows:

Name	Country of incorporation	Percentage of ownership interest* 2016	Percentage of ownership interest* 2015	Principal activities	Accounting model applied
Massive Equity Sdn Bhd	Malaysia	51.00%	51.00%	Nota (i)	Equity method
Tepak Marketing Sdn Bhd	Malaysia	63.04%	54.47%	Nota (ii)	Equity method

* equals to the proportion of voting rights held

These joint ventures have the same reporting period as the Group:

(i) The principal activity is investment holding of QSR Brands (M) Holdings Sdn Bhd, a group mainly involved in the business of quick service restaurant.

(ii) The principal activities consist of contract packing of tea and tea trading.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

20. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of Massive Equity Sdn Bhd and Tepak Marketing Sdn Bhd is set out below. The summarised information represents the amounts in the joint ventures and not the Group's share of those amounts.

(i) Summarised Statements of Financial Position

	Massive Equity Sdn Bhd		Tepak Marketing Sdn Bhd		Total	
	2016	2015	2016	2015	2016	2015
Non-current assets	**3,908**	3,915	**2**	2	**3,910**	3,917
Cash and cash equivalents	**515**	270	**2**	1	**517**	271
Other current assets	**513**	503	**16**	19	**529**	522
Total current assets	**1,028**	773	**18**	20	**1,046**	793
Total assets	**4,936**	4,688	**20**	22	**4,956**	4,710
Current liabilities (excluding trade and other payables and provisions)	**117**	115	**1**	-	**118**	115
Trade and other payables and provisions	**778**	616	**7**	10	**785**	626
Total current liabilities	**895**	731	**8**	10	**903**	741
Non-current liabilities (excluding trade and other payables and provisions)	**1,421**	1,459	**-**	-	**1,421**	1,459
Trade and other payables and provisions	**3**	3	**-**	-	**3**	3
Total non-current liabilities	**1,424**	1,462	**-**	-	**1,424**	1,462
Total liabilities	**2,319**	2,193	**8**	10	**2,327**	2,203
Net assets	**2,617**	2,495	**12**	12	**2,629**	2,507

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

20. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of Massive Equity Sdn Bhd and Tepak Marketing Sdn Bhd is set out below. The summarised information represents the amounts in the joint ventures and not the Group's share of those amounts. (continued)

(ii) Summarised Statements of Comprehensive Income

	Massive Equity Sdn Bhd		Tepak Marketing Sdn Bhd		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenue	**4,244**	4,016	**37**	8	**4,281**	4,024
Depreciation and amortisation	**226**	197	**-**	-	**226**	197
Interest income	**6**	2	**-**	-	**6**	2
Interest expense	**78**	150	**-**	-	**78**	150
Profit before tax	**157**	140	**3**	2	**160**	142
Income tax expense	**66**	83	**1**	1	**67**	84
Profit/(loss) after tax	**127**	57	**2**	1	**129**	58
Other comprehensive income	**-**	9	**-**	-	**-**	9
Total comprehensive income/(loss)	**127**	66	**2**	1	**129**	67

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures.

	Massive Equity Sdn Bhd		Tepak Marketing Sdn Bhd		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Net assets at 1 January	**2,495**	2,420	**12**	11	**2,507**	2,431
Profit for the financial year	**127**	66	**2**	1	**129**	67
Other comprehensive income	**-**	9	**-**	-	**-**	9
Change in ownership interest	**(4)**	-	**-**	-	**(4)**	-
Dividend	**(1)**	-	**(2)**	-	**(3)**	-
Net assets at 31 December	**2,617**	2,495	**12**	12	**2,629**	2,507
Interest in joint ventures	**51.00%**	51.00%	**63.04%**	54.47%	**-**	-
Group's share of net assets	**1,336**	1,273	**8**	7	**1,344**	1,280
Goodwill	**11**	11	**(4)**	(4)	**7**	7
Carrying value of Group's interest in joint ventures	**1,347**	1,284	**4**	3	**1,351**	1,287

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

21. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

Deferred tax assets and liabilities are attributable to the following:

	Group			Corporation		
	31.12.2016	31.12.2015 Restated	1.1.2015 Restated	31.12.2016	31.12.2015 Restated	1.1.2015 Restated
Subject to income tax						
Deferred tax assets	**89**	260	160	**-**	-	-
Deferred tax liabilities	**(666)**	(811)	(635)	**(71)**	(70)	(57)
	(577)	(551)	(475)	**(71)**	(70)	(57)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
At 1 January	**(233)**	(183)	**-**	6
Prior year adjustment:				
Property, plant and equipment	**(318)**	(292)	**(70)**	(63)
At 1 January (restated)	**(551)**	(475)	**(70)**	(57)
Credited/(charged) to profit or loss:				
Property, plant and equipment	**15**	(87)	**22**	1
Investment properties	**(77)**	(80)	**(56)**	(61)
Tax losses	**33**	43	**37**	58
Provisions	**(8)**	(22)	**(6)**	(7)
Others	**31**	106	**-**	-
	(6)	(40)	**(3)**	(9)
(Charged)/credited to other comprehensive income:				
Property, plant and equipment	**(20)**	(36)	**2**	(4)
	(20)	(36)	**2**	(4)
As at 31 December	**(577)**	(551)	**(71)**	(70)

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

21. DEFERRED TAX (CONTINUED)

	Group			Corporation		
	31.12.2016	31.12.2015 Restated	1.1.2015 Restated	31.12.2016	31.12.2015 Restated	1.1.2015 Restated
Deferred tax assets						
Property, plant and equipment	**36**	66	-	**-**	-	-
Provisions	**17**	25	47	**15**	21	28
Unutilised tax losses	**189**	156	113	**176**	139	81
Others	**62**	13	-	**-**	-	-
Amount before offsetting	**304**	260	160	**191**	160	109
Offsetting	**(215)**	-	-	**(191)**	(160)	(109)
As at 31 December	**89**	260	160	**-**	-	-
Deferred tax liabilities						
Investment properties	**(259)**	(182)	(102)	**(219)**	(163)	(102)
Property, plant and equipment	**(601)**	(626)	(513)	**(43)**	(67)	(64)
Others	**(21)**	(3)	(20)	**-**	-	-
Amount before offsetting	**(881)**	(811)	(635)	**(262)**	(230)	(166)
Offsetting	**215**	-	-	**191**	160	109
As at 31 December	**(666)**	(811)	(635)	**(71)**	(70)	(57)

Unrecognised deferred tax assets

The amount of deductible temporary differences and unused tax losses (both of which have no expiry dates) for which no deferred tax assets are recognised in the statement of financial position by certain subsidiaries as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	Group	
	2016	2015
Deductible temporary differences	**486**	457
Unutilised tax losses	**569**	511
	1,055	968

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

22. OTHER INVESTMENTS

Group 2016	Total	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Shares Outside Malaysia Unquoted	Fund Investment
Non-current:					
Available-for-sale financial assets	**216**	**10**	**31**	**173**	**2**
Financial assets at fair value through profit or loss	**5**	**2**	**3**	**-**	**-**
	221	**12**	**34**	**173**	**2**
Current:					
Financial assets at fair value through profit or loss	**16**	**-**	**8**	**-**	**8**
	16	**-**	**8**	**-**	**8**
	237	**12**	**42**	**173**	**10**
Representing items:					
At fair value (Note 36)	**64**	**12**	**42**	**-**	**10**
At cost (Note 36)	**173**	**-**	**-**	**173**	**-**
	237	**12**	**42**	**173**	**10**
Group					
2015 (Restated)					
Non-current:					
Available-for-sale financial assets	183	1	7	173	2
Financial assets at fair value through profit or loss	59	24	35	-	-
	242	25	42	173	2
Current:					
Available-for-sale financial assets	66	-	-	-	66
Financial assets at fair value through profit or loss	14	-	14	-	-
	80	-	14	-	66
	322	25	56	173	68
Representing items:					
At fair value (Note 36)	149	25	56	-	68
At cost (Note 36)	173	-	-	173	-
	322	25	56	173	68

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

22. OTHER INVESTMENTS (CONTINUED)

Corporation 2016	Total	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Warrant In Malaysia Quoted
Non-current:				
Financial assets at fair value through profit or loss	**-**	**-**	**-**	**-**
Current:				
Financial assets at fair value through profit or loss	**48**	**-**	**32**	**16**
	48	**-**	**32**	**16**
Representing item:				
At fair value (Note 36)	**48**	**-**	**32**	**16**
Corporation				
2015				
Non-current:				
Financial assets at fair value through profit or loss	23	23	-	-
Current:				
Financial assets at fair value through profit or loss	98	-	30	68
	121	23	30	68
Representing item:				
At fair value (Note 36)	121	23	30	68

The weighted average interest rates of fixed deposits that were effective at the reporting date were as follows:

	Group 2016	Group 2015
Deposits with licensed financial institutions	**3.15%**	3.40%

Deposits of the Group in the previous financial year had an average maturity of 150 days (2015: 333 days).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

23. INVENTORIES

	Group		Corporation	
	2016	2015	2016	2015
Stores and materials	**45**	24	**-**	-
Stock of produce	**12**	4	**-**	-
Finished goods	**46**	97	**-**	-
Property development cost	**30**	-	**-**	-
	133	125	**-**	-
Shops and houses	**32**	22	**3**	3
Land and buildings	**18**	19	**18**	19
	183	166	**21**	22

Inventories of the Corporation at carrying amount of RM1 million (2015: RM1 million) are pledged as security for borrowings.

Inventories of the Corporation with carrying amount of RM12 million (2015: RM12 million) are registered in the name of subsidiaries.

24. TRADE AND OTHER RECEIVABLES

	Group		Corporation	
	2016	2015 Restated	2016	2015
Non current				
Amount due from related parties	**-**	-	**196**	144
Less: Allowance for impairment	**-**	-	**(43)**	(39)
	-	-	**153**	105
Current				
Trade receivables	**952**	952	**19**	9
Less: Allowance for impairment	**(77)**	(91)	**-**	-
	875	861	**19**	9
Other receivables*	**725**	574	**188**	265
Less: Allowance for impairment	**(24)**	(31)	**(4)**	(13)
	701	543	**184**	252
Deposits	**13**	30	**-**	-
Amount due from related parties	**-**	-	**465**	446
Less: Allowance for impairment	**-**	-	**(243)**	(326)
	13	30	**222**	120
Amount due from associates	**37**	6	**-**	6
	1,626	1,440	**578**	492

* Included in the other receivables is RM211 million (2015: RM81 million) deposit paid for acquisition of 60% equity interest in PT Citra Sarana Energi (PT CSE) by one of the subsidiary.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

Concentration of credit risk with respect to trade receivables are limited due to the Group's diverse customer base. The Group controls its credit risk by ensuring its customers have solid financial standing and credit history.

(a) Trade receivables

Ageing analysis of trade receivables

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

	Group		Corporation	
	2016	2015 Restated	2016	2015
Neither past due nor impaired	**264**	382	**-**	-
1 to 30 days past due not impaired	**176**	119	**-**	-
31 to 60 days past due not impaired	**81**	57	**4**	-
61 to 90 days past due not impaired	**39**	33	**2**	-
91 to 120 days past due not impaired	**45**	27	**9**	-
More than 121 days past due not impaired	**270**	243	**4**	9
	875	861	**19**	9
Impaired	**77**	91	**-**	-
	952	952	**19**	9

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are mainly from regular customers that have been transacting with the Group, where there is no expectation of default. None of these balances have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Corporation have trade receivables amounting to RM611 million (2015: RM479 million) and RM19 million (2015: RM9 million) respectively, that are past due at the reporting date but not impaired. These relate to a number of independent customers for whom there is no recent history of default. These balances are not secured.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired

The Group's and the Corporation's trade receivables that are impaired at the reporting date amounting to RM77 million (2015: RM91 million) and RM nil (2015: RM nil) respectively. The individually impaired receivables mainly relates to plantation and healthcare services, which are in unexpectedly difficult economic situations. The movement of the allowance accounts used to record the impairment are as follows:

	Group		Corporation	
	2016	2015	2016	2015
Movement in allowance account:				
At 1 January	**91**	102	**-**	17
Charge for the financial year	**35**	21	**-**	-
Reversal of impairment losses	**(49)**	(32)	**-**	(17)
At 31 December	**77**	91	**-**	-

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

(b) Amount due from related parties and advances to associates

At the reporting date, advances to associates amounted to RM37 million (2015: RM6 million).

These amounts are unsecured, non-interest bearing and are repayable upon demand.

Amount due from related parties that are impaired

At the reporting date, the Corporation has provided an allowance of RM286 million (2015: RM365 million) for impairment of related parties. The individually impaired amounts due from related parties relate to those companies which are in unexpectedly difficult economic situation.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Amount due from related parties and advances to associates (continued)

There has been net reversal of provision made in the Corporation allowance account for the financial year ended 31 December 2016 of RM83 million (2015: RM22 million). The reversal of impairment of RM110 million (2015: RM90 million) was mainly due to debt recovered from the related parties.

	Corporation	
	2016	**2015**
Movement in allowance account:		
At 1 January	**365**	387
Charge for the financial year	**27**	68
Reversal of impairment losses	**(110)**	(90)
Reclassification of subsidiary	**4**	-
At 31 December	**286**	365

(c) Other receivables

The Group and Corporation have other receivables amounting to RM514 million (2015: RM574 million) and RM188 million (2015: RM265 million) respectively.

Other receivables that are impaired

At the reporting date, the Group and the Corporation have provided an allowance of RM24 million (2015: RM31 million) and RM4 million (2015: RM13 million) respectively for impairment of other receivables.

There has been reversal in the Group's and the Corporation's allowance for impairment account for the financial year ended 31 December 2016 of RM7 million (2015: RM6 million) and RM9 million (2015:RM nil) respectively. The Corporation has made an additional allowance for impairment of RM nil (2015: RM 8 million).

25. OTHER CURRENT ASSETS

	Group		Corporation	
	2016	**2015 Restated**	**2016**	**2015**
Prepayments	**369**	52	**329**	-
Construction contract	**154**	134	**-**	-
	523	186	**329**	-

Included in the prepayment of the Group and Corporation is the payment made in advance in respect of the purchase of leasehold land for development of Kem Tebrau from Pejabat Tanah Johor Bahru amounting to RM328,750,000.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

26. DERIVATIVE FINANCIAL INSTRUMENT

	Group Notional amount		Group Carrying amount	
	2016	2015	2016	2015
Cash flow hedges:				
Current assets				
Interest rate swap	**210**	265	**-**	1

27. CASH AND BANK BALANCES

	Group		Corporation	
	2016	2015	2016	2015
Cash at banks and on hand	**783**	866	**75**	56
Fixed deposits with:				
Licensed banks	**484**	174	**2**	55
Licensed finance institutions	**-**	1,360	**-**	-
Other finance institutions	**1**	3	**-**	-
Cash and bank balances	**1,268**	2,403	**77**	111

Included in the deposits with licensed banks are the following amount subject to restriction:

	Group		Corporation	
	2016	2015	2016	2015
Pledged with licensed banks for bank guarantee facilities provided to subsidiaries/third parties	**61**	8	**-**	-
Restricted usage under SUKUK	**17**	17	**-**	-
Restricted usage under Government Grant	**19**	20	**19**	20
	97	45	**19**	20

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

27. CASH AND BANK BALANCES (CONTINUED)

The currency profile of cash and cash equivalents is as follows:

	Group		Corporation	
	2016	2015	2016	2015
Ringgit Malaysia	1,207	2,379	77	111
Indonesian Rupiah	26	12	-	-
Australian Dollar	35	11	-	-
Singapore Dollar	-	1	-	-
	1,268	2,403	77	111

The weighted average interest rates of deposits, bank and cash balances that were effective at the reporting date were as follows:

	Group		Corporation	
	2016	2015	2016	2015
Deposits with licensed banks	3.70%	3.89%	3.40%	3.60%
Deposits with licensed financial institutions	-	4.00%	-	-
Deposits with other financial institutions	3.10%	3.10%	-	-

Deposits of the Group and of the Corporation have an average maturity of 50 days (2015: 41 days) and 30 days (2015: 30 days) respectively.

Included in cash and bank balances of the Group is an amount of RM74 million (2015: RM74 million) of which the utilisation is subject to the Housing Developers (Housing Development Account) Regulations 2002.

28. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Group		Corporation	
	2016	2015	2016	2015
Assets of disposal group classified as held for sale:				
Property, plant and equipment (Note 28a (i),(ii), 28b (ii))	148	13	-	-
Land and development expenditure	-	4	-	-
Investment properties (Note 28b (i),(ii))	109	37	155	37
Investment in an associate (Note 28c (i))	70	-	37	-
	327	54	192	37

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

28. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Below are the significant assets of disposal group classified as held for sale:

(a) Property, plant and equipment

Group

(i) Hotel Selesa Sdn Bhd, a subsidiary of JCorp Hotels and Resorts Sdn Bhd has entered into Sale and Purchase Agreement for the sale of business asset for a cash consideration of RM8 million. The sale is expected to be completed within the next 12 months. This is presented under Others segment in Note 39.

(ii) On 11 November 2016, Al-'Aqar Healthcare Reit represented by its trustee, Amanah Raya Trustees Berhad ("Trustee" or "Vendor"), entered into a sale and purchase agreement with Optimum Impress Sdn Bhd ("OISB" or "Purchaser") to dispose of a freehold land erected with and intergrated commercial development comprising a twenty-seven (27) storey hotel ("Hotel Selesa") and thirty-one (31) storey office block ("Metropolis Tower") with basement and evelated car parks (collectively, referred to as "Selesa Tower") ("SPA") for a disposal consideration of RM100 milion. The sale is expected to be completed in second quarter of 2017 - This is presented under Property management segment in Note 39.

(b) Investment properties

Group and Corporation

(i) Makmuran Veneer & Plywood Sdn Bhd, indirect subsidiary of Waqaf An-Nur Berhad has entered into an agreement to dispose off its investment properties for total consideration of RM710,000. The sale is expected to be completed within the next 12 months. This is presented under Others segment in Note 39.

(ii) On 26 June 2016, the Board of Directors of Corporation has agreed with the Request For Proposal ("RFP") to dispose 8 units of oil storage tank, dedicated pipelines and other assets errected in the surrounding area, office building and the land with a total area of approximately 35 acres located at the Tanjung Langsat Port area (PLO 25). Several parties were invited for the RFP and the sale is expected to be complete in the second quarter of 2017. This is presented under Industrial development segment in Note 39.

(c) Investments in an associate

Group and Corporation

(i) On 20 October 2016, a Share Sale Agreement was entered between the Corporation ("the vendor"), and Waqaf An-Nur Corporation Berhad ("the purchaser") in relation to the issued and paid up share capital of Larkin Sentral Property Berhad ("LSP") (formerly known as Larkin Sentral Property Sdn Bhd) owned by the vendors. The Corporation was the registered and beneficial owner of 346,750,000 ordinary shares representing 40.56% of the total issued and fully paid-up capital of LSP.

The sale consideration of RM67.62 million for LSP shares owned by the Corporation will be payable in accordance to the terms and conditions mutually agreed between the parties. Simultaneously with the execution of this agreement, the purchaser had paid the 50% deposit to the Corporation amounting to RM33.81 million.

The transaction has been completed upon receipt of the approval of Ministry of Finance on 23 January 2017 and with the Corporation recognising a gain on disposal of RM30.2 million. Subsequently on 3 February 2017, the Corporation had received the balance of 50% of the sale consideration.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS

	Group		Corporation	
	2016	2015	2016	2015
Non-current				
Secured:				
Finance lease	**27**	66	**-**	-
Term loans	**2,304**	1,520	**-**	-
Islamic Medium Term Notes (“IMTNs”)	**3,350**	3,763	**2,556**	2,956
Redeemable Cumulative Convertible Preference Shares (“RCCPS”)	**-**	17	**-**	-
Federal Government loans	**121**	122	**-**	-
Unsecured:				
Islamic Medium Term Notes ("IMTNs")	**900**	796	**-**	-
Term loans	**55**	110	**-**	-
Federal Government loans	**89**	57	**54**	13
Redeemable Preference Shares	**312**	281	**-**	-
	7,158	6,732	**2,610**	2,969
Current				
Secured:				
Bank overdrafts	**95**	16	**-**	-
Revolving credits	**97**	318	**-**	-
Bankers’ acceptance	**-**	2	**-**	-
Finance lease	**45**	46	**-**	-
Term loans	**525**	269	**-**	-
Bridging loans	**98**	134	**-**	-
Islamic Medium Term Notes (“IMTNs”)	**413**	9	**400**	-
Unsecured:				
Bank overdrafts	**45**	30	**-**	-
Revolving credits	**702**	154	**-**	-
Bankers’ acceptance	**-**	2	**-**	-
Term loans	**313**	249	**-**	-
Federal Government loans	**16**	56	**6**	56
	2,349	1,285	**406**	56
Total loans and borrowings	**9,507**	8,017	**3,016**	3,025

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Group's loans and borrowings:

At 31 December 2016	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Bank overdrafts	**On demand**	**95**	**95**	**-**	**-**	**-**
Revolving credits	**On demand**	**97**	**97**	**-**	**-**	**-**
Bankers' acceptance	**On demand**	**-**	**-**	**-**	**-**	**-**
Finance lease	**2015-2019**	**72**	**45**	**15**	**12**	**-**
Term loans	**2015-2029**	**2,829**	**525**	**571**	**1,282**	**451**
Bridging loans	**On demand**	**98**	**98**	**-**	**-**	**-**
Islamic Medium Term Notes ("IMTNs")	**2017-2022**	**3,763**	**413**	**-**	**1,571**	**1,779**
Federal Government loans	**2015-2034**	**121**	**-**	**-**	**8**	**113**
Unsecured:						
Bank overdrafts	**On demand**	**45**	**45**	**-**	**-**	**-**
Revolving credits	**On demand**	**702**	**702**	**-**	**-**	**-**
Term loans	**2015-2019**	**368**	**313**	**55**	**-**	**-**
Islamic Medium Term Notes ("IMTNs")	**2017-2022**	**900**	**-**	**-**	**-**	**900**
Federal Government loans	**2015-2022**	**105**	**16**	**-**	**-**	**89**
Redeemable Preference Shares	**2018**	**312**	**-**	**-**	**-**	**312**
Total		**9,507**	**2,349**	**641**	**2,873**	**3,644**
At 31 December 2015						
Secured:						
Bank overdrafts	On demand	16	16	-	-	-
Revolving credits	-	318	318	-	-	-
Bankers' acceptance	On demand	2	2	-	-	-
Finance lease	2015-2019	112	46	21	33	12
Term loans	2015-2029	1,789	269	500	747	273
Islamic Medium Term Notes ("IMTNs")	2017-2022	3,772	9	13	1,135	2,615
Bridging loans	On demand	134	134	-	-	-
Federal Government loans	2015-2034	122	-	6	26	90
Redeemable Cumulative Convertible Preference Shares ("RCCPS")	2015-2020	17	-	-	17	-
Unsecured:						
Bank overdrafts	On demand	30	30	-	-	-
Revolving credits	-	154	154	-	-	-
Bankers' acceptance	On demand	2	2	-	-	-
Term loans	2015-2019	359	249	55	55	-
Islamic Medium Term Notes ("IMTNs")	2017-2022	796	-	-	-	796
Federal Government loans	2015-2022	113	56	7	7	43
Redeemable Preference Shares	2018	281	-	-	-	281
Total		8,017	1,285	602	2,020	4,110

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Corporation's loans and borrowings:

At 31 December 2016	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Islamic Medium Term Notes ("IMTNs")	**2017-2022**	**2,956**	**400**	**-**	**-**	**2,556**
Unsecured:						
Federal Government loans	**2015-2022**	**60**	**6**	**-**	**-**	**54**
Total		**3,016**	**406**	**-**	**-**	**2,610**
At 31 December 2015						
Secured:						
Islamic Medium Term Notes ("IMTNs")	2017-2022	2,956	-	-	394	2,562
Unsecured:						
Federal Government loans	2015-2022	69	56	7	6	-
Total		3,025	56	7	400	2,562

	Group 2016	Group 2015
Finance lease liabilities		
Minimum lease payments:		
Not later than 1 year	**45**	46
Later than 1 year and not later than 2 years	**17**	24
Later than 2 years and not later than 5 years	**12**	34
More than 5 years	**-**	12
	74	116
Future finance charges on finance leases	**(2)**	(4)
Carrying amount of finance lease liabilities	**72**	112
Non-current	**27**	66
Current	**45**	46
Total	**72**	112

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

	Group		Corporation	
	2016	2015	2016	2015
Weighted average effective interest rates of borrowings at the reporting date:				
Bank overdrafts	**7.54**	7.92	**-**	-
Revolving credits	**3.28**	4.19	**-**	-
Term loans	**5.75**	6.81	**-**	-
Federal Government loans	**3.42**	3.51	**4.83**	4.83
Bankers' acceptance	**2.48**	3.99	**-**	-
Bridging loans	**6.13**	6.13	**-**	-
Finance lease	**2.95**	3.70	**-**	-
Islamic Medium Term Notes ("IMTNs")	**4.29**	3.67	**3.67**	3.67
Redeemable Preference Shares	**12.00**	12.00	**-**	-

Group borrowings: Period of maturity or repricing

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 year and not later than 5 years	Later than 5 years	Total
As at 31 December 2016					
Fixed	**919**	**80**	**2,143**	**2,122**	**5,264**
Floating	**1,430**	**1,241**	**405**	**1,167**	**4,243**
Total	**2,349**	**1,321**	**2,548**	**3,289**	**9,507**
As at 31 December 2015					
Fixed	153	324	1,664	3,052	5,193
Floating	1,132	278	356	1,058	2,824
Total	1,285	602	2,020	4,110	8,017

Corporation borrowings: Period of maturity or repricing

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 year and not later than 5 years	Later than 5 years	Total
As at 31 December 2016					
Fixed	**406**	**-**	**-**	**2,610**	**3,016**
As at 31 December 2015					
Fixed	56	7	400	2,562	3,025

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Estimated fair values

Except as disclosed below the carrying amounts of all borrowings at the reporting date approximate their fair values:

	Group		Corporation	
At 31 December 2016	Carrying amount	Fair value	Carrying amount	Fair value
Term loans - floating	**3,190**	**2,924**	**-**	**-**
Islamic Committed Revolving Credits	**799**	**799**	**-**	**-**
Islamic Medium Term Notes ("IMTNs")	**4,663**	**3,845**	**2,956**	**3,004**
Federal Government loans	**226**	**222**	**60**	**60**
As at 31 December 2015				
Term loans - floating	1,566	1,565	-	-
Islamic Committed Revolving Credits	472	472	-	-
Islamic Medium Term Notes ("IMTNs")	4,568	4,563	2,956	2,960
Federal Government loans	235	242	69	76

Significant covenants

Corporation

(a) Islamic Medium Term Notes ("IMTNs")

On 14 June 2012, the Corporation entered into an Islamic Medium Term Notes ("IMTNs") Programme of up to RM3.0 billion, under the Syariah principle of Wakalah Bil Istithmar with Maybank Investment Bank ("MIB") ("Facility Agent") and, MIB and CIMB Investment Bank ("CIMB") ("Joint Lead Arrangers"). The IMTNs were issued in 3 series as follows:

Series	Principal amount	Tenure (Years)	Profit rate (% per annum)	Maturity date
Series 1	400	5	3.48	14 June 2017
Series 2	800	7	3.68	14 June 2019
Series 3	1,800	10	3.84	14 June 2022
	3,000			

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Corporation (continued)

(a) Islamic Medium Term Notes ("IMTNs") (continued)

The frequency of the expected periodic distribution ("Profit Payment") should be on a semi-annual basis or such other period of frequency to be agreed between the Corporation and the Joint Book Runners ("JBRs") prior to each issuance of the IMTNs.

The Federal Government of Malaysia ("GOM") has agreed to guarantee (irrevocably and unconditionally) the Corporation's payment obligations under the IMTNs in accordance with Loans Guarantee (Bodies Corporate) Act, 1965, that subject to the Guaranteed amount (the nominal value of the IMTNs guaranteed by the GOM shall not exceed RM3.0 billion in aggregate) for the period of 11 years from the date of first issuance of the IMTNs.

In consideration of the provision of guarantee by the GOM, the Corporation being a body corporate declared by the Minister of Finance ("MOF") pursuant to the Loans Guarantee (Declaration of Bodies Corporate) (Johor Corporation) Order 2012 [P.U(A)128/2012] agreed to pay on an annual basis the Guarantee Fee of 0.01% for the first 5 years and 0.02% for the 6th year onwards based on the outstanding IMTNs.

Subsequent to the issuance, the IMTNs may not be offered, sold, transferred or otherwise disposed of directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to categories of person falling with Schedule 6 or Section 229 (1)(b), of the Capital Market and Services Act, 2007, as amended from time to time.

The IMTNs is not listed on Bursa Malaysia Securities Berhad or any other stock exchange.

There is no specific financial covenant associated with the IMTNs issued by the Corporation other than in the event of default, the entire IMTNs become immediately due and repayable.

(b) Federal Government loans

On 17 July 2002, the Corporation had applied for a restructuring of its Federal Government loans amounting to RM86.97 million (inclusive of outstanding interest) to the MOF with the following options:

(i) to pay off the loans by exchange of properties; or

(ii) to restructure the loans into a soft loan repayable after 10 years with interest.

The GOM via its letter from the MOF dated 5 September 2013, stated the following:

(i) Period for loan repayment to be rescheduled for 15 years, commencing on 2014, whereby such loan repayment to be made twice a year;

(ii) Interest rate of 4% per annum to be imposed on the outstanding loans;

(iii) Late payment interest of 2% per annum will be imposed in case the loan repayment does not comply with the agreed schedule;

(iv) Exemption on the accrued interest will be approved if the loan repayment is as per agreed schedule; and

(v) State Government must secure the loan with the land of "Ladang Kelapa Sawit Tunjuk Laut" and "Perindustrian Tanjung Langsat".

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Corporation (continued)

(b) Federal Government loans (continued)

The Corporation via its letter to MOF dated 25 September 2013, generally agreed on all terms suggested by MOF except for the abovementioned term (v). However, the Corporation suggested such term to be replaced with a new term, whereby the Corporation will execute legal assignment on sales proceed of industrial land, in which the value is not less than the total loan or up to the outstanding loan once the proposed loan reschedule been approved such industrial lands measuring approximately 55.278 acres can be sold within a 5 to 7 years period due to aggressive demands for land in Tanjung Langsat Industrial area. Thus, the outstanding loans can be settled in a shorter period.

GOM via its letter dated 28 October 2013, had acknowledged the Corporation's suggestion. MOF had asked the Corporation via the State Government to make an assessment on the said land with assistance from Jabatan Penilaian dan Perkhidmatan Hartanah ("JPPH"). The restructuring scheme will be secured by the said land.

GOM has also stated that such restructuring scheme will be subject to the following terms and conditions:

(i) Period of repayment is 15 years with semi annual repayment on 1 June and 1 December every year;

(ii) Interest rate of 4% per annum for each existing loan;

(iii) Late payment interest of 2% per annum will be imposed if the payment not accordance to the schedule; and

(iv) Exemption on accrued interest for each agreement will be only approved if the payment is accordance to the agreed schedule. Any failure to comply with this schedule, accrued interest shall be paid in lump sum in 16th year.

MOF via its letter dated 28 October 2013, had agreed on terms and conditions for the restructuring of the outstanding loans.

The assessment was made by JPPH in December 2013. JPPH via its letter dated 13 February 2014 to the Corporation has furnished the market value of the said land and concluded that its current market value is reasonable.

In connection with the application by the Corporation for a restructuring of its Federal Government Loans, GOM via its letter dated 6 January 2015, had agreed on the application amounting to RM52,322,367 for projects under the Corporation and the exemption on the accrued interest amounting to RM17,419,604.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Corporation (continued)

(b) Federal Government loans (continued)

The projects involved under the loans restructuring are as follows:

Project	Repayment date	No of installment	Annuity amount (RM)
Skim Amanah Saham Johor and Dana Johor	1 June and 1 December (Starting 2015 - 2029)	30	1,076,584
Ladang Kelapa Sawit Tunjuk Laut	1 June and 1 December (Starting 2015 - 2029)	30	1,739,886
Tanjung Langsat Industrial Project	1 June and 1 December (Starting 2015 - 2029)	30	1,739,886
Johor Industrial Energy Development	1 June and 1 December (Starting 2015 - 2029)	30	1,739,886

GOM has also stated that such restructuring are subject to the following terms and conditions:

(i) Period of repayment is to 15 years starting from 2015 with semi annual repayment on 1 June and 1 December;

(ii) Interest rate of 4% per annum for each existing loan;

(iii) Late payment interest of 2% per annum will be imposed if the payment not accordance to the schedule; and

(iv) Exemption on interest accrued for each agreement will be only approved if the repayment is in accordance to the schedule. Any failure to comply with this schedule, the interest accrued shall be paid in lump sum in 31 December 2030.

As at the date of this report, the agreement for the restructuring scheme has been finalised.

Subsidiaries

(a) Kulim (Malaysia) Berhad

In connection with the significant term loan facilities granted to Kulim (Malaysia) Berhad ("KMB"), KMB has agreed on the following significant covenants with the lenders:

(i) the ratio of the total borrowings to the consolidated shareholders' funds does not exceed 125% at all times; and

(ii) KMB will procure and ensure that each of its subsidiary companies does not and/or will not enter into any agreements which impose restrictions on each of the subsidiary companies' ability to make or pay dividend or other forms of distributions to the shareholders.

The secured borrowings of KMB are secured by charges over certain fixed deposits and property, plant and equipment, and corporate guarantee from KMB.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(b) Tanjung Langsat Port Sdn Bhd ("TLP")

(i) Soft loan from the Government of Malaysia ("GOM")

On 13 February 2013, TLP had entered into a Loan Agreement with the GOM amounting to RM110,800,000 for the construction of Berth 8 and Berth 9. The Facility bears interest at 4% (2015: 4%) per annum and has tenure of 20 years. The Facility is repayable by semi-annual instalment payments commencing 3 years after the first drawdown. The first instalment was paid on 8 September 2016.

Using the prevailing market interest rate for a similar loan of 6.95%, the fair value of the soft loan has been estimated at RM79,242,450 as at 13 February 2013. The difference of RM31,557,550 between the gross proceeds and the fair value of the soft loan is benefit derived from the below-market interest rate and is recognised as deferred income.

The facility is secured over:

(a) A legal assignment by the Corporation of all rights interest and title in respect of two plots of vacant commercial land identified as Lot H and Lot I all within Tanjung Langsat Industrial Area, Mukim of Sungai Tiram, District of Johor Bahru, Johor; and twenty one (21) plots of vacant Industrial Lands identified as Lot A, Lot B, Lot C, Lot D, Lot E, Lot F, Lot G, Lot J, Lot K, Lot L, Lot M, Lot N, Lot O, Lot P, Lot Q, Lot R, Lot S, Lot T, Lot U, Lot V, and Lot W all within Tanjung Langsat Industrial Area, Mukim Sungai Tiram, District of Johor Bahru, Johor;

(b) Third party first legal charge over Lot H and Lot I upon the issuance of the individual documents of title;

(c) A first fixed charge by way of a debenture in respect of the Berth 8 and 9;

(d) An assignment of all rights interest and title and charge in respect of the Special Loan Account and Designated Collection Account;

(e) A letter of comfort by the Corporation;

(f) Letter of undertaking by TLP to remit all revenue from the operations of Berth 8 and Berth 9 into the Designated Collection Account;

(g) Letter of subordination by the Corporation in respect of all advances made by the Corporation to TLP amounting to RM5,000,000 only; and

(h) Letter of negative pledge by TLP not to incur any indebtness with any financial institution other than those disclosed prior to the date of the Loan Agreement by TLP to the GOM and other indebtness made by TLP in ordinary course of its business.

(c) Jcorp Capital Solutions Sdn Bhd ("JCSSB")

(i) On 21 November 2013, JCSSB entered into a new Facility Agreement, with a licensed bank for a margin trading facility of up to a maximum aggregate sum of RM26 million. The facility is subject to interest of 7.75% per annum or not less than the bank's Base Lending Rate ("BLR") plus 1.5% per annum and shall include such revised rate there of as may be notified by the bank from time to time. The facility shall be subjected to a half yearly review.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(c) Jcorp Capital Solutions Sdn Bhd ("JCSSB") (continued)

(i) The purpose of the facility was to part finance the acquisition of quoted shares and warrants in KMB.

The facility was secured by a third party memorandum of legal charge to be created by JCSSB in favour of the bank over 17.5 million of KPJ Healthcare Berhad ("KPJ") quoted shares which was financed by the facility and purchased by the Corporation prior to the drawdown of the facility. The total outstanding amount of the facility must not exceed 50% of the market value of the quoted shares. The Corporation shall partially repay the facility or top up with additional quoted shares if it breaches the 50% limit as determined by bank. The facility is also secured by a charge over the Interest Reserve Account of the Corporation, the security debenture and letter of authorisation.

On 21 July 2014, the Margin Trading Facility Agreement dated 21 November 2013 with a licensed bank was revised and increased the maximum aggregate sum from RM26 million to RM98.5 million. The purpose is to finance the conversion of 23,000,000 units of KMB warrants into new KMB share of a 1 for 1 basis at a conversion price of RM3.13 per share.

The facility is subject to interest at 7.75% per annum or not less than bank's BLR, whichever is lower. The facility is secured by a fresh Margin Trading Facility Agreement of up to RM98.5 million, memorandum of legal charges over the same securities to be executed by the Corporation and such other documents as may be advised by the bank's solicitors.

(ii) On 20 November 2013, JCSSB entered into a new Facility Agreement with a licensed bank. The limit of the facility is RM50 million. The facility is subject to interest at 6.5% per annum. Interest shall be calculated on the actual number of days elapsed over a 365 days per year and shall be payable in arrears at the end of interest period. The facility shall be subjected to 4 semi annual instalments. The repayment period is within 2 years after first drawdown in January 2014.

The purpose of the facility is for advancement to the Corporation to finance its subscription of rights issue entitlement, direct and indirect, under the proposed renounceable rights issue of up to 43,962,072 KPJ shares held on the entitlement date together with up to 87,924,144 free detacheable new warrants ("Warrants") on the basis of 2 warrants for every 1 rights share subscribed for ("the Proposed Right Issues").

The facility was secured by a third party's first legal charge over sufficient number of Ordinary Shares of KPJ quoted on Bursa Malaysia Securities Berhad to provide a minimum security cover ratio of 1.0 times over the facility amount prior to drawdown and third party first legal charges over all the Rights Share financed under the facility.

The borrowing was fully settled during the financial year.

(iii) On 3 July 2014, JCSSB entered into a new Facility Agreement with a licensed bank for a short term loan facility of up to RM78 million. The repayment period is 2 years from the date of first drawdown in October 2014.

The purpose of the facility is to onward lend the facility to the Corporation to finance the conversion of 24,753,600 KMB warrants into new KMB share on a 1 for 1 basis at a conversion price of RM3.13 per share for each warrant.

The facility is subject to an interest of 2.50% per annum above the Bank's Cost of Funds with monthly rests.

The facility is secured by a third party first legal charge by way of Memorandum of Deposit of shares over 25,000,000 units of KMB shares with a minimum security cover ratio of 1.0 times over 24,753,600 KMB shares upon conversion from warrants financed under the facility and by a charge over Debt Service Reserve Account.

The borrowing was fully settled during the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(d) Business Chronicles Sdn Bhd ("BCSB")

Redeemable Preference Shares

In financial year 2013, the subsidiary, BCSB issued 1,265,305 Islamic Non-Cumulative Redeemable Preference Shares ("RPS-i") at an issue price of RM1,000 each, consist of a par value of RM0.01 and a share premium of RM999.99. The RPS-i is issued at the following key terms:

(i) A tenure of 8 years from the date of issue;

(ii) A projected dividend of 10% a year, subject to the availability of profits and cash; and

(iii) Redemption by cash or by distribution of shares in the joint venture:

- Redeemable at anytime during the tenure at the discretion of either the issuer or RPS-i holder for cash, and the redemption amount is subject to a Internal Rate of Return ("IRR") at a minimum of 12% per annum and a maximum of 20% per annum.

- In the event of Initial Public Offering ("IPO") of the joint venture, the RPS-i is to be redeemed by distribution of the IPO shares in the joint venture to the RPS-i holders.

The RPS-i is held by several parties and certain of the parties have subsequently entered into a Deed of Termination Agreement with BCSB and waived all their rights and obligations on the RPS-i held by them. Accordingly, the portion of the RPS-i that were terminated is classified as equity instrument while the remaining RPS-i of RM280,985,600 is classified as liability.

In prior year 2014, one of the RPS-i holders disposed of 150,000 RPS-i shares to the Corporation.

(e) Efinite Structure Sdn Bhd ("ESSB")

Pursuant to the Asset Rationalisation Programme ("Programme") involving ESSB, the Corporation, Tanjung Langsat Port Sdn. Bhd. ("TLP"), Damansara Assets Sdn. Bhd. ("DASB") and Johor City Development Sdn. Bhd. ("JCD"), ESSB has entered into Sukuk Ijarah Facility Agreement and Tawarruq Master Facility Agreement with Affin Investment Bank Berhad ("Affin Investment"), Bank Islam Malaysia Berhad ("BIMB") and Bank Kerjasama Rakyat Malaysia ("Bank Rakyat"), Affin Islamic Bank Berhad ("Affin Islamic") and Pacific Trustees Berhad ("Trustees") on 24 June 2013 to obtain the following:

(i) Islamic securities under the principle of Ijarah ("Sukuk Ijarah") up to RM184 million in nominal value with maturity periods between 3 to 10 years. The Sukuk Ijarah is subject to profit rates ranging from 6.50% to 6.75% (2015: 6.50% to 6.77%) per annum;

(ii) Syndicated Islamic Term Financing ("i-TF") of up to RM235 million with maturity periods between 3 to 10 years. The i-TF is subject to profit rates ranging between 6.55% to 6.60% (2015: 6.50% to 6.62%) per annum; and

(iii) Working Capital Facility ("WCF") of up to RM10 million for TLP. The facility is for a period 1 or 3 months and subject to yearly review. The WCF is subject to profit rate of Islamic Cost of Fund ("i-COF") plus 2.25% per annum.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(e) Efinite Structure Sdn Bhd ("ESSB") (continued)

The Sukuk Ijarah, i-TF and WCF are secured, on "pari passu" basis premised on the proportion of the outstanding nominal amount of the Sukuk Ijarah, i-TF and WCF, by the following in favour of the Security Trustee:

(i) A third party fixed and floating charges by way of debenture over all present and future assets of TLP excluding the two berths currently under construction and identified as Berth 8 (located adjacent to Berth 5 at liquid jetty) and Berth 9 (located adjacent to Berth 1 at the liquid jetty);

(ii) A third party assignment of all revenue of TLP and up to 60% of the revenue derived from the operations of Berth 8 and Berth 9;

(iii) A third party deed of assignment by the Corporation on 649.021 acres of industrial land including of rights over sales proceeds in Tanjung Langsat Industrial Area ("TLIA") including the necessary covenants to perfect all security in relation to the assignment including procuring the issuance of the respective documents of title upon enforcement of the same;

(iv) An assignment and charge over the Designated Account by ESSB and TLP of its respective present and future rights, titles, benefits, and interests in and under then purview of the Designated Accounts; and all monies standing to the credit of the Designated Accounts;

(v) An assignment by ESSB over the Ijarah Agreement entered into between ESSB and the Corporation;

(vi) An assignment of proceeds by the Corporation under the Lease Agreement of 5.0 acres of industrial land to KTL Offshore Pte. Ltd.;

(vii) An assignment of proceeds by the Corporation under any future lease agreements of land identified as PLO 3, Mukim Sungai Tiram, District Johor Bahru with a total land area of 3.572 acres in TLIA;

(viii) A debenture creating a fixed and floating charges over existing and future assets of ESSB;

(ix) Letter of Awareness from the Corporation;

(x) A third party assignment of all applicable takaful/insurance policies in respect of the land in TLIA and the Tanjung Langsat Port, in form and substance satisfactory to Solicitor/Sukukholders and i-TF Financiers;

(xi) A third party assignment of the Corporation's present and future rights, title, interest and benefits in and under the Sale and Purchase Agreement ("SPA") entered into between the Corporation and TLP in respect of 148.424 acres of land;

(xii) A third party assignment of the Corporation's present and future rights, title, interest and benefits in and under the SPA entered into between the Corporation and DASB in respect of 109.323 acres of land; and

(xiii) A third party assignment of the Corporation's present and future rights, title, interest and benefits in and under the SPA entered into between the Corporation and JCD in respect of 188.697 acres of land.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(e) Efinite Structure Sdn Bhd ("ESSB") (continued)

Significant Financial Covenants

Under the Sukuk Ijarah, ESSB should maintain a Finance Service Cover Ratio ("FSCR") of not less than 1.25 times.

FSCR is defined as Consolidated Net Operating Cashflow for the year plus opening cash balances of ESSB (including balances maintained in the Designated Accounts) divided by total Finance Service for the 12 month period.

Consolidated Net Operating Cashflow is defined as net operating cashflow of ESSB plus net operating cashflow of TLP plus proceeds from sale of TLIA which forms part of security under the Sukuk Ijarah, i-TF and WCF.

Finance Service is defined as the aggregate of:

(a) All finance charges (including but not limited to periodic distribution amount, profit, commissions and/or fees) required to be paid in connection with all financing facilities of ESSB and TLP during the relevant period; and

(b) All net principal repayments/redemptions made in connection with all financing facilities of ESSB and TLP during the relevant period.

The FSCR shall be tested on yearly basis, whereby ESSB shall be required to provide a written confirmation duly signed by ESSB's auditor certifying the compliance of the financial covenants within 120 days from its respective fiscal year end.

Borrowings Facility Description

The purpose of the facility is to finance the Programme whereby the Corporation acquired all non-movable assets of TLP together with all of the industrial land or landed properties forming part of the TLIA covering approximately 649.021 acres ("Ijarah Assets") belonging to TLP, DASB and JCD, all of which are wholly owned subsidiaries of the Corporation.

Under the Programme, TLP, DASB and JCD had entered into the relevant SPAs with the Corporation for the sale of the beneficial rights and titles to the Ijarah Assets.

ESSB, on behalf of the Sukukholders, had entered into an Asset Purchase Agreement with the Corporation whereby it sold the beneficial rights of the Ijarah Assets for a price of up to RM411 million.

In return, ESSB had issued Sukuk Ijarah to the respective Sukukholders. The Sukuk Ijarah shall represent the respective Sukukholders' undivided proportionate interest in the Trust Assets.

The proceeds from the Sukuk Ijarah and i-TF will be utilised for the purchase of the Ijarah Assets (covering only 202.577 out of 649.021 acres of land) under the Asset Purchase Agreement. The Ijarah Rental shall be determined every six months at an agreed margin over agreed benchmarks.

Upon completion of the Assets Purchase Agreement, ESSB had entered into Ijarah and Servicing Agency Agreements with the Corporation to lease the Ijarah Assets and appoint the latter as the servicing agent to be responsible for the performance, maintenance, structural repair, related payment and ownership expenses in respect of the Ijarah Assets.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(e) Efinite Structure Sdn Bhd ("ESSB") (continued)

Significant Financial Covenants (continued)

In the event of the parcels of land forming the Ijarah Assets are to be sold to third party, ESSB agrees to enter into an Asset Sale Agreement to sell the portion of Ijarah Assets to the Corporation. The proceeds received from the Corporation in respect of the Asset Sale Agreement shall use to fulfill the Corporation's Ijarah Rental payment obligation.

ESSB had appointed an independent trustee, Pacific Trustee Berhad, as the Sukuk Trustee to act on behalf of Sukukholders.

Upon the maturity of the Sukuk Ijarah and no event of default has occurred, the Ijarah Assets shall be returned to the Corporation either by way of hibah or sale at nominal value.

(f) KPJ Healthcare Berhad ("KPJ").

(i) Term loan - Syariah compliant

A third party, first legal charge over certain investment property including the building with a carrying amount of RM210,654,000.

Other borrowings are secured by:

(a) a Letter of Undertaking cum Awareness;

(b) negative pledge;

(c) an assignment of the proceeds to be received from the disposal of the building and lease/rentals;

(d) fixed and floating charge over certain present and future assets;

(e) third party's loan agreement cum assignment over certain the leasehold land;

(f) jointly and severally guaranteed by certain directors of a subsidiary;

(g) Corporate Guarantee;

(h) assignment of all Rights & Benefits or its equivalent over the relevant Takaful cover;

(i) a change on the specific FSRA & DSRA and all monies standing to the credit of certain subsidiaries.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(f) KPJ Healthcare Berhad ("KPJ") (continued)

(ii) Finance lease liabilities

Finance lease liabilities are secured by the related equipment and motor vehicles.

In connection with certain borrowings, the Group has to comply with the following significant covenants:

(a) The Group finance to equity ratio being not more than 1.5 times (Islamic Medium Term Notes);

(b) A subsidiary's dividends declared or paid being not more than fifty percent (50%) of profit after tax;

(c) A subsidiary's debt service current ratio to be maintained at a minimum of 1.5 times;

(d) A subsidiary's borrowings over net tangible assets being not more than 2.0 times;

(e) Group bank borrowings to Tangible Net worth not more than 1.25 times;

(f) Interest Coverage Ratio not more than 4 times; and

(g) A subsidiary's gearing ratio to be maintained at a minimum of 3.5 times.

(g) TPM Technopark Sdn Bhd ("TPM")

(i) The Revolving Credit facility-I (RC-i) of RM20 million under Bai'Inah Facility Agreement is for tenure of up to 36 months. The purpose of the facility is for working capital requirement to finance the development of an industrial park known as The Platinum Business Park situated in Pasir Gudang, Johor. The profit rate on the facility is 5.85% (2015: 5.85%) per annum.

The facility is secured by the ranking absolute legal assignment of its full and entire benefit of and all rights, title and interest in the Development Rights Agreement ("DRA") dated 12 October 2012 and shall create in favour of the bank a first legal party legal charge over the said properties.

(ii) A subsidiary of TPM entered into a bank financing and revolving credit facilities amounting to RM123 million. The purpose of the term financing facilities is to allow on- financing/ on- lending Corporation to part finance the acquisition of a land located in Muar, Johor and the development of an industrial park known as Muar Timber Industrial Park thereon, while the revolving credit facility is to allow on- financing/ on- lending to the Corporation for Shariah compliant working capital requirements related to the aforesaid project.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(g) TPM Technopark Sdn Bhd ("TPM") (continued)

The facilities are segregated into 3 portions as follows:

(a) RM48 million Term Financing-I 1 with tenure up to 4 years (with 18 months grace period) from date of first disbursement; disbursements are in 2 tranches of RM25.4 million and RM22.6 million respectively;

(b) RM70 million Term Financing-I 2 with tenure of up to 4 years (with 18 months grace period) from date of first disbursement; disbursement are in 2 tranches of RM35 million each; and

(c) RM5 million Revolving Credit-I with tenure as advised by the bank and subject to annual review.

The effective profit rate for the above facilities is at the annual rate of 1.35% above the bank's cost of fund subject to a ceiling rate of 10.85%. The above facilities interest rate charged for the current year ranged between 5.15% to 5.26%.

The facilities are secured by the following:

(a) Deed of Assignment over the rights, title, interest and benefits in and to the Land Acquisition Agreement to be entered between the Corporation and State Secretary, Johor (Incorporated) ("SSI");

(b) Fixed legal charge in favour of the bank over the commercial land portion to be carved out from the project land measuring about 100 acres with minimum market value of RM87,000,000;

(c) Debenture by way of registered first fixed and floating charge over all the present and future assets of the subsidiary company except for the sales of the industrial land to the end purchases;

(d) Assignment and charge over these Designated Accounts – Collection Account-I, Escrow Account, Finance Payment Reserve Account and Sinking Fund Account-i;

(e) Letter of awareness from the Corporation in form and substance acceptable to the bank;

(f) Deed of Assignment over the rights, title, interest and benefits in and to Lease Agreement/ Tenancy Agreement and its respective proceeds to be granted by the subsidiary company to the bank;

(g) Deed of Assignment over the rights, title, interest and benefits in and to Takaful Contracts/ Insurance Policies and lease/ rental/ takaful/ insurance proceeds to be granted by subsidiary company to the bank; and

(h) Deed of Assignment of all the sales proceeds in relation to the Project to be granted by the subsidiary company to the bank.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

29. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(g) TPM Technopark Sdn Bhd ("TPM") (continued)

The repayment for the drawndown facilities shall be as follows:

(a) Term Financing-I 1

Principal portion will be payable from redemption sum to be fixed at 40% of the selling price of each industrial or commercial plot under the project or by 10 equal quarterly payments of RM4.8 million commencing from the end of 18th month from date of first disbursement, whichever is earlier.

(b) Term Financing-I 2

Principal portion will be payable from redemption sum to be fixed at 40% of the selling price of each industrial or commercial plot under the project or by 10 equal quarterly payments of RM7 million commencing from the end of 18th month from date of first disbursement, whichever is earlier.

(c) Revolving Credit

Principal portion will be payable at the end of the rollover period elected by the subsidiary company.

(h) BDO Assets Management Sdn Bhd ("BDO")

BDO obtained Commodity Murabahah Term Financing-I (CMTF-i) RM245 million from a local financial institution which bear an interest rate of 10.60% (2015: 10.60%) per annum and is secured by way of the following securities:

(a) Assignment of proceed arising from the disposal of certain properties belonging to related companies or fresh legal (3rd party) charge to be created over these properties in the event the disposal of these properties does not materialise;

(b) Pledge of all shares held and to be acquired in a related company, Business Chronicles Sdn Bhd ("BCSB") (including rights to dividend received form the shares);

(c) Pledge of all shares held by the Corporation;

(d) Assignment over the dividend income received from the shares mentioned in item (b) and (c) above;

(e) Charge over the Finance Service Account ("FSA") and Minimum Reserve Account ("MRA"); and

(f) The Share Sale Agreement ("SSA") in relation to the acquisition of shares in BCSB.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

30. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2016	2015	2016	2015
Current				
Trade payables	**772**	765	**13**	9
Other payables	**815**	943	**280**	536
Retention money	**5**	-	**2**	-
Lease rental payable	**15**	-	**-**	-
Amount owing to related companies	**-**	-	**589**	356
Amount owing to a subsidiary	**-**	-	**30**	20
Trade accruals	**185**	179	**3**	9
Amount due to other shareholders of subsidiaries	**15**	3	**-**	-
Amount due to associates	**-**	8	**-**	6
Arbitration settlement	**16**	-	**-**	-
Provision for arbitration	**-**	77	**-**	-
	1,823	1,975	**917**	936
Non-current				
Amount owing to a subsidiary	**-**	-	**368**	352
Arbitration settlement	**76**	-	**-**	-
Provision	**5**	-	**-**	-
	81	-	**368**	352
Total	**1,904**	1,975	**1,285**	1,288

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on a 60-day (2015: 60-day) term.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2015: average term of six months).

(c) Amount owing to related companies, associates and other shareholders of subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

(d) Amount owing to a subsidiary

This amount is unsecured, bearing interest between 6.55% to 6.77% (2015: 6.55% to 6.77%) per annum. The amount owing to a subsidiary is repayable for a period of between 3 to 10 years pursuant to Ijarah Agreement entered into between the subsidiary and the Corporation on 24 June 2013.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

30. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Arbitration settlement / provision for arbitration

In March 2011, one of the Tanjung Langsat Port Sdn. Bhd.'s ("TLP") customer had written to TLP giving preliminary notice of claim on the product loss due to the fire at Tanjung Langsat Port in 2008.

The provision for arbitration award was made by TLP in the financial year ended 31 December 2013 following an arbitration between the claimant and TLP. It represents the compensation sum of USD22,855,772 (RM75,316,626 based on exchange rate at 31 December 2013) offered to the claimant for losses incurred as a result of the above incident.

On 23 December 2013, the Arbitral Tribunal awarded a total compensation sum to the claimant of USD141,230,022 and interest on the sum awarded calculated at the 3 month London Interbank Offered Rate ("LIBOR") plus 1% per annum, commencing from the date of the award until full settlement of the sum awarded.

On 1 April 2014, TLP has filed an application to the High Court to set aside the arbitration award of USD141,230,022. On 13 November 2015, the court has dismissed this application. TLP had filed an appeal to the Court of Appeal on the decision and also a stay of the High Court order pending the final disposal of TLP's appeal.

On 19 January 2016, an interim stay of the High Court order was granted by the Court of Appeal whereby TLP is required to provide security in favour of claimant in the sum of USD3.5 million ("Stay Order") which TLP has complied with. On 13 June 2016, claimant applied to the Court of Appeal to set aside or vary the Stay Order and the Court of Appeal has on 30 August 2016 allowed the application from claimant by increasing the amount of security to be paid in favour of claimant from USD3.5 million to USD17 million ("Variation Order").

On 11 November 2016, TLP entered into Settlement Agreement with the claimant for total settlement of USD30 million. Both parties had by joint application to the Federal Court, agreed to adjourn the Company's Section 80 Application from 7 February 2017 to 20 February 2017 to enable the Claimant to verify the compliance with Clause 3.1.2 of the Settlement Agreement by the Company. In the event that both the conditions precedents, namely the initial payment of USD3.5 million and issuance of Letter of Undertaking after obtaining the prior written consent from the Ministry of Finance are satisfied, the Claimant shall forever waive its original claim of USD141,230,022 and interest therein under the Award, which claims and rights shall be merged into or superseded by the agreed settlement amounts of USD30 million as mentioned in the Settlement Agreement.

On 17 March 2017, TLP and Trafigura had notified Court of Appeal which informed that both parties has perfected the settlement of disputes and therefore requested the Court to withdraw both parties appeal on the date of the continued hearing fixed on 20 April 2017.

TLP had file the Notice of Discontinuance on 24 March 2017 for TLP's appeals at the Court of Appeal and at the Federal Court for TLP's Leave Application and TLP's Section 80 Application.

On 14 March 2017, Trafigura had notified TLP that all the terms and condition stipulated under the Settlement Agreement have been complied with. Trafigura had satisfied and waived the original claims and rights under the Partial Award against TLP including all orders and judgement of the Courts in favour of Trafigura which now all the rights shall be superseded by the Settlement Agreement.

TLP had made the second payment of USD3.5 million on 27 March 2017 by way of telegraphic transfer to Trafigura's bank account. Pursuant to clause 2.3.3 of the Settlement Agreement, the first payment of the remaining USD23 million shall be made one (1) calendar year from the date Trafigura's confirmation, 14 March 2017, of TLP compliance to the conditions precedent.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

30. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Arbitration settlement / provision for arbitration (continued)

Based on the Settlement Agreement, the settlement sum shall be settled by TLP in the following manner:

(i) An initial payment of USD3.5 million which was paid during the year upon execution of agreement.

(ii) A second payment of USD3.5 million had been made by TLP on 27 March 2017.

(iii) The balance of USD23 million shall be paid by 6 annual instalments with the first due within a year from the date of fulfilment of the condition precedent stated above. The first and second instalments amount to USD3 million each and the third to sixth instalments amount to USD4.25 million each.

The letter of undertaking was issued by Johor Corporation on 3 February 2017.

The balance of settlement sum of USD26.5 million, after deduction the initial payment, has been discounted to its fair value upon recognition using the prevailing market interest rate for borrowing of 8%. The difference between the fair value and the balance of settlement sum is recognised as interest over the remaining settlement period through amortisation.

The amount outstanding as of the end of financial year are as follows:

	Group	
	2016	**2015**
Balance outstanding	**92**	-
Maturity profile:		
Within 12 months	**16**	-
Later than 1 year and not later than 5 years	**52**	-
Later than 5 years	**24**	-
Total outstanding balance	**92**	-
Repayable within 12 months (under current liabilities)	**(16)**	-
Repayable after 12 months (under non-current liabilities)	**76**	-
Carrying value	**92**	-
Fair value	**92**	-

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

30. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Arbitration settlement / provision for arbitration (continued)

The movement in provision for arbitration as follows:

	Group	
	2016	2015
At 1 January	**77**	77
Additional provision during the year	**4**	-
Loss on unrealised foreign exchange	**27**	-
Repayment of arbitration	**(16)**	-
At 31 December	**92**	77

31. OTHER LONG TERM LIABILITIES

	Group		Corporation	
	2016	2015 Restated	2016	2015
Government Grant (Note (a))	**315**	286	**258**	275
Land lease rental received in advance (Note (b))	**580**	207	**436**	115
Other long term payables (Note (c))	**39**	51	**-**	-
Deposits (Note (d))	**27**	14	**-**	-
Others	**9**	-	**-**	-
	970	558	**694**	390

(a) Government Grant

	Group		Corporation	
	2016	2015	2016	2015
At cost:				
At 1 January	**462**	420	**278**	243
Grant received during the financial year	**45**	42	**40**	35
Reversal	**(163)**	-	**(49)**	-
Reclassification	**(4)**	-	**(4)**	-
At 31 December	**340**	462	**265**	278
Accumulated amortisation:				
At 1 January	**176**	159	**3**	-
Amortisation (Note 5)	**12**	17	**4**	3
Reversal	**(163)**	-	**-**	-
At 31 December	**25**	176	**7**	3
Balance as at 31 December	**315**	286	**258**	275

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

31. OTHER LONG TERM LIABILITIES (CONTINUED)

(b) Land lease rental received in advance

	Group		Corporation	
	2016	2015 Restated	2016	2015
At cost:				
At 1 January (as previously reported)	**166**	88	**115**	47
Prior year adjustment	**76**	76	**-**	-
At 1 January (restated)	**242**	164	**115**	47
Additions	**390**	78	**336**	68
At 31 December	**632**	242	**451**	115
Accumulated amortisation:				
At 1 January (as previously reported)	**15**	10	**-**	-
Prior year adjustment	**20**	17	**-**	-
At 1 January (restated)	**35**	27	**-**	-
Amortisation for the financial year	**17**	8	**15**	-
At 31 December	**52**	35	**15**	-
Carrying amount as at 31 December	**580**	207	**436**	115

This represents money received in advance from sub leases for period of 30 to 60 years.

	Group		Corporation	
	2016	2015	2016	2015
Under 1 year	**13**	12	**7**	5
1 to 2 years	**23**	24	**17**	16
2 to 3 years	**23**	24	**17**	17
Over 3 years	**521**	147	**395**	77
At 31 December	**580**	207	**436**	115

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

31. OTHER LONG TERM LIABILITIES (CONTINUED)

(c) Other long term payables

Other long term payables are in respect of the balances of purchase consideration for the acquisition of freehold land and property from the State Government of Johor and the State Secretary of Johor (Incorporation) ("SSI"). These amounts are unsecured, non-interest bearing and are repayable as follows:

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
Under 1 year	**1**	2	**-**	-
1 to 2 years	**1**	2	**-**	-
2 to 3 years	**1**	2	**-**	-
Over 3 years	**36**	45	**-**	-
At 31 December	**39**	51	**-**	-

(d) Deposits

Deposits represent amounts received from medical consultants, which are repayable on death, retirement (at age 65) or disability of the medical consultants. Deposits are forfeited on termination of a medical consultant's practice either by the Group due to events of breach or on early termination by the medical consultant. However, the deposits may be refunded to the medical consultants if approval from the Boards of Directors is obtained.

Deposits previously measured at cost, are now measured at fair value initially and subsequently at amortised cost using effective interest method. The differences between the fair value and cash value are recognised as deferred consultancy income an recognised as income over the remaining service period to retirement (at aged 65) of consultants.

32. RESERVES

(a) Capital reserves

Capital reserves mainly comprise of Warrant Reserve, ESOS Reserve, and other reserves set aside by the subsidiaries of the Group.

(b) Asset revaluation reserve

Asset revaluation reserve represents surplus from the revaluation of property, plant and equipment in respect of healthcare properties and estate land.

(c) Currency fluctuation reserve

The currency fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation where functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

32. RESERVES (CONTINUED)

(d) Fair value adjustments reserve

The fair value adjustments reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

(e) Equity transaction reserves

The equity transaction reserves comprise the differences between the share of non-controlling interests in subsidiaries acquired/disposed and the consideration paid/received.

(f) Revenue reserve

The revenue reserve comprise of the portion of business profit retained by the Group and the Corporation for investment in future growth.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Other than as disclosed in the financial statements, the significant related party transactions of the Group and the Corporation are as follows:

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
Paid/payable to subsidiaries:				
Purchases of fresh fruit bunches	**-**	-	**29**	27
Management fees	**-**	-	**1**	4
Purchases of property, plant and equipment	**-**	-	**-**	31
Rental expenses	**-**	-	**2**	-
Interest expenses	**-**	-	**29**	32
Maintenance expenses	**-**	-	**-**	14
Concession expenses	**-**	-	**-**	2
Marketing expenses	**-**	-	**6**	14
Paid/payable to government related entity:				
Land premium	**197**	132	**197**	132

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Other than as disclosed in the financial statements, the significant related party transactions of the Group and the Corporation are as follows (continued):

	Group		Corporation	
	2016	2015	2016	2015 Restated
Receipt/receivable from subsidiaries:				
Sale of goods	**-**	-	**29**	63
Interest income	**-**	-	**1**	-
Dividend	**-**	-	**128**	313
Management fee income	**-**	-	**3**	-
Profit sharing	**-**	-	**-**	1
Rental income	**-**	-	**5**	24
Concession fee	**-**	-	**22**	-

Johor Corporation was incorporated under the Johor Corporation Enactment (No. 4, 1986) (as amended by Enactment No. 5 1995), and controlled by the Johor State Government. The Group considers that, for the purpose of FRS 124 - "Related Party Disclosures", the Johor State Government is in the position to exercise control over the Corporation. As a result, the Johor State Government and Johor State Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Corporation.

Apart from the individually significant transactions as disclosed in the financial statements, the Group and the Corporation have collectively, but not individually, significant transactions with other government related entities which include but not limited to the following:

(i) Quit rent and assesment fees paid to Municipal and Land Department of Johor; and
(ii) Business license and rental paid to state government-related entities.

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparts are government-related entities or not.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

34. COMMITMENTS

(a) Capital commitments

	Group		Corporation	
	2016	2015	2016	2015
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	**262**	332	**50**	27
Not contracted for	**265**	290	**-**	-
	527	622	**50**	27
Analysed as follows:				
Property, plant and equipment	**437**	456	**-**	-
Development expenditure	**12**	12	**50**	27
Investment properties	**78**	154	**-**	-
	527	622	**50**	27

(b) Non-cancellable operating lease commitments - as lessee

The Group's property business segment has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average tenure of 15 years with no renewal or purchase options included in the contracts of the leases. Certain contracts also include escalation clauses or contingent rental arrangements computed based on sales achieved while others include fixed rentals for an average of 3 years. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2016	2015
The future minimum lease payments:		
Not later than 1 year	**101**	37
Later than 1 year and not later than 5 years	**205**	137
More than 5 years	**2,763**	91
	3,069	265

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

35. CONTINGENCIES

(a) Tanjung Langsat Port Sdn Bhd ("TLP")

On 10 October 2014, Tanjung Langsat Port Sdn Bhd ("TLP") was served with a Notice of Arbitration from one of its customers for the alleged failure of TLP to provide adequate jetty and berthing facilities. TLP has responded on 7 November 2014 disputing the allegation. The customer has since submitted a loss and damages claim of RM600 million on 8 July 2016 while TLP has counter-claimed for a sum of RM63,057,911 as at 31 May 2016. The hearings for the arbitration commenced from 28 November 2016 until 16 December 2016 and has been continued for the evidence on the quantum of claims from 8 February 2017 to 9 February 2017. The hearing closed on 9 February 2017 and the Tribunal had indicates that the Partial Award (Except as to Costs) shall be made available by end of May 2017. The arbitration proceeding is now extended for another one month from 31 May 2017. The Directors are of the opinion, it is not reasonably possible for the action to succeed and accordingly, no provision for any liability has been made in these financial statements.

(b) KPJ Healthcare Berhad ("KPJ")

KPJ is subject to litigations in the ordinary course of business, mainly arising from its subsidiaries hospital operations. The Directors are of the opinion, based on legal advice and malpractice insurance, that no significant exposure will arise that requires recognition.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

36. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Corporation as at 31 December are categorised into the following classes:

Group	2016	2015 Restated
Loans and receivables:		
Trade and other receivables (Note 24)	**1,626**	1,440
Cash and bank balances (Note 27)	**1,268**	2,403
	2,894	3,843
Financial assets at fair value through profit or loss:		
Other investments (Note 22)	**21**	73
	21	73
Available-for-sale financial assets:		
Other investments (Note 22)	**216**	249
	237	322
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 30)	**1,904**	1,285
Loans and borrowings (Note 29)	**9,507**	8,017
	11,411	9,302

Corporation	2016	2015
Loans and receivables:		
Trade and other receivables (Note 24)	**578**	491
Cash and bank balances (Note 27)	**77**	111
	655	602
Financial assets at fair value through profit or loss:		
Other investments (Note 22)	**48**	121
	48	121
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 30)	**1,285**	1,288
Loans and borrowings (Note 29)	**3,016**	3,025
	4,301	4,313

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Corporation are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group applies cash flow hedge accounting on those hedging relationships that qualify for hedge accounting.

The following sections provide details regarding the Group's and the Corporation's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Corporation's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Corporation minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to invest cash assets safely and profitably. The Group has no significant concentration of credit risk and it is not the Group's policy to hedge its credit risk. The Group has in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

Exposure to credit risk

At the reporting date, the Group's and the Corporation's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantees have not been recognised in the financial statements as the fair value on initial recognition was not material.

Credit risk concentration profile

Other than the amounts due from the subsidiaries to the Corporation, the Group and the Corporation are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24. Deposits with banks and other financial institutions and investments are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Corporation will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Corporation's exposure to liquidity risk arises primarily from mismatches of financial assets and liabilities. The Group's and the Corporations objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

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

At 31 December 2016 Group	On demand or within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	**1,822**	**86**	**-**	**1,908**
Loans and borrowings	**2,433**	**4,023**	**3,461**	**9,917**
Total undiscounted financial liabilities	**4,255**	**4,109**	**3,461**	**11,825**
Corporation				
Financial liabilities:				
Trade and other payables	**916**	**393**	**-**	**1,309**
Loans and borrowings	**407**	**2,586**	**24**	**3,017**
Total undiscounted financial liabilities	**1,323**	**2,979**	**24**	**4,326**

At 31 December 2015 (restated) Group	On demand or within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	2,034	-	-	2,034
Loans and borrowings	1,304	2,768	4,203	8,275
Total undiscounted financial liabilities	3,338	2,768	4,203	10,309
Corporation				
Financial liabilities:				
Trade and other payables	936	397	-	1,333
Loans and borrowings	57	408	2,563	3,028
Total undiscounted financial liabilities	993	805	2,563	4,361

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

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

The Group's and the Corporation's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk whereas those issued at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, a change of 100 basis points ("bp") in interest rates would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Corporation	
	2016	2015	2016	2015
Interest rate:				
100 bp increase in interest rates	**866**	741	**294**	297
100 bp decrease in interest rates	**(866)**	(741)	**(294)**	(297)

(d) Foreign currency risk

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

The Group operates internationally and is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. These transactions are denominated principally in United States Dollar ("USD").

It is not the Group's policy to hedge its transactional foreign currency risk exposure.

The Group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. It is not the Group's policy to hedge foreign currency translation risk. The Group maintains bank accounts denominated in foreign currencies, primarily in USD, as a natural hedge against foreign currency risk.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date was:

	Group Denominated in USD	
	2016	2015
Trade and other receivables	**207**	191
Cash and bank balances	**302**	684
Trade and other payables	**(167)**	(48)
Loans and borrowings	**(552)**	(461)
Net exposure in the statement of financial position	**(210)**	366

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	Profit net of tax		Other comprehensive income net of tax	
	2016	2015	2016	2015
USD				
Strengthened 5% (2015: 5%)	**(9)**	(18)	**1**	(1)
Weakened 5% (2015: 5%)	**9**	18	**(1)**	1

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed in the Bursa Malaysia. These instruments are classified as fair value through profit or loss or available-for-sale financial assets.

Commodity price

The Group uses derivative financial instruments (forward sales and purchases of Malaysian palm oil) to guarantee a minimum price for the sale of its own palm oil and to close out positions previously taken out. Cash flow hedge accounting is applied on such derivatives price risk. During the financial year the Group does not have a significant exposure to commodity price risk.

Fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

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

	Note
Trade and other receivables	24
Loans and borrowings (except for certain loans and borrowings of which their fair values are disclosed in Note 29)	29
Trade and other payables	30

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value (continued)

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

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

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Derivatives

Interest rate swap contracts are valued using a valuation technique with market observable input. The most frequently applied valuation technique include forward pricing and survey models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot, forward rates and interest rate curves.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value hierarchy

The Group held the following asset and liabilities measured at fair value or not measured at fair value but fair value is disclosed in the Statements of Financial Position:

Group At 31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Unquoted shares	-	-	185	185
Quoted shares	42	-	-	42
Fund investments	10	-	-	10
Non-financial assets measured at fair value:				
Investment properties	-	-	3,609	3,609
Property, plant and equipment				
- Healthcare properties	-	-	1,933	1,933
- Freehold land	-	-	1,580	1,580
- Leasehold land	-	-	2,169	2,169
- Buildings	-	-	460	460
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Term loans- floating	-	-	2,924	2,924
Islamic Committed Revolving Credits	-	-	799	799
Islamic Medium Term Notes ('IMTNs')	-	-	3,845	3,845
Federal Government loans	-	-	222	222
	52	-	17,726	17,778

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value hierarchy (continued)

Group At 31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Unquoted shares	-	-	198	198
Quoted shares	56	-	-	56
Fund investments	-	68	-	68
Non-financial assets measured at fair value:				
Investment properties	-	-	3,340	3,340
Property, plant and equipment				
- Healthcare properties	-	-	2,029	2,029
- Freehold land	-	-	1,433	1,433
- Leasehold land	-	-	2,090	2,090
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Term loans- floating	-	-	1,565	1,565
Islamic Commited Revolving Credits	-	-	472	472
Islamic Medium Term Notes ('IMTNs')	-	-	4,563	4,563
Federal Government loan	-	-	242	242
	56	68	15,932	16,056

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value hierarchy (continued)

Corporation At 31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Quoted shares	**32**	**-**	**-**	**32**
Quoted warrants	**16**	**-**	**-**	**16**
Investment properties	**-**	**-**	**1,450**	**1,450**
Property, plant and equipment				
- Freehold land	**150**	**-**	**-**	**150**
- Estate land	**350**	**-**	**-**	**350**
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ('IMTNs')	**-**	**-**	**3,004**	**3,004**
Federal Government loan	**-**	**-**	**60**	**60**
	548	**-**	**4,514**	**5,062**

Corporation At 31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Unquoted shares	-	-	23	23
Quoted shares	30	-	-	30
Quoted warrants	68	-	-	68
Investment properties	-	-	1,421	1,421
Property, plant and equipment				
- Freehold land	151	-	-	151
- Estate land	318	-	-	318
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ('IMTNs')	-	-	2,960	2,960
Federal Government loan	-	-	76	76
	567	-	4,480	5,047

During the reporting period ended 31 December 2016 and 2015, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain an optimal capital structure so as to comply with debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected cash flows, projected capital expenditures and projected strategic investment opportunities.

Management monitors capital based on a net gearing ratio. The gearing ratio is calculated as net debt divided by shareholders' equity. Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Corporation	
	2016	2015 Restated	2016	2015 Restated
Bank borrowings (Note 29)	**9,507**	8,017	**3,016**	3,025
Less: Cash and bank balances (Note 27)	**(1,268)**	(2,403)	**(77)**	(111)
Net debt	**8,239**	5,614	**2,939**	2,914
Total Equity	**7,783**	9,200	**1,969**	1,870
Debt-to-equity ratios	**1.06**	0.61	**1.49**	1.56

There were no changes in the Group's approach to capital management during the financial year.

There is a capital requirement imposed by the Bank Negara Malaysia to an indirect subsidiary which involves in insurance brokering and consultancy to maintain a minimum shareholder's fund of RM600,000 at any point in time. This externally imposed capital requirement has been compiled with by the above mentioned subsidiary for the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on an arm's length basis or negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and land use rights.

Business segments

The Group comprises the following main business segments:

- Palm oil – Oil palm plantation, crude palm oil processing, plantation management services and consultancy.
- Healthcare – Hospitals and healthcare services.
- Property developer – Property development and housing development.
- Property management – Property management service, property investment and real estate investment trust.
- Industrial development – Development and sale of industrial land and project management.
- Quick service restaurant – Pizza Hut, Ayamas and Kentucky Fried Chicken outlets.
- Oil and gas – Provision of sea transportation and related services.
- Intrapreneur ventures – Parking management, sales of wood-based products and bulk mailing and printing.
- Port logistic – Promote, develop, operate and manage the port.

Other operations of the Group mainly comprise operations which are not of sufficient size to be reported separately.

Geographical segments

The Group's business segments are managed on a worldwide basis, they operate in two main geographical areas:

- Malaysia – Mainly plantation operations, healthcare operations, property, quick service restaurant and investment activities.
- Indonesia – Mainly plantation operations.
- Singapore, Brunei, Cambodia – Mainly quick service restaurant operations.
- Australia, Thailand, Bangladesh – Mainly healthcare operations.

In presenting information on the basis of geographical segments, segments revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Reconciliation to the reportable segments mainly relates to the elimination of QSR Brands (M) Holdings Sdn Bhd, a subsidiary of a joint venture of the Group, which is included within the reportable segment.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments

Group At as 31 December 2016	Palm oil	Healthcare	Property developer	Property management	Industrial development	Quick service restaurant	Oil and gas	Subtotal (i)
External revenue	819	3,021	334	127	126	4,297	626	9,350
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenue	819	3,021	334	127	126	4,297	626	9,350
Results								
Segment results (external)	131	239	181	125	66	225	39	1,006
Unallocated income								
Unallocated costs								
Profit from operations								
Finance costs								
Share of results of associates	-	6	66	-	-	-	-	72
Share of results of joint venture	-	-	-	-	-	-	-	-
Profit before tax								
Tax								
Profit after tax from continuing operations								
Profit from discontinued operations								
Profit for the financial year								

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group At as 31 December 2016	Intrapreneur ventures	Port logistic	Others	Subtotal (ii)	Grand total	Reconciliation	Group
External revenue	58	71	120	249	9,599	(4,244)	5,355
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	58	71	120	249	9,599	(4,244)	5,355
Results							
Segment results (external)	1	(3)	65	63	1,069	(235)	834
Unallocated income					73	-	73
Unallocated costs					(74)	-	(74)
Profit from operations					1,068	(235)	833
Finance costs					(511)	78	(433)
Share of results of associates	-	-	5	5	77	-	77
Share of results of joint venture	-	-	-	-	-	64	64
Profit before tax					634	(93)	541
Tax					(192)	66	(126)
Profit after tax from continuing operations					442	(27)	415
Profit from discontinued operations					36	(36)	-
Profit for the financial year					478	(63)	415

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group At as 31 December 2016 (continued)	Palm oil	Healthcare	Property developer	Property management	Industrial development	Quick service restaurant	Oil and gas	Subtotal (i)
Other information								
Segment assets	5,591	3,538	950	2,146	1,188	4,955	1,186	19,554
Associates	-	78	162	-	-	-	-	240
Joint ventures	-	-	-	-	-	-	-	-
Unallocated assets								
Consolidated total assets								
Segment liabilities	3,426	2,163	988	1,683	808	2,352	901	12,321
Unallocated liabilities								
Consolidated total liabilities								
Capital expenditure	248	262	-	3	1	233	-	747
Depreciation and amortisation	85	151	-	4	2	227	61	530

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group At as 31 December 2016 (continued)	Intrapreneur ventures	Port logistic	Others	Subtotal (ii)	Grand total	Reconciliation	Group
Other information							
Segment assets	83	281	4,299	4,663	24,217	(4,936)	19,281
Associates	-	-	9	9	249	-	249
Joint ventures	-	-	-	-	-	1,351	1,351
Unallocated assets	-	-	-	-	8	-	8
Consolidated total assets					24,474	(3,585)	20,889
Segment liabilities	78	213	2,494	2,785	15,106	(2,319)	12,787
Unallocated liabilities	-	-	-	-	315	-	315
Consolidated total liabilities					15,421	(2,319)	13,102
Capital expenditure	-	3	119	122	869	(230)	639
Depreciation and amortisation	3	8	75	86	616	(226)	390

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group As at 31 December 2015 (restated)	Palm oil	Healthcare	Property developer	Property management	Industrial development	Quick service restaurant	Oil and gas	Subtotal (i)
External revenue	835	2,847	495	200	174	4,074	582	9,207
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenue	835	2,847	495	200	174	4,074	582	9,207
Results								
Segment results (external)	39	216	175	215	101	320	65	1,131
Unallocated income								
Unallocated costs								
Profit from operations								
Finance costs								
Share of results of associates	-	(6)	9	-	-	-	-	3
Share of results of joint venture	-	-	-	-	-	-	-	-
Profit before tax								
Tax								
Profit after tax from continuing operations								
Profit from discontinued operations								
Profit for the financial year								

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group As at 31 December 2015 (restated)	Intrapreneur ventures	Port logistic	Others	Subtotal (ii)	Grand total	Reconciliation	Group
External revenue	64	38	13	115	9,322	(4,016)	5,306
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	64	38	13	115	9,322	(4,016)	5,306
Results							
Segment results (external)	2	69	90	161	1,292	(346)	946
Unallocated income					34	-	34
Unallocated costs					(107)	-	(107)
Profit from operations					1,219	(346)	873
Finance costs					(582)	148	(434)
Share of results of associates	-	-	21	21	24	-	24
Share of results of joint venture	-	-	-	-	-	36	36
Profit before tax					661	(162)	499
Tax					(200)	82	(118)
Profit after tax from continuing operations					461	(80)	381
Profit from discontinued operations					1,270	46	1,316
Profit for the financial year					1,731	(34)	1,697

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group As at 31 December 2015 (restated)	Palm oil	Healthcare	Property developer	Property management	Industrial development	Quick service restaurant	Oil and gas	Subtotal (i)
Other information								
Segment assets	6,560	3,575	1,678	2,004	760	5,704	1,016	21,297
Associates	-	71	118	-	-	-	-	189
Joint ventures	-	-	-	-	-	-	-	-
Unallocated assets								
Consolidated total assets								
Segment liabilities	758	2,336	776	1,494	976	2,218	707	9,265
Unallocated liabilities								
Consolidated total liabilities								
Capital expenditure	308	366	1	14	-	283	-	972
Depreciation and amortisation	74	141	-	4	-	201	51	471

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group As at 31 December 2015 (restated)	Intrapreneur ventures	Port logistic	Others	Subtotal (ii)	Grand total	Reconciliation	Group
Other information							
Segment assets	92	1,113	1,236	2,441	23,738	(4,688)	19,050
Associates	-	-	78	78	267	-	267
Joint ventures	-	-	-	-	-	1,287	1,287
Unallocated assets					2	-	2
Consolidated total assets					24,007	(3,401)	20,606
Segment liabilities	82	292	3,663	4,037	13,302	(2,193)	11,109
Unallocated liabilities					297	-	297
Consolidated total liabilities					13,599	(2,193)	11,406
Capital expenditure	-	135	111	246	1,218	(224)	994
Depreciation and amortisation	2	26	73	101	572	(197)	375

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

39. SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format - Geographical segments

Group	Sales (External) 2016	Sales (External) 2015	Total Assets 2016	Total Assets 2015 Restated	Capital Expenditure 2016	Capital Expenditure 2015
Malaysia	**8,597**	8,376	**23,389**	22,977	**808**	1,151
Singapore	**791**	760	**265**	267	**52**	62
Australia	**63**	52	**345**	285	**4**	-
Indonesia	**60**	60	**126**	147	**4**	-
Brunei	**35**	32	**24**	27	**1**	2
Thailand	**25**	23	**55**	22	**-**	-
Cambodia	**21**	17	**11**	12	**-**	3
Bangladesh	**7**	2	**2**	1	**-**	-
Grand Total	**9,599**	9,322	**24,217**	23,738	**869**	1,218
Reconciliation	**(4,244)**	(4,016)	**(4,936)**	(4,688)	**(230)**	(224)
Group	**5,355**	5,306	**19,281**	19,050	**639**	994
Associates			**249**	267		
Joint ventures			**1,351**	1,287		
Unallocated assets			**8**	2		
Total assets			**20,889**	20,606		

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO FINANCIAL YEAR END

1. Johor Corporation ("the Corporation")

(a) A total of 45,352,100 free warrants were held by the Corporation in conjuction with the share split and bonus issue by Kulim (Malaysia) Berhad on 28 February 2011. The warrants have an exercise period of five (5) years commencing 28 February 2011 and had expired on 27 February 2016.

During the financial year, management has not exercised the warrants upon expiry in line with KMB's plan to undertake a Selective Capital Redemption (SCR) and repayment exercise as disclosed in Note 40.2(b) and has written off the warrant with market value of RM43,300,000 as of the expiry date to profit or loss.

(b) On 20 October 2016, a Share Sale Agreement was entered between the Corporation (the vendor), Total Project Management Sdn Bhd ("TPM") (the vendor) and Waqaf An-Nur Corporation Berhad (the purchaser) in relation to the issued and paid up share capital of Larkin Sentral Property Berhad ("LSP") (formerly known as Larkin Sentral Property Sdn Bhd) owned by the vendors. The Corporation was a registered and beneficial owner of 346,750,000 ordinary shares representing 40.56% of the total issued and fully paid-up capital of the company.

The sale consideration of RM67.62 million for LSP shares owned by the Corporation will be payable in accordance to the terms and conditions mutually agreed between the Parties. Simultaneously with the execution of this agreement, the purchaser had paid the 50% deposit to the Corporation amounting to RM33.81 million.

The transaction has been completed upon receipt of the approval of Ministry of Finance on 23 January 2017 and with the Corporation recognising a gain on disposal of RM30.2 million which will be accounted for in the financial year ending 31 December 2017. Subsequently on 3 February 2017, the Corporation had received the balance of 50% of the sale consideration.

(c) On 30 November 2014, the Corporation had made an application for land acquisition of Lot 139 and Lot 1876 Mukim Tebrau, Johor Bahru, better known as the site Kem Tebrau with total area 330.59 acres to the Johor Bahru Land Office ("JBLO") for the purpose of generating economic growth through mixed development in sub-urban area including the Rumah Mampu Milik Johor (RMMJ). On 17 June 2015, the Corporation made a 50% payment of the land cost amounting to RM131.5 million. Subsequently, on 21 July 2016, the Corporation paid the balance of the land cost amounting to RM197.25 million (which includes balance 50% payment of the land cost and RM65,750,000 compensation cost).

As at the reporting date, JBLO has yet to serve a notice in Form K (the Corporation as beneficial owner) and documents of title.

2. Kulim (Malaysia) Berhad ("KMB")

(a) On 10 December 2014, KMB announced that Kulim Energy Nusantara Sdn Bhd ("KENSB"), a wholly owned subsidiary of KMB had entered into a Conditional Subscription and Shares Purchase Agreement ("CSSPA") with PT Citra Sarana Energi ("CSE") and its existing shareholders namely, PT Wisesa Inspirasi Sumatera and PT Inti Energi Sejahtera, to acquire a 60% equity interest in CSE to participate in the exploration and development of an Oil and Gas field in South West Bukit Barisan Block, Central Sumatera, Indonesia for a total cash consideration of approximately USD133.55 million (equivalent to approximately RM466.81 million).

On 11 November 2015, KMB announced that the parties had mutually agreed to extend the Condition Precedent ("CP") period for another six (6) months from 7 November 2015 to 6 May 2016.

On 10 February 2016, KMB announced that it had entered into a supplemental agreement dated 7 February 2016 to revise the total cash consideration under the CSSPA from USD133.55 million to USD80 million. In addition, the supplemental agreement included a call option for KENSB to acquire an additional 5% equity interest in CSE for a consideration of USD4.67 million (equivalent to approximately RM19.79 million). The call option will expire a year from the date of the supplemental agreement.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

(a) As at the reporting date, the KMB's Group is in the midst of completing the various conditions precedent as defined in the CSSPA.

(b) As disclosed in the previous financial year, on 5 November 2015, KMB announced that the Board of Directors of KMB ("Board") has received a letter from its major shareholder, Johor Corporation ("the Corporation") and parties acting in concert, requesting for KMB to undertake a Selective Capital Redemption ("SCR") and repayment exercise pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Offer" or "Proposed SCR"). The Proposed SCR entails a capital repayment of the proposed cash amount of RM4.10 per ordinary share of RM0.25 each in KMB held by the entitled shareholders of KMB.

The Proposed SCR exercise was completed on 5 July 2016 and the entire issued and paid-up share capital of KMB had been removed from the Official List of Bursa Securities with effect on 4 August 2016 pursuant to Paragraph 16.07(b) of the Main Market Listing Requirements of Bursa Securities.

(c) On 4 January 2016, KMB announced that it had procured the consent of Corporation to accelerate the vesting of all unvested share options under the KMB Employee Share Option Scheme ("ESOS").

Under KMB ESOS, the share options offered to eligible KMB employees were divided into 5 tranches which vest on 31 December 2013, 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017. Given that the Proposed SCR (further details disclosed in Note 2 (d)) is expected to be completed before the vesting of the last 2 tranches of the share options, the ESOS Committee had proposed to accelerate the vesting of the remaining tranches.

The accelerated vesting of the share options was completed on 4 January 2016 and has been taken up as an expense in the financial statements for the year ended 31 December 2016.

(d) On 10 February 2016, KMB announced that its 74% owned Indonesian subsidiary, PT Wisesa Inspirasi Nusantara ("PT Win") had entered into 4 conditional share purchase agreements ("CSPA(s)") with the following Indonesian companies:

(i) PT Agro Maju Raya ("PT AMR") and PT Mitra Plantation ("PT MP") in relation to the proposed acquisition of 95% equity interest in PT Nusa Persada Indonesia ("PT NPI");

(ii) PT AMR in relation to the proposed acquisition of 95% equity interest in PT Surya Panen Subur ("PT SPS");

(iii) PT Agri Capital Resources ("PT ACR") in relation to the proposed acquisition of 95% equity interest in PT Tempirai Palm Resources ("PT TPR"); and

(iv) PT ACR in relation to the proposed acquisition of 95% equity interest in PT Rambang Agro Jaya ("PT RAJ").

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

(d) Collectively, PT NPI, PT SPS, PT TPR and PT RAJ are referred to as the Target Companies whereas PT AMR, PT MP and PT ACR are referred to as the Vendors.

The total consideration for the Target Companies is IDR1.64 trillion (approximately RM509.35 million) comprising:

(i) purchase consideration of IDR781.01 billion (approximately RM242.89 million); and

(ii) settlement of outstanding shareholders' loans and advances of the Target Companies of IDR856.79 billion (approximately RM266.46 million).

As at 31 December 2015, the total landbank held by the Target Companies was approximately 105,000 hectares (under Ijin Usaha Perkebunan), of which approximately 83,000 hectares are under Hak Guna Usaha and 34,000 hectares have been planted.

The above (iii) and (iv) transactions were completed during the financial year. Further details of the acquisition are disclosed in Note (18).

Currently, the above (i) and (ii) transaction are in the midst of fulfilling the various conditions precedent in the various CSPAs.

(e) Proposed acquisition of topside equipment by E.A. Technique (M) Berhad ("EAT")

On 14 December 2015, E.A. Technique (M) Berhad ("EAT"), a subsidiary of KMB, announced entering into a conditional Joint Venture & Shareholders' Agreement with MTC Engineering Sdn. Bhd. ("MTCE") to, inter-alia, subscribe in the equity of EAT MTC Floating Services Sdn. Bhd. ("EMF") for the purpose of joint venture on a 73% (EAT): 27% (MTCE) basis ("Proposed JV"). Under the Proposed JV, EMF will undertake the floating services operation and its related ancillary activities. On 22 November 2016, EAT announced that the Company and the parties to the Joint Venture Agreement have unanimously agreed to have the Joint Venture Agreement terminated and to proceed with a different arrangement to enable an outright transfer of asset belonging to MTCE being effected. The parties further agree that the Joint Venture Agreement shall be deemed to be null and void and neither party shall have any claim against the Proposed JV.

On 22 November 2016, EAT announced entering into a conditional Sale and Purchase Agreement ("SPA") with MTC Engineering Sdn. Bhd. ("MTCE") in relation to the proposed acquisition of topside equipment currently attached to EAT's vessel known as M.T. Nautica Muar, comprising amongst others, extended well test system, flare tower system, metering skid, cargo pump, quick release hook and helideck (collectively known as the "Topside Equipment") for a total purchase consideration of USD24.0 million.

The Circular prepared by the due diligence working group ("DDWG") for the Proposed Acquisition had been duly approved on 25th January 2017 by Bursa Malaysia. Appointed independent advisor, Mercury Securities Sdn Bhd had submitted the Independent Advice Letter (IAL) to Bursa Malaysia for approval for the IAL to be issued to the non-shareholders of EAT in respect of the Proposed Acquisition. The IAL is pending approval from Bursa Malaysia.

EAT will issue a Notice of Extraordinary General Meeting upon receiving the approval of the IAL by Bursa Malaysia.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

3. Larkin Sentral Management Sdn Bhd ("LSM")

In 2004, the Group's indirect subsidiary, LSM entered into a first tripartite agreement, renewable on an annual basis, with Pelaburan Johor Berhad ("PJB") and Amanah Raya Berhad ("ARB"), the manager and trustee for both Amanah Saham Johor ("ASJ") and Dana Johor ("DJ") respectively for the implementation of a price revival scheme ("PRS") for the unit holders of both ASJ and DJ. Under the scheme, the unit holders may request PJB to repurchase up to five hundred units or 10% of their present shareholding in ASJ and DJ, whichever is higher, at a repurchase price of RM1 and RM0.50 for each unit of ASJ and DJ respectively. In this scheme, LSM's role is to purchase from PJB units of ASJ and DJ which PJB is required to repurchase from unit holders of ASJ and DJ.

On 4 February 2008, LSM entered into the fifth tripartite agreement where LSM was no longer offered to purchase units from PJB however LSM continued to provide the funds required to enable PJB to repurchase the units from unit holders at the PRS price on ex-gratia basis.

In June 2008, the ASJ was terminated upon resolution for termination been passed in ASJ's unit holders meeting in accordance to the Guidelines on Unit Trust Funds.

Prior to 2012, LSM had entered into the tenth tripartite agreement with PJB and AmanahRaya Trustees Berhad ("ART") for the provision of funds on ex-gratia basis for units of DJ repurchased by PJB.

LSM subsequently entered into the twelfth tripartite agreement on 26 June 2012 with PJB and ART to implement the Skim Penambahbaikan Dana Johor ("SDJ1"), an enhancement to the earlier PRS whereby unitholders of DJ were offered to sell their units to PJB at price of RM1.00 per unit and to be paid additional payment of RM0.50 per unit for all units repurchased under the previous PRS. The offer period is between 2 July 2012 to 1 July 2013. Under this agreement, LSM 's role is as the purchasing agent for the Corporation, purchase the units of DJ from PJB at SDJ1 price of RM1.00 per unit and that LSM holds the repurchased units on trust for the Corporation who is absolute beneficial owner.

On 10 May 2013, the thirteenth agreement was entered into whereby LSM agreed to extend the period related to the purchase of DJ units to 31 December 2013 and subsequently entered into fourteenth tripartite agreement to extend the period to 31 March 2014.

On 21 January 2014, the fifteenth tripartite agreement was entered between LSM, PJB and ART whereby the parties agreed to further extend the period to 30 June 2014 and to implement the final term of SDJ1 on a date to be mutually agreed and LSM is liable to provide sufficient funds for the ex-gratia payment. In addition, with effect from 1 January 2014, LSM was no longer required to purchase DJ units from PJB. However, LSM shall provide to PJB sufficient funds for the difference between the RM1.00 and the net asset value of DJ and also the additional payment of RM0.50 per unit under the previous PRS.

On 9 December 2015, the sixteenth agreement was entered between LSM, PJB and ART whereby the parties agreed to revive for Fourth Quarter of the SDJ1 with effect from 7 September 2015 to 31 December 2015 (or such other date to be determined by the parties).

LSM is liable for the ex-gratia payment for the eligible unit holders who were entitled to ex-gratia amount of RM200 each or below. For ex-gratia amount exceeding RM200, the settlement were by the equivalent allocation of Al-Salam REIT units initially allocated to Damansara Assets Sdn Bhd ("DASB").

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

3. Larkin Sentral Management Sdn Bhd ("LSM") (continued)

On 14 January 2016 the unit holders of DJ had, at an adjourned unit holders meeting, passed a resolution for the termination of DJ with effect from 16 February 2016.

On 22 February 2016, the seventeenth and final agreement was entered between LSM, PJB and ART whereby the parties agreed to extend the End Date to 31 March 2016 and upon the End Date has passed and LSM has been released from any further obligation. The Board of Directors are of the view that no financial material loss are anticipated from any future potential breach.

On 7 April 2016, PJB issued letter to LSM and ARB notifying that the seventeenth agreement has lapsed on 31 March 2016. By that, all obligations and liabilities of the parties under the seventeenth agreement has lapsed and be of no further force and effect.

4. KPJ Healthcare Berhad ("KPJ")

(a) On 17 October 2016, Puteri Specialist Hospital (Johor) Sdn Bhd ("PSH"), a wholly-owned subsidiary of KPJ, entered into an Agreement To Lease with Johor Land Berhad and Johor Corporation for the proposed development and leasing of a hospital building and the land to be known as the "KPJ Batu Pahat Specialist Hospital" subject to the terms and conditions as contained in the Agreement To Lease.

(b) On 2 August 2016, Kumpulan Perubatan Johor Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of KPJ, has signed an MOU with Sojitz and CM at the 12th World Islamic Economic Forum in Jakarta, Indonesia. The MOU sets out the tri-partite collaboration between the KPJSB, Sojitz and CM to explore the possible development and operation of an Oncology Centre at Rumah Sakit Medika Bumi Serpong Damai ("RSMBSD") that is estimated to cost approximately USD12 million.

(c) On 23 September 2016, Kumpulan Perubatan Johor Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of KPJ, has signed a Memorandum of Agreement ("MOA") in Seoul, South Korea for the development of Spine Centre in KPJ Tawakkal Health Centre. Based on the MOA, KPJSB is deemed to prepare and sign the Supplementary Agreement with Barun Development Co.

5. Al-'Aqar Healthcare REIT ("Al-'Aqar")

On 11 November 2016, Al-'Aqar represented by its trustee, AmanahRaya Trustees Berhad ("Trustee" or "Vendor"), entered into a sale and purchase agreement with Optimum Impress Sdn Bhd ("OISB" or "Purchaser") to sell a freehold land erected with an integrated commercial development comprising a twenty seven (27) storey hotel ("Hotel Selesa") and a thirty-one (31) storey office block ("Metropolis Tower") with basement and elevated car parks erected thereon (collectively, referred to as "Selesa Tower") ("SPA") for a disposal consideration of RM100 million and had announced the proposal accordingly. As at 31 December 2016, the transaction has yet to be completed.

6. Langsat OSC Sdn Bhd ("LOSC")

On 25 January 2017, LOSC has entered into an Asset Sale Agreement with a subsidiary company of its shareholder, OSC International Sdn Bhd ("OSCI") to purchase a supply base for oil and gas services at Tanjung Langsat ("Supply Base") for a purchase consideration of RM114,352,800. As at the date of this report, the conditions precedent in respect of the agreement has yet to be fulfilled.

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

6. Langsat OSC Sdn Bhd ("LOSC") (continued)

The purchase is to be funded by a loan from its shareholder, Oilfields Supply Center Limited ("OSCL") amounting to USD50,000,000 of which the balance obtained is to be used to finance the construction, equipment (of immovable, and excludes machinery and movable items) and infrastructure works, as required for the Supply Base. The intercompany Loan Agreement was entered into on 25 January 2017.

On the same date, the LOSC, Langsat Marine Base Sdn Bhd ("LMB") (the holding company of LOSC) and OSCI entered into a Novation Agreement whereby the Tenancy Agreement in respect of the land for the Supply Base between OSCI and LMB will be transferred by way of novation to LOSC with a monthly rental of 5% of LOSC's revenue.

41. PRIOR YEAR ADJUSTMENT/CHANGE IN ACCOUNTING POLICY

During the financial year, the Group made the following prior year adjustments:

(i) One of the subsidiaries, previously wrongly classified certain properties rented out to the third parties as land use rights instead of investment properties in accordance with FRS 140 "Investment Property". As a result, adjustments had been made to the opening balances and relevant comparative information to reclassify the properties from land use rights to investment properties, including recognition of the fair value adjustments of the properties previously not recognised.

(ii) The above mentioned subsidiary in (i) has also previously wrongly recognised a disposal of property which has been rented out to third parties, in accordance with FRS 140 "Investment Properties". As a result, adjustments had been made to the opening balances and relevant comparative information to recognise the investment property and land lease rental received in advance, including reversal of the gain on disposal previously recognised and recognition of fair value adjustments of the investment property and amortisation of lease rental previously not recognised.

(iii) Another subsidiary, made a prior year adjustment in relation to the over-recognition of revenue from construction contract due to understatement of total estimated budgeted cost used to calculate percentage of completion.

(iv) The above mentioned subsidiary in (iii) has also made prior year adjustment in relation to the unrealised foreign currency exchange losses on Amount Due from Customer Contract not recognised at reporting date using closing rate.

(v) The Group previously wrongly recognised warrants held in its subsidiaries as other investments measured at fair value. Adjustments had been made to the opening balances and relevant comparative information of the Group to reclassify these warrants as a deduction of the Group's equity within capital reserve, and to reverse fair value adjustments in respect of the warrants in prior years.

(vi) During the financial year, the Group and Corporation changed the accounting policy of estate land from cost model to revaluation model in accordance with FRS 116 "Property, Plant and Equipment". As a result, adjustments had been made to the opening balances and relevant comparative information of the Group and the Corporation had been restated accordingly including the relevant deferred tax adjustments in respect of revaluation surplus of the estate land. The reason for change in accounting policy has been disclosed in Note 2.2(b).

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

41. PRIOR YEAR ADJUSTMENT/CHANGE IN ACCOUNTING POLICY (CONTINUED)

The effects of the above are as follows:

Group

(a) Impact on the Group's Statement of Comprehensive Income:

	Financial year ended 31 December 2015							
	As previously reported	(i)	(ii)	(iii)	(iv)	(v)	(vi)	As restated
Revenue	5,318	-	-	(12)	-	-	-	5,306
Other income	630	13	18	-	-	(21)	-	640
Administrative expenses	998	-	-	-	-	-	28	1,026
Other expenses	179	-	-	-	22	(2)	-	199
Profit before tax	549	13	18	(12)	(22)	(19)	(28)	499
Income tax	125	-	-	(2)	(5)	-	-	118
Profit net of tax	1,740	13	18	(10)	(17)	(19)	(28)	1,697
Net surplus from revaluation of property, plant and equipment	162	-	-	-	-	-	87	249
Other comprehensive income	159	-	-	-	-	-	87	246
Total comprehensive income	1,899	13	18	(10)	(17)	(19)	59	1,943

	Financial year ended 31 December 2016		
	Before change in acccounting policy	Change in accounting policy (vi)	As presented in the financial statements
Administrative expenses	**292**	**28**	**320**
Profit before tax	**220**	**(28)**	**192**
Profit net of tax	**176**	**(28)**	**148**
Net surplus from revaluation of property, plant and equipment	**14**	**145**	**159**
Other comprehensive income	**14**	**145**	**159**
Total comprehensive income	**189**	**117**	**306**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

41. PRIOR YEAR ADJUSTMENT/CHANGE IN ACCOUNTING POLICY (CONTINUED)

Group (continued)

(b) Impact on the Group's Statement of Financial Position:

	As at 1 January 2015							
	As previously reported	(i)	(ii)	(iii)	(iv)	(v)	(vi)	As restated
Property, plant and equipment (carrying amount)	7,212	-	-	-	-	-	1,660	8,872
Investment properties	2,686	87	123	-	-	-	-	2,896
Land use rights	44	(32)	-	-	-	-	-	12
Other investment	107	-	-	-	-	(32)	-	75
Other long term liabilities	415	-	59	-	-	-	-	474
Deferred tax liabilities	343	-	-	-	-	-	292	635
Capital reserve	297	-	-	-	-	(16)	-	281
Asset revaluation reserve	784	-	-	-	-	-	108	892
Revenue reserve	1,802	56	64	-	-	(16)	860	2,766
Non controlling interests	4,542	-	-	-	-	-	400	4,942

	As at 31 December 2015							
	As previously reported	(i)	(ii)	(iii)	(iv)	(v)	(vi)	As restated
Property, plant and equipment (carrying amount)	7,609	-	-	-	-	-	1,749	9,358
Investment properties	3,101	100	139	-	-	-	-	3,340
Land use rights	44	(36)	-	-	-	-	-	8
Trade and other receivables	1,475	-	-	(13)	(22)	-	-	1,440
Other investment	153	-	-	-	-	(73)	-	80
Other long term liabilities	502	-	56	-	-	-	-	558
Deferred tax liabilities	493	-	-	(2)	(3)	-	323	811
Capital reserve	374	-	-	-	-	(37)	-	337
Asset revaluation reserve	848	-	-	-	-	-	178	1,026
Revenue reserve	2,689	69	82	(10)	(18)	(35)	851	3,628
Non controlling interests	3,892	-	-	(4)	(8)	-	411	4,291

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016
Amounts in RM Million Unless Otherwise Stated

41. PRIOR YEAR ADJUSTMENT/CHANGE IN ACCOUNTING POLICY (CONTINUED)

Group (continued)

(b) Impact on the Group's Statement of Financial Position (continued):

	As at 31 December 2016		
	Before change in acccounting policy	Change in accounting policy (vi)	As presented in the financial statements
Property, plant and equipment	**4,374**	**1,457**	**5,831**
Deferred tax liabilities	**198**	**336**	**534**
Asset revaluation reserve	**1,373**	**233**	**4,606**
Revenue reserve	**3,189**	**1,309**	**4,498**

Corporation

(a) Impact on the Corporation's Statement of Comprehensive Income:

	Financial year ended 31 December 2015		
	As previously reported	(vi)	As restated
Administrative expenses	112	12	124
Profit before tax	274	(12)	262
Profit net of tax	218	(12)	206
Net surplus from revaluation of property, plant and equipment	-	14	14
Other comprehensive income	-	14	14
Total comprehensive income	218	2	220

	Financial year ended 31 December 2016		
	Before change in acccounting policy	Change in accounting policy (vi)	As presented in the financial statements
Administrative expenses	**103**	**14**	**117**
Profit before tax	**126**	**(14)**	**112**
Profit net of tax	**134**	**(14)**	**120**
Net surplus from revaluation of property, plant and equipment	**-**	**(10)**	**(10)**
Other comprehensive income	**-**	**(10)**	**(10)**
Total comprehensive income	**134**	**(24)**	**110**

Notes to the Financial Statements

For The Financial Year Ended 31 December 2016

Amounts in RM Million Unless Otherwise Stated

41. PRIOR YEAR ADJUSTMENT/ CHANGE IN ACCOUNTING POLICY (CONTINUED)

Corporation (continued)

(b) Impact on the Corporation's Statement of Financial Position:

	As at 1 January 2015		
	As previously reported	(vi)	As restated
Property, plant and equipment	671	261	932
Deferred tax assets/(liabilities)	6	(63)	(57)
Asset revaluation reserve	-	198	198

	As at 31 December 2015		
	As previously reported	(vi)	As restated
Property, plant and equipment	357	266	623
Deferred tax liabilities	-	70	70
Asset revaluation reserve	-	212	212
Revenue reserve	1,616	(13)	1,603

	As at 31 December 2016		
	Before change in acccounting policy	Change in accounting policy (vi)	As presented in the financial statements
Property, plant and equipment	**369**	**239**	**608**
Deferred tax liabilities	**7**	**64**	**71**
Asset revaluation reserve	**-**	**202**	**202**
Revenue reserve	**1,739**	**(27)**	**1,712**

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2016 were authorised for issue on 19 June 2017 in accordance with a resolution of the Directors.

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1	**CORE BUSINESS**				
	A PALM OIL				
	ACTIVE COMPANIES				
	EPA Management Sdn Bhd	Investment holding and provision of plantation management services and consultancy	Malaysia	**99.98**	61.19
	Kulim (Malaysia) Berhad	Oil palm plantation, investment holding and property investment	Malaysia	**99.98**	61.19
	Kulim Energy Sdn Bhd	Investment holding	Malaysia	**79.98**	48.95
	Kulim Plantations (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	61.19
	Kumpulan Bertam Plantations Berhad	Oil palm plantation	Malaysia	**95.51**	58.45
	Mahamurni Plantations Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	61.19
	Pristine Bay Sdn Bhd	Investment holding	Malaysia	**51.00**	31.12
	PT Kulim Agro Persada	Management service	Indonesia	**99.98**	61.19
	JTP Trading Sdn Bhd	Trading of tropical fruits	Malaysia	**99.98**	61.19
	Kulim Topplant Sdn Bhd	Production of oil palm clones	Malaysia	**99.98**	36.71
	Selai Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	61.19
	SIM Manufacturing Sdn Bhd	Manufacturers and dealers in rubber products of all kinds and articles made from rubber	Malaysia	**90.00**	55.07
	SG Lifestyles Sdn Bhd	Trading and marketing of personal care products	Malaysia	**99.98**	61.19
	Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	61.19
	United Malayan Agricultural Corp Berhad	Oil palm plantation	Malaysia	**99.98**	61.19
	Cita Tani Sdn Bhd	Cultivation of sugar cane and other agriculture product	Malaysia	**99.98**	61.19
	Kulim Safety Training and Services Sdn Bhd	OSHA training and services	Malaysia	**75.00**	45.89

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
Pembangunan Mahamurni Sdn Bhd	Investment holding	Malaysia	**99.98**	61.19
Danamin (M) Sdn Bhd	Providing a non-destructive testing services and performing electrical engineering works for oil and gas, marine, chemical and construction industries	Malaysia	**75.00**	45.89
Akli Resources Sdn Bhd	Provider of in-house and external training programme	Malaysia	**99.98**	61.19
Edaran Badang Sdn Bhd	Dealer in agricultural machinery and parts	Malaysia	**99.98**	61.19
Extreme Edge Sdn Bhd	Computer equipment supplier and services	Malaysia	**75.00**	45.89
Kulim Civilworks Sdn Bhd	Facilities maintenance, project and construction works	Malaysia	**99.65**	60.99
Kulim Nursery Sdn Bhd	Oil palm nursery and other related services	Malaysia	**99.98**	61.19
Optimum Status Sdn Bhd	Mill maintenance	Malaysia	**75.00**	45.89
Perfect Synergy Trading Sdn Bhd	Fertilizer supplier	Malaysia	**75.00**	45.89
Pinnacle Platform Sdn Bhd	Software maintenance and supplier	Malaysia	**95.00**	58.13
Renown Value Sdn Bhd	Cultivation of pineapples and other agricultural product	Malaysia	**75.00**	45.89
Sovereign Multimedia Resources Sdn Bhd	Information and communication technology business	Malaysia	**75.00**	45.89
Special Appearance Sdn Bhd	Production house and event management	Malaysia	**99.56**	55.07
E.A. Technique (M) Berhad #	Provision of sea transportation and related services	Malaysia	**50.60**	30.96
Epasa Shipping Agency Sdn Bhd	Shipping and forwarding agent	Malaysia	**99.98**	61.19
Jejak Juara Sdn Bhd	Manufacturer and dealers in rubber products	Malaysia	**72.91**	44.61

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
Johor Shipyard & Engineering Sdn Bhd	Shipbuilding, fabrication of steel structures, engineering services and consultancy	Malaysia	**50.59**	30.96
Libra Perfex Precision Sdn Bhd	Hire and charter of vessel	Malaysia	**50.59**	-
Microwell Trading Sdn Bhd	Trading in biochemical fertilizer	Malaysia	**60.00**	36.71
Microwell Bio Solutions Sdn Bhd	Trading of agriculture fertilizer, water treatment, biotechnology research and development	Malaysia	**60.00**	36.71
MIT Insurance Brokers Sdn Bhd	Insurance brokers and consultancy	Malaysia	**75.00**	45.89
MIT Captive Ltd	Licensed to carry Labuan Captive takaful business	Malaysia	**75.00**	-
MM Vitaoils Sdn Bhd	Producer and wholesale of palm oil and other edible oil and fats	Malaysia	**35.00**	21.42
Sindora Berhad	Intrapreneur venture business, oil palm plantation and investment holding	Malaysia	**99.98**	61.19
Sindora Timber Sdn Bhd	Timber logging, processing and sale of sawn timber, timber doors, laminated timber scantling and trading of wood products	Malaysia	**82.03**	50.19
Sindora Wood Products Sdn Bhd	Property letting	Malaysia	**99.98**	61.19
Kulim Energy Nusantara Sdn Bhd	Investment holding	Malaysia	**99.98**	61.19
Asia Economic Development Fund Limited	Investment holding	Hong Kong	**100.00**	78.96
PT Rambang Agro Jaya	Oil palm plantation	Indonesia	**70.29**	-
PT Tempirai Palm Resources	Oil palm plantation	Indonesia	**70.29**	-
PT Wisesa Inspirasi Nusantara	Investment holding	Indonesia	**74.00**	45.28
PT Harapan Barito Sejahtera	Oil palm plantation	Indonesia	**70.29**	43.02
PT Wahana Semesta Kharisma	Oil palm plantation	Indonesia	**70.29**	43.02

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1	**CORE BUSINESS (CONTINUED)**				
	A PALM OIL (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	PT Sawit Sumber Rejo	Oil palm plantation	Indonesia	**70.29**	43.02
	Granulab (M) Sdn Bhd	Trading granular synthetic bone graft (Disposed on 13 November 2016)	Malaysia	**-**	60.76
	Asia Logistics Council Sdn Bhd	E-commerce	Malaysia	**80.00**	65.69
	Kulim Smart Technologies Sdn Bhd	Researching and developing cutting edge solution for oil and gas, healthcare and industrial automation	Malaysia	**99.98**	61.19
	Classruum Technologies Sdn Bhd	A visual classroom that offers students online learning facilities with social media applications	Malaysia	**76.00**	-
	Kulim Livestock Sdn Bhd	Breeding and sales of cattle	Malaysia	**99.98**	61.19
	DORMANT COMPANIES				
	DQ In Sdn Bhd	Dormant	Malaysia	**75.00**	45.89
	EPA Futures Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
	KCW Electrical Sdn Bhd	Dormant	Malaysia	**99.65**	60.99
	KCW Roadworks Sdn Bhd	Dormant	Malaysia	**99.65**	60.99
	Skellerup Foam Products (Malaysia) Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
	Skellerup Latex Products (M) Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
	XCot Tech Sdn Bhd	Dormant	Malaysia	**74.99**	45.89
	Sindora Timber Products Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
	Sindora Trading Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
	KCW Hardware Sdn Bhd	Dormant	Malaysia	**99.65**	60.99
	KCW Kulim Marine Services Sdn Bhd	Dormant	Malaysia	**99.65**	60.99

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
DORMANT COMPANIES (CONTINUED)				
Sindora Development Sdn Bhd	Dormant	Malaysia	**99.98**	61.16
JTP Montel Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
Sindora Marketing Sdn Bhd (formerly known as Granulab Marketing Sdn Bhd)	Dormant	Malaysia	**99.98**	60.76
Exquisite Livestock Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
Tiram Fresh Sdn Bhd	Dormant	Malaysia	**82.02**	50.19
Skellerup Industries (Malaysia) Sdn Bhd	Dormant	Malaysia	**99.98**	61.19
Panquest Ventures Limited	Dormant	British Virgin Island	**99.98**	61.19
Yayasan Ansar	Corporate Social Responsibility	Malaysia	**Limited by Guarantee**	Limited by Guarantee
B RESTAURANT/FOOD				
ACTIVE COMPANIES				
Ayamas Shoppe Sdn Bhd	Convenience foodstore chain, poultry and investment holding	Malaysia	**100.00**	100.00
Ayamas Food Corporation Sdn Bhd	Poultry processing and further processing plants and investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Ayamas Integrated Poultry Industry Sdn Bhd	Breeder and broiler farms/hatchery, feedmill and investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Ayamas Shoppe (Sabah) Sdn Bhd	Convenience food store	Malaysia	**65.00**	65.00
Business Chronicles Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
Massive Equity Sdn Bhd	Investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1	**CORE BUSINESS (CONTINUED)**				
	B RESTAURANT/FOOD (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	QSR Brands (M) Holdings Sdn Bhd	Investment holding and provision of management services	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Efinite Value Sdn Bhd	Customer service call centre	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Integrated Poultry Industry Sdn Bhd	Poultry processing plant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Kampuchea Food Corporation Co. Ltd	Restaurants	Cambodia	**Joint-controlled entity**	Joint-controlled entity
	Kentucky Fried Chicken (Malaysia) Sendirian Berhad	Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Kentucky Fried Chicken Management Pte Ltd	Restaurants	Singapore	**Joint-controlled entity**	Joint-controlled entity
	KFC (B) Sdn Bhd	Restaurants	Brunei	**Joint-controlled entity**	Joint-controlled entity
	KFC (Peninsular Malaysia) Sdn Bhd	Restaurants, commissary and investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	KFC (Sabah) Sdn Bhd	Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	KFC (Sarawak) Sdn Bhd	Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	KFC Events Sdn Bhd	Sales of food products and vouchers	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	KFC Holdings (Malaysia) Bhd	Investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	KFCIC Assets Sdn Bhd	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1 CORE BUSINESS (CONTINUED)				
B RESTAURANT/FOOD (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
QSR Manufacturing Sdn Bhd	Bakery, trading in consumables and investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Trading Sdn Bhd	Sales and marketing of food products	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Ladang Ternakan Putihekar (N.S) Sdn Bhd	Breeder farms	Malaysia	**Joint-controlled entity**	Joint-controlled entity
MH Integrated Farm Berhad	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Tepak Marketing Sdn Bhd	Contract packing	Malaysia	**63.04**	55.28
Multibrand QSR Holdings Pte Ltd	Investment holding	Singapore	**Joint-controlled entity**	Joint-controlled entity
Pintas Tiara Sdn Bhd	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
PHD Delivery Sdn Bhd	Pizza delivery	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Pizza Hut Restaurants Sdn Bhd	Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Pizza Hut Singapore Pte Ltd	Restaurants	Singapore	**Joint-controlled entity**	Joint-controlled entity
Rasamas Holding Sdn Bhd	Restaurants	Malaysia	**100.00**	100.00
Region Food Industries Sdn Bhd	Sauce manufacturing plant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Roaster's Chicken Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
SPM Restaurants Sdn Bhd	Meals on wheels and property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Usahawan Bistari Ayamas Sdn Bhd	Operation of "Sudut Ayamas"	Malaysia	**Joint-controlled entity**	Joint-controlled entity

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1 CORE BUSINESS (CONTINUED)				
B RESTAURANT/FOOD (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
WQSR Holdings (S) Pte Ltd	Investment holding	Singapore	**Joint-controlled entity**	Joint-controlled entity
QSR Captive Insurance Limited	Captive insurer	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Rasamas Tebrau Sdn Bhd	Restaurants	Malaysia	**89.23**	89.23
KARA Holdings Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
QSR Stores Sdn Bhd	Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Virtualflex Sdn Bhd	QU card business	Malaysia	**100.00**	100.00
Efinite Revenue Sdn Bhd	Renting of premises	Malaysia	**Joint-controlled entity**	Joint-controlled entity
DORMANT COMPANIES				
Felda Ayamas Ventures Sdn Bhd	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Pizza (Kampuchea) Private Limited	Dormant (In the process of striking off)	Cambodia	**Joint-controlled entity**	Joint-controlled entity
Chippendales (M) Sdn Bhd	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Hiei Food Industries Sdn Bhd	Dormant (In the process of striking off)	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Brands Bhd	Dormant (In the process of striking off)	Malaysia	**51.00**	51.00
QSR Ventures Sdn Bhd	Dormant (In the process of striking off)	Malaysia	**51.00**	51.00
Yayasan Amal Bistari	Corporate Social Responsibilities (In the process of striking off)	Malaysia	**Limited by Guarantee**	Limited by Guarantee
Rasamas Sdn Bhd (Brunei Darussalam)	Dormant (In the process of striking off)	Brunei	**Joint-controlled entity**	Joint-controlled entity

List of Subsidiaries, Associates and Joint Ventures

				Group Effective Interest	
	Name of Company	Principal Activities	Country of Incorporation	2016 %	2015 %
1	**CORE BUSINESS (CONTINUED)**				
	B RESTAURANT/FOOD (CONTINUED)				
	DORMANT COMPANIES (CONTINUED)				
	Ayamas Shoppe (Brunei) Sendirian Berhad	Dormant (Struck off on 10 August 2016)	Brunei	**-**	Joint-controlled entity
	Gratings Solar Sdn Bhd	Dormant (Struck off on 6 December 2016)	Malaysia	**-**	Joint-controlled entity
	Restoran Keluarga Sdn Bhd	Dormant (In the process of striking off)	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Yes Gelato Sdn Bhd	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	KFC India Holdings Sdn Bhd	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	C HEALTHCARE				
	ACTIVE COMPANIES				
	Ampang Puteri Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Bandar Baru Klang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Damansara Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Diaper Technology Industries Sdn Bhd	Providing IT services and rental of software	Malaysia	**34.67**	34.86
	FP Marketing (S) Pte Ltd	Distributor of pharmaceutical products	Singapore	**36.99**	37.18
	Hospital Penawar Sdn Bhd	Specialist hospital	Malaysia	**11.10**	11.15
	Hospital Pusrawi SMC Sdn Bhd	Specialist hospital	Malaysia	**11.54**	11.60
	Ipoh Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.41**	36.60
	Jeta Gardens (Qld) Pty Ltd	Retirement village and aged care services	Australia	**21.14**	21.25
	Johor Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1	**CORE BUSINESS (CONTINUED)**				
	C HEALTHCARE (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Kajang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Kedah Medical Centre Sdn Bhd	Specialist hospital	Malaysia	**16.89**	16.97
	Kota Kinabalu Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**35.88**	36.06
	Advanced Health Care Solutions Sdn Bhd	Healthcare IT system service	Malaysia	**36.99**	37.18
	KPJ Healthcare Berhad #	Investment holding	Malaysia	**36.99**	37.18
	Kuantan Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Kuching Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**25.89**	26.03
	Kumpulan Perubatan (Johor) Sdn Bhd	Investment holding and specialist hospital management	Malaysia	**36.99**	37.18
	Lablink (M) Sdn Bhd	Lab and pathology services	Malaysia	**36.99**	37.18
	Maharani Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Medical Supplies (Sarawak) Sdn Bhd	Pharmaceutical dealer and outlets	Malaysia	**27.74**	27.89
	Pahang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**25.89**	26.03
	Pasir Gudang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Penang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
	Perdana Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**22.40**	22.52
	PharmaCARE Sdn Bhd	Providing human resource, training services and rental of human resource information system	Malaysia	**22.40**	37.18
	Pharmaserv Alliances Sdn Bhd	Distributor of pharmaceutical products	Malaysia	**36.99**	37.18
	Point Zone (M) Sdn Bhd	Treasury company	Malaysia	**36.99**	37.18
	PT Khasanah Putera Jakarta Medica	Specialist hospital	Indonesia	**27.74**	27.89

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
PT Khidmat Perawatan Jasa Medika	Specialist hospital	Indonesia	**29.59**	29.74
Pusat Pakar Kluang Utama Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Pusat Pakar Tawakal Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Puteri Nursing College Sdn Bhd	Nursing college	Malaysia	**36.99**	37.18
Puteri Specialist Hospital (Johor) Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Selangor Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**22.19**	22.31
Sentosa Medical Centre Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Seremban Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Sibu Geriatric Health & Nursing Centre Sdn Bhd	Providing aged care services	Malaysia	**36.99**	37.18
Sibu Medical Centre Corporation Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
SMC Healthcare Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
KPJ Eyecare Specialist Sdn Bhd	Eye centre	Malaysia	**36.99**	37.18
Sterile Services Sdn Bhd	Sterile services	Malaysia	**36.99**	37.18
Taiping Medical Centre Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Tawakal Holdings Sdn Bhd	Investment holding	Malaysia	**36.99**	37.18
Sri Manjung Specialist Centre Sdn Bhd	Specialist hospital	Malaysia	**36.41**	36.60
Rawang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Vejthani Public Company Limited	Specialist hospital	Thailand	**8.64**	8.69
Fabricare Laundry Sdn Bhd	Laundry services	Malaysia	**35.14**	35.32
KFCH Education (M) Sdn Bhd	College/learning institution	Malaysia	**36.99**	Joint-controlled entity

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
Healthcare IT Solutions Sdn Bhd	Healthcare IT services	Malaysia	**25.89**	26.03
Skop Yakin (M) Sdn Bhd	General merchandise	Malaysia	**25.89**	37.18
Teraju Farma Sdn Bhd	Supplier of pharmaceutical products	Malaysia	**24.04**	27.89
KPJ Dhaka Pte Ltd	Specialist hospital	Bangladesh	**36.99**	37.18
Miri Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**25.89**	26.03
Energy Excellent Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Perlis Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**22.19**	22.31
Bandar Dato Onn Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Massive Hybrid Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
UTM KPJ Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
BDC Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	**36.99**	37.18
Healthcare Technical Services Sdn Bhd	Project management and engineering maintenance services	Malaysia	**11.10**	18.17
Pride Outlet Sdn Bhd	Maintenance service for medical equipment	Malaysia	**31.44**	27.89
Open Access Sdn Bhd	KPJ wellness	Malaysia	**36.99**	37.18
DORMANT COMPANIES				
KPJ Healthshoppe Sdn Bhd (formerly known as Bukit Mertajam Specialist Hospital Sdn Bhd)	Dormant	Malaysia	**36.99**	37.18
Amity Development Sdn Bhd	Dormant	Malaysia	**36.99**	37.18
Bayan Baru Specialist Hospital Sdn Bhd	Dormant	Malaysia	**20.34**	20.45
Freewell Sdn Bhd	Dormant	Malaysia	**29.59**	29.74

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1	**CORE BUSINESS (CONTINUED)**				
	C HEALTHCARE (CONTINUED)				
	DORMANT COMPANIES (CONTINUED)				
	KPJ Mediktv Sdn Bhd	Dormant	Malaysia	**36.99**	37.18
	Malaysian Institute of Healthcare Management Sdn Bhd	Dormant	Malaysia	**27.74**	27.89
	Pharmacare Surgical Technologies (M) Sdn Bhd	Dormant	Malaysia	**36.99**	37.18
	Total Meal Solution Sdn Bhd (formerly known as Renal Link Sentosa Sdn Bhd)	Dormant	Malaysia	**25.89**	37.18
	PT Al-Aqar Bumi Serpong Damai	Dormant	Indonesia	**36.99**	37.18
	PT Al-Aqar Permata Hijau	Dormant	Indonesia	**36.99**	37.18
	KPJ Education Services Sdn Bhd	Dormant	Malaysia	**36.99**	37.18
	Crossborder Aim (M) Sdn Bhd	Dormant	Malaysia	**36.99**	37.18
	Crossborder Hall (M) Sdn Bhd	Dormant	Malaysia	**36.99**	37.18
	D PROPERTY				
	ACTIVE COMPANIES				
	Advance Development Sdn Bhd	Property developer	Malaysia	**99.50**	100.00
	Johor Land Berhad	Property developer	Malaysia	**99.50**	100.00
	Revertex (Malaysia) Sdn Bhd	Processing and marketing of latex and other related products	Malaysia	**29.92**	30.07
	Pembinaan Prefab Sdn Bhd	Rental of factory building	Malaysia	**99.50**	100.00
	Bertam Properties Sdn Bhd	Estate management	Malaysia	**19.90**	20.00
	BP Plantations Sdn Bhd	Plantation	Malaysia	**19.90**	20.00
	Penang Golf Resort Bhd	Management of golf course	Malaysia	**19.90**	20.00
	Bandar Baru Majidee Development Sdn Bhd	Property development	Malaysia	**99.50**	100.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
1	**CORE BUSINESS (CONTINUED)**				
	D PROPERTY (CONTINUED)				
	DORMANT COMPANIES (CONTINUED)				
	Bertam Golf Management and Services Sdn Bhd	Nursery operation	Malaysia	**19.90**	20.00
	Mutiara Golf Properties Sdn Bhd	Golf course management	Malaysia	**19.90**	20.00
	Premium Angle Development Sdn Bhd	Dormant	Malaysia	**99.50**	100.00
2	**NON-CORE BUSINESS**				
	SME/NON-SME				
	ACTIVE COMPANIES				
	IPPJ Sdn Bhd	Entrepreneurial training programmes and seminars	Malaysia	**75.00**	75.00
	Johor Skills Development Centre Sdn Bhd	Industrial training centre	Malaysia	**75.00**	75.00
	Maruah Emas Sdn Bhd	Islamic pawnshop	Malaysia	**100.00**	100.00
	Pro Biz Solution Sdn Bhd	Business centre	Malaysia	**85.00**	85.00
	Rajaudang Aquaculture Sdn Bhd	Management services and breeding of tiger prawns	Malaysia	**75.00**	75.00
	Syarikat Pengangkutan Maju Berhad	Investment holding and bus services	Malaysia	**77.62**	77.62
	Teraju Fokus Sdn Bhd	Security services	Malaysia	**30.00**	30.00
	Rajaudang Trading Sdn Bhd	Wholesale activities	Malaysia	**69.46**	69.46
	Aquabuilt Sdn Bhd	Rental of tiger prawns hatchery	Malaysia	**100.00**	100.00
	Bukit Damansara Development Sdn Bhd	Investment holding, ownership of buildings	Malaysia	**100.00**	100.00
	Ihsan Permata Sdn Bhd	Providing consultancy and management services for cattle breeding	Malaysia	**100.00**	100.00
	Convenue Marketing Sdn Bhd	Marketing of convention centre	Malaysia	**75.00**	75.00
	Damansara Assets Sdn Bhd	Property management	Malaysia	**100.00**	100.00
	Damansara REIT Managers Sdn Bhd	REITs management company	Malaysia	**100.00**	100.00
	DHealthcare Centre Sdn Bhd	Healthcare service provider	Malaysia	**49.00**	54.12

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
2	**NON-CORE BUSINESS (CONTINUED) SME/NON-SME (CONTINUED) ACTIVE COMPANIES (CONTINUED)**				
	Damai Ecotech Sdn Bhd	Marketing and managing orchards	Malaysia	**100.00**	100.00
	Hotel Selesa (JB) Sdn Bhd	Hotel operations	Malaysia	**100.00**	100.00
	Hotel Selesa Sdn Bhd	Hotel operations	Malaysia	**100.00**	100.00
	Intrapreneur Development Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	JCorp Hotels and Resorts Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Johor Capital Holdings Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Johor Foods Sdn Bhd	Investment holding and oil palm plantation	Malaysia	**100.00**	100.00
	Johor Franchise Development Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Pro Corporate Management Services Sdn Bhd	Corporate secretarial services and share registrar	Malaysia	**100.00**	100.00
	Johor Logistics Sdn Bhd	Warehousing	Malaysia	**100.00**	100.00
	Johor Silica Industries Sdn Bhd	Silica sand quarrying	Malaysia	**100.00**	100.00
	Johor Ventures Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Kumpulan Perbadanan Johor Sdn Bhd	Management services	Malaysia	**100.00**	100.00
	Langsat Marine Base Sdn Bhd	Provision of marine base engineering services	Malaysia	**100.00**	100.00
	MC-JTP Concept Sdn Bhd	Rental and warehouse owner	Malaysia	**100.00**	100.00
	Pacific Forest Industries Sdn Bhd	Timber activities	Malaysia	**10.28**	10.28
	Panca Pesona Sdn Bhd	Industrial land and property developer	Malaysia	**40.00**	40.00
	Pelaburan Johor Berhad	Management of unit trust	Malaysia	**100.00**	100.00
	Penawar Express Line Berhad	Express bus services	Malaysia	**77.62**	77.62
	Permodalan Teras Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Premier Revenue Sdn Bhd	Insurance agent	Malaysia	**100.00**	100.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
2	**NON-CORE BUSINESS (CONTINUED) SME/NON-SME (CONTINUED) ACTIVE COMPANIES (CONTINUED)**				
	PT Padang Industrial Park	Industrial land development	Indonesia	**55.00**	55.00
	Puteri Hotels Sdn Bhd	Hotel operations	Malaysia	**100.00**	100.00
	Rajaudang Sdn Bhd	Investment holding and rental of ponds for breeding of tiger prawns	Malaysia	**100.00**	100.00
	Sibu Island Resorts Sdn Bhd	Island resorts operator	Malaysia	**100.00**	100.00
	SPMB Holdings Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Sri Gading Land Sdn Bhd	Industrial land development	Malaysia	**51.00**	51.00
	Tanjung Langsat Port Sdn Bhd	Development of industrial land and provider of port services	Malaysia	**100.00**	100.00
	Techno SCP Sdn Bhd	Industrial land development	Malaysia	**60.00**	60.00
	Tenaga Utama (Johor) Bhd	Investment holding	Malaysia	**69.76**	69.76
	Tg. Langsat Development Sdn Bhd	Industrial land development	Malaysia	**100.00**	100.00
	Total Project Management Sdn Bhd	Property management	Malaysia	**100.00**	100.00
	Larkin Sentral Property Berhad (formerly known as Larkin Sentral Property Sdn Bhd)	Provider of technical services	Malaysia	**41.14**	39.00
	TPM Technopark Sdn Bhd	Industrial land development	Malaysia	**100.00**	100.00
	Yakin Tea Sdn Bhd	Rental of plantation	Malaysia	**62.24**	62.24
	Johor City Development Sdn Bhd	New township development	Malaysia	**100.00**	100.00
	Pagoh Highland Resorts Sdn Bhd	Plantation	Malaysia	**60.00**	60.00
	Langsat Marine Terminal Sdn Bhd	Forwarding agent and warehousing developer	Malaysia	**100.00**	100.00
	Langsat OSC Sdn Bhd	Marine supply base and oil field supply centre	Malaysia	**51.00**	51.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
2	**NON-CORE BUSINESS (CONTINUED) SME/NON-SME (CONTINUED) ACTIVE COMPANIES (CONTINUED)**				
	Intrapreneur Value Creation Sdn Bhd	To provide financial services, stocks and other securities based on syariah compliance	Malaysia	**100.00**	100.00
	Efinite Structure Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	BDO Assets Management Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Synergy Mall Management Sdn Bhd	Property management	Malaysia	**100.00**	100.00
	JCorp Capital Solutions Sdn Bhd	Land survey services	Malaysia	**100.00**	100.00
	Timeless Commitment Sdn Bhd	Manage and operate a master licensee agreement to develop, open and operate licensed outlet	Malaysia	**51.00**	51.00
	Le Petite Gourmet Sdn Bhd	Manage and operate a franchised food and beverages outlet	Malaysia	**51.00**	51.00
	Aiman Lifestyle Sdn Bhd	Manage and operate a franchised food and beverages outlet	Malaysia	**51.00**	51.00
	Selasih Catering Services Sdn Bhd	Restaurant	Malaysia	**100.00**	100.00
	Johor Paper & Publishing Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Damansara Realty Berhad	Investment holding	Malaysia	**14.20**	10.03
	HC Duraclean Sdn Bhd	Franchisor of cleaning services	Malaysia	**21.06**	17.93
	TMR Urusharta (M) Sdn Bhd	Real estate services, facilities management and consultant	Malaysia	**15.18**	12.05
	TLP Terminal Sdn Bhd (formerly known as Super Heritage Brand Sdn Bhd)	Promote, develop, operate, manage and maintain Tanjung Langsat Port	Malaysia	**100.00**	100.00
	Absolute Ambient Sdn Bhd	Planting agricultural products and cash crops (Incorporated on 3 June 2016)	Malaysia	**100.00**	-

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
2	**NON-CORE BUSINESS (CONTINUED)** **SME/NON-SME (CONTINUED)** **DORMANT COMPANIES**				
	Harta Consult Sendirian Berhad	Property management	Malaysia	**100.00**	100.00
	Effective Corporate Resources Sdn Bhd	Advisors and consultants in company management, administration and finance (Disposed on 1 November 2016)	Malaysia	**-**	100.00
	Johor Concrete Products Sdn Bhd	Trading in construction material	Malaysia	**51.00**	51.00
	Johor Heavy Industries Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	JSEDC Properties Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Kilang Airbatu Perintis Sdn Bhd	Rental of land and coldroom services	Malaysia	**88.22**	88.22
	Marenban Limited	Cultivation of tea and coffee	Papua New Guinea	**100.00**	100.00
	Orion Tours Pte Ltd	Ceased operation (Struck off on 22 August 2016)	Singapore	**-**	100.00
	Palley Investments Limited	Investment holding	British Virgin Island	**100.00**	100.00
	Paper Automation Sdn Bhd	Trading in paper products	Malaysia	**93.58**	93.58
	Larkin Sentral Management Sdn Bhd	Property management	Malaysia	**100.00**	100.00
	Larkin Sentral Sdn Bhd	Property contractor and developer	Malaysia	**100.00**	100.00
	PJB Capital Sdn Bhd	Portfolio management	Malaysia	**100.00**	100.00
	Sergam Berhad	Trading of steel bars and building materials	Malaysia	**96.78**	96.78
	Tanjung Leman Theme Park Sdn Bhd	Dormant	Malaysia	**100.00**	100.00
	Tiram Tours (S) Pte Ltd	Ceased operation (Struck off on 4 July 2016)	Singapore	**-**	100.00
	Trapezoid Web Profile Sdn Bhd	Provision of project management and consultancy services and manufacturer of steel products	Malaysia	**81.74**	81.74
	Westbury Tubular (M) Sdn Bhd	Building and construction work using tubular steel	Malaysia	**41.69**	41.69
	Warren Plantation (Mt.Hagen) Limited	Cultivation of tea and coffee	Papua New Guinea	**100.00**	100.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
2	**NON-CORE BUSINESS (CONTINUED) SME/NON-SME (CONTINUED) DORMANT COMPANIES (CONTINUED)**				
	Tunjuk Laut Resort Sdn Bhd	Rental of ponds for tiger prawns breeding	Malaysia	**100.00**	100.00
	Advanced Global Corporate Resources Sdn Bhd	Providing management services (Disposed on 1 November 2016)	Malaysia	**-**	100.00
	Akademi JCorp Sdn Bhd	Engage in a business of education program and training facilities	Malaysia	**100.00**	100.00
	JCIA Services Sdn Bhd	Corporate assurance and consulting services (Disposed on 1 November 2016)	Malaysia	**-**	100.00
	Tanjung Tuan Hotel Sdn Bhd	Hotel operations	Malaysia	**100.00**	100.00
	AB Theme Park Sdn Bhd	Indoor theme park	Malaysia	**100.00**	100.00
	Bistari Young Entrepreneur Sdn Bhd	Producing, promoting and marketing Catur Bistari and related services (Disposed on 1 November 2016)	Malaysia	**-**	100.00
	COMPANIES IN WINDING UP PROCESS				
	Australian Gold Field N.L.	Gold exploration	Australia	**27.73**	27.73
	Buat Niaga Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	Johor Aluminium Processing Sdn Bhd	Aluminium products	Malaysia	**35.00**	35.00
	PJB Pacific Advisory Services Sdn Bhd	Securities consultant and advisory (Wound up)	Malaysia	**-**	75.00
	Victoria Gold Mines	Dormant (Deregistered)	Australia	**-**	27.73
	Intrapreneur Development Capital Sdn Bhd	Investment holding	Malaysia	**100.00**	100.00
	LY Technologies (M) Sdn Bhd	Distributor of bus and body-parts	Malaysia	**51.00**	51.00
	Pro Office Services Sdn Bhd	Rental of machines and other related services	Malaysia	**100.00**	100.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	COMPANY IN THE PROCESS OF STRIKING OFF				
	Pharmacare (S) Pte Ltd	Pharmaceutical dealer and outlets (Struck off)	Singapore	**-**	100.00
	Johor Tea Sdn Bhd	Tea plantation (Struck off on 21 December 2016)	Malaysia	**-**	100.00
	COMPANY UNDER RECEIVERSHIP				
	Kok Lian Marketing Sdn Bhd	Book publisher	Malaysia	**51.19**	51.19
3	**LIST OF FUNDS**				
	Al-`Aqar Healthcare REIT	Managing real estate and investment trust	Malaysia	**14.88**	17.52
	Al-`Aqar Capital Sdn Bhd	Special purpose company for the purpose of raising Islamic Financing for the Fund	Malaysia	**14.88**	17.52
	Al-`Aqar Australia Pty Ltd	Special purpose company for the purpose of acquisition of Australia property for the Fund	Australia	**14.88**	17.52
	Al-Salam REIT	Managing real estate and investment trust	Malaysia	**56.40**	60.62
4	**LIST OF NON-GOVERNMENT ORGANIZATIONS**				
	Incorporate under Companies Act, 1965, managed by Johor Corporation:				
	ACTIVE COMPANIES				
	Bistari Johor Berhad	Entrepreneurship club	Malaysia	**@**	@
	Capaian Aspirasi Sdn Bhd	Islamic insurance agent and Amil Corporate Zakat	Malaysia	*****	*
	JCorp Intrapreneur (M) Bhd	Intrapreneurship club	Malaysia	**@**	@
	Khairat Keluarga Perbadanan Johor Berhad	Employees deceased scheme	Malaysia	**@**	@
	Makmuran Veneer & Plywood Sdn Bhd	Processing and trading of sawn timber	Malaysia	**@**	@
	Tiram Travel Sdn Bhd	Sale of flight tickets and package for umrah, haj and tourism	Malaysia	*****	*
	Yayasan Johor Corporation	Manage and administer funds for education and charitable purposes	Malaysia	**@**	@

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2016 %	Group Effective Interest 2015 %
4	**LIST OF NON-GOVERNMENT ORGANIZATIONS (CONTINUED)**				
	ACTIVE COMPANIES (CONTINUED)				
	Sindora Ventures Sdn Bhd	Investment holding	Malaysia	&	&
	Waqaf An-Nur Corporation Berhad	Trustees and manager of waqaf	Malaysia	@	@
	Akademi Mutawwif Sdn Bhd	Training of mutawwif (Disposed on 30 August 2016)	Malaysia	*	100.00
	DORMANT COMPANIES				
	PharmaCare Medicine Shoppe Sdn Bhd	Pharmacy franchise	Malaysia	&	&
	Waqaf An-Nur Berhad	Dormant	Malaysia	@	@
	COMPANIES IN THE PROCESS OF STRIKING OFF				
	D.I.M.A. Sdn Bhd	Logging transportation services	Malaysia	&	&
	East Asian Marine Foods Sdn Bhd	Processing and marketing of marine products	Malaysia	&	&
	Excellent Relations Sdn Bhd	To provide IT and other related services	Malaysia	&	&
	Johor Deer Farm Sdn Bhd	Deer farming	Malaysia	&	&
	Johor Land Manufacturing Sdn Bhd	Production of door framework and iron window	Malaysia	&	&
	Johor Tropical Products Sdn Bhd	Dormant	Malaysia	&	&
	Johorcraft Sdn Bhd	Ceramic production and handicraft marketing	Malaysia	&	&
	Mahin Sdn Bhd	Processing of sawn timber	Malaysia	&	&
	Saujana Jaya Sdn Bhd	Coconut milk processing	Malaysia	&	&
	Vision Possible Berhad	Investment holding	Malaysia	&	&
	Tiram Tours Sdn Bhd	Dormant (Wound up)	Malaysia	-	&
	Johor Land Constructions Sdn Bhd	Production of "premix"	Malaysia	&	&
	Mengkibol Holdings Sdn Bhd	Investment holding	Malaysia	&	&

Listed on the Main Board of Bursa Malaysia Securities Berhad
@ Limited by Guarantee
* Subsidiaries of Waqaf An-Nur Corporation Berhad
& Subsidiaries of Waqaf An-Nur Berhad

Johor Corporation
LEVEL 11, MENARA KOMTAR,
JOHOR BAHRU CITY CENTRE,
80000 JOHOR BAHRU,
JOHOR, MALAYSIA.
TEL : (607) 219 2692
FAX : (607) 223 3175