



Annual Report 2018

# OUR GOLDEN JUBILEE STORIES





# 1968

The Johor State Economic Development Corporation (JSEDC) was established by the Government of Johor under Enactment No. 4, 1968 which was passed on 18 May 1968. On its first day, eight employees propelled JSEDC's plans to enter the world of agriculture, housing and commerce.

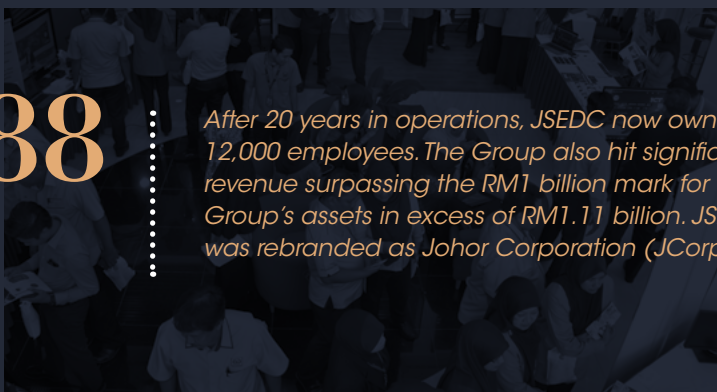


Ten years after its formation, JSEDC managed to build up a portfolio of properties valued at more than RM198 million in 1978. In this first decade, the corporation opened up a string of industrial zones located in Pasir Gudang, Tanjung Agas, Tongkang Pecah, Segamat, as well as the Senai Free Trade Zone which attracted a total of 325 entrepreneurs. JSEDC also owned 20 subsidiaries at this point in its development.

# 1978

# 1988

After 20 years in operations, JSEDC now owned 77 companies with almost 12,000 employees. The Group also hit significant milestones with Group revenue surpassing the RM1 billion mark for the first time in 1988 with the Group's assets in excess of RM1.11 billion. JSEDC took on a new name and it was rebranded as Johor Corporation (JCorp) in 1995.



Moving into the third decade, JCorp could not avoid the global economic downturn which began in mid-1997. Nevertheless, JCorp managed to sustain the business in its entirety following its strategy of conducting its core businesses in US dollar. Drawing lessons from such a crisis, it demanded a reevaluation of the organisation's structure, systems, strategies and governance.

# 1998



# 2008

After 40 years in operations, JCorp's achievements were extraordinary with its subsidiaries KFC Holdings (Malaysia) Berhad and Sindora Berhad which saw their respective share prices reaching RM16 and experiencing a hike of 27 per cent (pc) on the Bursa Malaysia listing. Within the said time span, the JCorp's Group machinery was shaped by 260 companies and driven by 55,000 robust workforce.

*Pencapaian  
Jubli Emas  
JCorp  
2018*

JCorp 943 - 2018  
Membina dan Membela



# About

## Johor Corporation

Johor Corporation was established as a public enterprise and a statutory body with the passing of the Johor Corporation Enactment No. 4, 1968 (as amended under Enactment No. 5, 1995). As a state-owned conglomerate, Johor Corporation through its Group of Companies are involved in core businesses comprising Palm Oil (KULIM), Specialist Healthcare, Food & Restaurant Services, Property, Port Services, Hospitality, Intrapreneur, as well as Oil & Gas.

### MISSION



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

### VISION

## MEMBINA DAN MEMBELA

### JOHOR CORPORATION'S CORE VALUES 2.0



#### INTEGRITY

We execute our task with trustworthiness, honesty and 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 customers 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 responsibilities 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.





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Our website:  
[www.jcorp.com.my](http://www.jcorp.com.my)

## CHAIRMAN'S STATEMENT



# DATO' DR SAHRUDDIN BIN HAJI JAMAL

Chief Minister of Johor  
Chairman of Johor Corporation

Johor Corporation (JCorp) is now entering a new era in its corporate journey. This important instrument of development for the Johor State, has for five decades, proven its pivotal role in boosting the state's economic standing.

I would like to express my heartfelt congratulations to JCorp for achieving a significant milestone on 18 May 2018 - celebrating 50 years since it was established. This celebration was made even more notable with the launch of JCorp's new logo which is symbolic of its determination to position itself on the domestic front or even in the international arena. This historic event became even more meaningful with the presence of His Majesty the Sultan of Johor, who graced the launch ceremony.





## Chairman's Statement

# 2018

— Johor Corporation's 50 Years of Achievements

## KULIM BUSINESSES

## SPECIALIST HEALTHCARE BUSINESSES

## FOOD & RESTAURANT SERVICES BUSINESS

## PROPERTY DIVISION

## INDUSTRIAL DEVELOPMENT DIVISION

## BUSINESS DEVELOPMENT DIVISION

## CORPORATE RESPONSIBILITY DIVISION

## GROUP HUMAN CAPITAL MANAGEMENT DIVISION

## ICT ADVANCEMENT DIVISION

own determination and discipline  
I be able to overcome  
ted with the strength of 60,000

Corp launched shop lots for target groups, continued with Entrepreneur Development Programme in Johor's Large-er Chicken Industry Chain, with the aim of producing 80 ken breeder entrepreneurs by the year 2023.

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Corp continues to perform exceptionally and contributes to the State of Johor, let us work as a united force to achieve gh performing state to ensure the prosperity of the state, e well-being of *Bangsa Johor*.

on

## CHAIRMAN'S STATEMENT



# DATO' DR SAHRUDDIN BIN HAJI JAI

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## JOHOR CORPORATION'S NEW LOGO

1

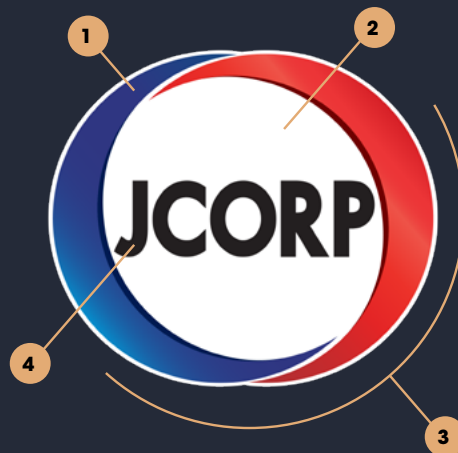
### CRESCENTS

The shape of two crescents that appear to be almost intertwined is put forth to denote JCorp's stance as an entity that ceaselessly adheres to and upholds the Islamic sharia.

2

### BACKGROUND

Against a white backdrop, the JCORP brand is written across it. This is the manifestation of JCorp's continued role of nurturing good values founded on sincerity and virtuous intentions, devotion and trustworthiness, as well as transparency and integrity in governance.



4

### JCORP

JCORP, the abbreviation for Johor Corporation takes central positioning on the logo so as to portray an entity that is sound and focused towards the purpose of its existence, pursuant to the Johor Corporation Enactment No. 4, 1968 (Amendment No. 5, 1995).

3

### COLOURS

Red and blue, being the DNA of the original logo are maintained as these are the colours taken from the Johor Darul Ta'zim state flag which signifies JCorp's standing as an agency dedicated towards the economic development of the state.



## Chairman's Statement

With its 50 years of experience, JCorp have shown determination and discipline in the corporate world. I am confident JCorp will be able to overcome challenges, guided by its Strategic Plan, supported with the strength of 60,000 employees.

Anchored by the expertise and experience it has garnered thus far, I hope JCorp will continue to discharge its role as an instrument of development for the state. This is evidenced by its many viable and sustainable businesses, while carrying out wide ranging and efficient corporate responsibility initiatives just as it had done, over 50 years ago.

JCorp's presence in the mainstream economy sees the institution's participation in the most modern sectors such as information technology, community broadband service, application development and assimilation of the latest technology into conventional economic activities. The New-Wave Wealth Generation project initiated by its fully-owned special purpose vehicle, N2W Corporation Sdn Bhd, is the right step forward in preparing and marking JCorp's entry into a new era dictated by Industry 4.0, artificial intelligence (AI) and augmented reality.

This report also contains details of JCorp, via its Industrial Development Division (IDD), successfully attracting investments totaling RM11.17 billion to Johor's industrial zone, creating more than 7,406 jobs.

Through IDD, JCorp was also able to offer 1,031 hectares of industrial land, particularly in the Pengerang Industrial Park (PIP) and Tanjung Langsat Industrial Complex (TLIC), to investors in the oil and gas (O&G) downstream sector and those in the heavy and bulk cargo industry. This initiative is in tandem with the government's aspiration to accelerate economic growth of O&G-related sectors and Industry 4.0, especially in the eastern part of Johor.

JCorp is resolute in its commitment of championing the Bumiputera agenda, especially in providing financial aid for business capital, developing business premises and initiatives to cultivate an entrepreneurial culture.

To that end, JCorp launched shop lots for target groups, continued with the Bumiputera Entrepreneur Development Programme in Johor's Large-Scale Halal Broiler Chicken Industry Chain, with the aim of producing 80 Bumiputera chicken breeder entrepreneurs by the year 2023.

JCorp has also been entrusted with the task of fostering the entrepreneurial culture amongst the younger generation. The aim of elevating the Bumiputera Entrepreneur Community was implemented via the Smart Entrepreneur Programme that was introduced in 1992. JCorp enhanced this programme in 2018 by adopting a more comprehensive method with the introduction of financial literacy programmes called *Cilik Kewangan Pro Du-It* and *Kelas Rancangan Usahawan* (KRU). The programmes positively impacted 2,500 students and this encouraged JCorp to further expand the programmes up to the national level in an effort to nurture the potential of students in the fields of accounting and entrepreneurship.

In the field of education, JCorp has continued to strengthen its three institutions, KPJ Healthcare University College, Malaysian College of Hospitality & Management, as well as the Johor Skills Development Centre. Offering the latest relevant courses, these institutes are geared towards cultivating and shaping skilled and professional human capital, including Bumiputeras, keeping in line with the growth of new businesses and industries.

To ensure that JCorp continues to perform exceptionally and contributes to the aspirations of the State of Johor, let us work as a united force to achieve the status of a high performing state to ensure the prosperity of the state, and ultimately, the well-being of *Bangsa Johor*.

**Johor Corporation**

**16 April 2019**

## CORPORATE STATEMENT



Group Financial  
Performance 2018



Revenue  
**RM5,616 million**



Profit Before Tax  
**RM415 million**



Profit After Tax  
**RM253 million**

**DATO'  
KAMARUZZAMAN  
BIN ABU KASSIM**

President & Chief Executive of  
Johor Corporation

**T**he year 2018 marks 50 years since  
Johor Corporation (JCorp) was established,  
which is a meaningful and significant  
milestone for JCorp proudly demonstrated  
by corporate and societal achievements.





## Corporate Statement

### A NEW ERA

The year 2018 marks 50 years since Johor Corporation (JCorp) was established, a meaningful and significant milestone for JCorp demonstrated by various achievements. Consistent with our 'Membina & Membela' mission, driven by our strategic plans, learning from mistakes and drive of our employees, JCorp proudly reaffirms commitment to continue championing its 3 major roles.

His Majesty the Sultan of Johor officiating the launch of JCorp's new logo on 29 November 2018.



Today, after years of hard work, JCorp and the people of Johor are proud to own brands that are well-known in the market.

Five decades of achievements for JCorp has translated into the ownership of big industry players, including Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, QSR Brands (M) Holdings Bhd, Johor Land Berhad, TPM Technopark Sdn Bhd, TLP Terminal Sdn Bhd and Damansara Assets Sdn Bhd. The Group's assets also continued to rise reaching a value of RM22,891 million in 2018.

Today, after years of tenacity and determination, JCorp and the people of Johor are proud to own brands that are well-known in the market such as Kulim plantation, KPJ hospitals, KFC and Pizza Hut restaurants, Bandar Dato' Onn, Tanjung Langsat Port, Angry Birds Activity Park, Menara KOMTAR, Menara JLand, KOMTAR JBCC, Larkin Sentral, the Sultan Iskandar Mosque in Bandar Dato' Onn, KPJ Healthcare University College, Klinik Waqaf An-Nur and the JCORP logo which adorns the football jersey sleeves of the JDT team.



Group Asset Value

**RM  
22,891  
million**

I have also been taken in by the fact that JCorp's 50th Anniversary has helped us to close ranks, uniting all the Group's companies in terms of commitment, human capital, resources and capabilities to form new synergies in order to continue JCorp Group's endeavours in the marketplace.

## Corporate Statement



### KULIM BUSINESSES

Despite the global market feeling the effects of a sharp decline in the price of crude palm oil (CPO) throughout 2018, Kulim Group was still able to register solid revenue of RM1.39 billion in 2018 as compared to RM1.53 billion previously.

As one of JCorp's core businesses, Kulim was able to deliver RM71.04 million in Profit Before Tax, in contrast to RM34.42 million in 2017.

By strengthening dedicated business strategies for each division, Kulim is confident and optimistic of its prospects to increase competitiveness and generate revenue especially with a focus in trade activities and the downstream segment that has greater commercial value. Kulim's vision of accelerating technology in the plantation sector was realised with the launch of Kulim's R&D centre and is expected to contribute to enhanced operational performance and contribute to growth in various parts of the plantation business.



More information on pages 30 to 35.

### SPECIALIST HEALTHCARE BUSINESSES

KPJ Healthcare Berhad (KPJ) capped off in 2018 with commendable achievements. Two new hospitals, KPJ Perlis and KPJ Bandar Dato' Onn opened its doors in 2018, bringing the total number of KPJ hospitals in Malaysia to 26. KPJ's favorable performance was underpinned by improved operational efficiency and an increase in the number of patients, which ultimately led to a rise in revenue totaling RM3.30 billion from RM3.20 billion recorded in 2017. Meanwhile, profit before zakat and tax for the year amounted to RM266.5 million against RM233.3 million in the previous year.

KPJ's success on the business front is complemented by its corporate responsibility crusade which included the operations of 24 Klinik Waqaf An-Nur situated all over Malaysia, with eight of its clinics managing dialysis centres, providing a total of 68 machines.

Prudent strategies were laid out and special packages were created by KPJ to promote healthcare tourism as a means of fueling and doubling its earnings which saw intensive campaigns being carried out in Indonesia, the Middle East as well as Indochina. To aid these efforts, two information centres were set up in Indonesia, and one in Bangladesh.

Advancement in digital technology is the way to strengthen KPJ's operations so that patients are given the best quality of service across all areas of customer service.



More information on pages 36 to 39.





## Corporate Statement

### FOOD & RESTAURANT SERVICES BUSINESSES

QSR Brands (M) Holdings Bhd (QSR Brands), is the operating entity of KFC restaurants in Malaysia, Singapore, Brunei and Cambodia and recorded encouraging performance in 2018, steered by steady progress in its core restaurant business, in addition to having the support of an integrated poultry business and other ancillary businesses.

Since the first KFC outlet opened in Malaysia in 1973, QSR Brands has expanded its chain of restaurants significantly with 713 restaurants in Malaysia, Singapore (84), Brunei (16) and Cambodia (11). Pizza Hut on the other hand, operates 394 restaurants in Malaysia and 78 more in Singapore.

For its growth strategy, KFC has drawn up a four-year expansion programme for its chain of restaurants in Malaysia, Brunei, Singapore and Cambodia. There will also be more efforts to intensify access to customers by leveraging on digital marketing created through a variety of strategic collaborations.

Total Number of  
Restaurants  
To Date

**824**

Residences Built  
by JLand

**36,700**

units

JLand's Assets

**RM  
1.39  
billion**



More information on pages 40 to 45.



### THE PROPERTY DIVISION

Johor Land Berhad (JLand) is JCorp's property development agent. With a 790 hectare land bank in strategic locations and a 46-year history, JLand expands its portfolio with the development of townships that are affordable, modern, intelligent, innovative and built with quality in mind. As of 2018, JLand has built and delivered more than 36,700 residential and commercial units to its clients.

Although the domestic property market was experiencing a downturn in 2018, JLand prevailed with good results by registering RM118 million in profit before tax for the year, versus RM71 million in 2017.

JLand's balance sheet remained solid with net assets at RM1.39 billion, up from RM1.31 billion over the same period.

Meanwhile, JLand completed multiple projects throughout 2018, which included a host of premier townships, specifically Bandar Dato' Onn, Taman Bukit Dahlia and Taman Mutiara Gading. JLand is committed to fulfilling the State Government's aspirations through the Johor Affordable Housing as well as constructing and handing over *Rumah Impian Bangsa Johor*, which is the brainchild of His Majesty The Sultan of Johor.

JLand's profile continues to improve with the completion of Menara JLand – a 37 storey 'A' grade office building that was accorded the green building certification, and started attracting tenants at the end of 2018.

As the SUKMA 2020 approaches, JLand has been tasked by the State Government with the building and upgrading of sports facilities and infrastructure at Arena Larkin which is to be the main venue for the event.



More information on pages 46 to 51.

## Corporate Statement



### THE INDUSTRIAL DEVELOPMENT DIVISION

The Industrial Development Division (IDD) is the main mover of JCorp's industrial development efforts. To date, IDD has developed 34 industrial areas which stretches 6,587 hectares across Johor. Despite the challenging real estate market in 2018, including in Johor, the demand for industrial real estate was still strong as demonstrated by IDD's investment flow to Johor which totaled RM11.17 billion, creating as many as 7,406 jobs during that period.

In line with the government's desire to expedite economic growth, especially in the oil & gas sector and in the sphere of Industry 4.0, JCorp through IDD, offered 1,031 hectares of industrial land, particularly in the Pengerang Industrial Park and Tanjung Langsat Industrial Park.



More information on pages 52 to 57.

7,406

Employment  
Opportunities Created

Total Investment

RM11.17 billion



### THE CORPORATE RESPONSIBILITY DIVISION

JCorp takes corporate responsibility seriously and classifies it as a crucial role to be executed by the Corporate Responsibility Division. A range of initiatives meant for the target groups and the less fortunate at the grassroots level have been outlined and carried out accordingly.

The programmes were organized through Waqaf An-Nur Corporation Berhad (WANCorp), Yayasan Johor Corporation and Koperasi Perbadanan Johor, which act as intermediaries in realising JCorp's mission and vision 'To Build and To Nurture'. The initiatives involve the giving of aid through welfare programmes, charity, training, sports, education and entrepreneurship.

On 18 June 2017, WANCorp launched a prospectus for Wakaf Saham Larkin Sentral with the objective of issuing 850 million units of new shares at RM0.10 per share, totaling RM85 million. Funds from the wakaf (Islamic endowment) was utilised in the upgrading works at the Larkin Sentral Terminal, covering several sections such as the bus platform, waiting area, online ticket system and also the construction of bazaar lots reserved for the target group.

WANCorp also plays a significant role in managing a network of mosques, namely Masjid Sultan Iskandar and Masjid An-Nur in Galleria@Kotaraya, Larkin Sentral, Bandar Pasir Gudang, Kompleks Pasir Gudang and Taman Cendana.

JCorp's philanthropic effort is also evident through the setting up of 24 Klinik Waqaf An-Nur (KWAN) located all over the country. KWAN was established in 1998 and has provided treatment to 1,759,993 patients as of 2018, including treating 154,282 non-Muslim patients. Apart from that, KWAN has also placed 68 dialysis machines at its clinics.

The Division also conducts a programme named *Jalinan Ukhawah*, provide funding via Dana Niaga, mobilised three community centres known as *Pusat Waqaf Komuniti* and united JCorp's volunteers under the *Briged Waqaf* banner.



More information on pages 60 to 65.

## Corporate Statement

### SOLID REVENUE, EQUITY AND ASSETS

As at 31 December 2018, the value of JCorp Group's asset increased by 4 percent, amounting to RM22,891 million. Being an agent of economic growth for the state, JCorp Group's contributions to the government are made through taxation which accounts for RM396.4 million, in the form of monthly tax deduction (MTD), business tax, goods and services tax, as well as sales and services tax (SST).

**In fulfilling its corporate responsibility, 2018 saw JCorp Group giving back RM95.12 million of its profit to the community and target groups.**

### JOHOR CORPORATION 50 YEARS CELEBRATION

Commemorating the 50<sup>th</sup> Anniversary of JCorp's incorporation on 18 May 2018, an assortment of activities were held to rejoice in the celebration of its Golden Jubilee. A *Yasin* recital, followed by the recitation of other religious versus or *Tahlil* and Islamic Thanksgiving Prayer which was held in 30 mosques throughout Johor. The anniversary was also an opportunity for JCorp to tour the district of Kempas, Pontian and Simpang Renggam to put into effect the *Jalinan Ukhuwah* programme in the hopes of building camaraderie and solidarity with the local community.

Not forgetting the support given by fellow media practitioners and the media community as a whole, JCorp's Media Nite was held in appreciation of their contribution. Kulim meanwhile had organised two challenging events - the Kulim Eco Trail Run and Kulim Kota Tinggi MTB Challenge.

### CORPORATE EVENTS



There were numerous corporate events, from official events to live programmes in 2018. Through this avenue, JCorp would like to take this opportunity to express our utmost gratitude to His Majesty The Sultan of Johor and Her Majesty The Queen of Johor for gracing a number of ceremonies organised by JCorp throughout the year.

On 29 November 2018, the Sultan of Johor officiated the launch of JCorp's New Logo, in conjunction with JCorp's 50 Years Gala Celebration Ceremony.

The Sultan of Johor also presented offer letters to applicants of Rumah Impian Bangsa Johor, Bandar Dato' Onn and Bandar Baru Majidee on 21 November 2018.

46 climbers from JCorp Group accomplished their mission in the Expedition of Conquering the Mount Kinabalu Summit





## Corporate Statement

The Queen of Johor graced the Document Exchanging Ceremony between QSR Brands and University Technology of Malaysia (UTM) for the establishment of Syed Naquib Al-Atas Chair in UiTM Johor on 23 September 2018.

Meanwhile, on 31 October 2018, His Royal Highness Tunku Ismail ibni Sultan Ibrahim, Tunku Mahkota of Johor launched the Rumah Impian Bangsa Johor Application System, as well as officiated the Opening of Yayasan Sultan Ibrahim Johor's Office at the Larkin Sentral Terminal Building Johor Bahru, Johor.

Prime Minister, YAB Tun Dr Mahathir Mohamad. launched KFC's new outlet on 20 September 2018 at UTMKL Residence, Jalan Semarak, Kuala Lumpur.

Another significant event was the Johor State Governance and Integrity Summit 2018 which was held on 5 November 2018. Themed 'Integrity Drives Organisational Sustainability', the conference was officiated by the former Chief Minister of Johor, YB Dato' Haji Osman Haji Sapian. Also in attendance was YB Dato' Seri Mohamed Azmin Ali, Minister of Economic Affairs.

### AWARDS & RECOGNITIONS

Kulim won a number of awards including the Gold Award for the Best Quality Leadership 2018 from the European Society for Quality Research in Las Vegas, USA. Kulim also won in three categories of awards at the 9<sup>th</sup> Annual Global CSR Summit and Awards 2017.

Kulim Pineapple Farm, meanwhile, won the Fresh Pineapple Exporter Award during the Malaysian Pineapple Industry Board's 60th Anniversary. Also worth mentioning was the Certificate of Appreciation awarded to Danamin (M) Sdn Bhd as an Improved Performance Contractor at the Petronas Contractor Forum 2017.

For its efforts in the digital space, KPJ Healthcare President and Executive Director, Dato Amiruddin Abdul Satar was declared the winner of the Digital Transformation Leader of the Year Award.

For the outstanding Menara JLand development, JLand won the Best Commercial Development Award at the StarProperty.my Awards 2018: Jewels of Johor.

To top it off, KFC Malaysia won the Putra Brand Icon Award 2018, in addition to QSR Brands' winning the Putra Brand Awards 2018.

### HEARTFELT TRIBUTE

JCorp is cognizant of the fact that its achievements are made possible by the staunch support and close cooperation from multiple parties. For that very reason, I, on behalf of JCorp would like to express my utmost gratitude and gratefulness to the Johor State Government, the Federal Government, stakeholders, all related agencies, banks and financial advisors for their unwavering commitment.

My appreciation and thanks also goes to our clients, strategic partners, as well as our biggest stakeholders, including all shareholders and institutions that invested in the Group's public listed companies and have pledged or given their commitment, towards all the corporate planning or business transactions for the entire 2018.

JCorp also wishes to put on record our most profound thanks and gratitude to our fellow Board Members for all their invaluable input and contributions, be it in the form of guidance, wisdom or experience that they have accorded.

It is clear that the contributions from all quarters has placed JCorp on a strong footing and as well as on platform to enable success as we navigate a new phase in our corporate journey. A journey to continue our business operations, carry out our mandate of developing the state as well as to discharge our corporate responsibilities as we seek to fulfill our vision and mission which is '*Membina dan Membela*'.

### ACKNOWLEDGEMENT

No group of people are more deserving of recognition than JCorp Group's dynamic employees who number over 60,000. They have fulfilled the responsibilities and trust bestowed upon them by working diligently in accordance with our work culture, infused with integrity and admirable values. They have shown efficiency, proficiency and mastery in their areas of work and these attributes ensure JCorp and its group of companies remain sustainable and relevant today. They are the real source of strength that has enabled us to rise up to face challenges while allowing us to flourish.

**Johor Corporation**  
**16 April 2019**

## CORPORATE PROFILE & INFORMATION

### 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 : +603-2787 2692  
Fax : +603-2787 2700

#### 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 are involved in core businesses encompassing:

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

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

KULIM business owns operations and has business interests in:

- Malaysia: 47,259 hektar.
- Indonesia: 8,345 hektar.\*

\*Area with Hak Guna Usaha.

Specialist Healthcare businesses spearheaded by KPJ Healthcare Berhad has expanded to:

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

Food & Restaurant Services span from Malaysia to:

- Singapura (KFC & Pizza Hut).
- Brunei (KFC).
- Kemboja (KFC).

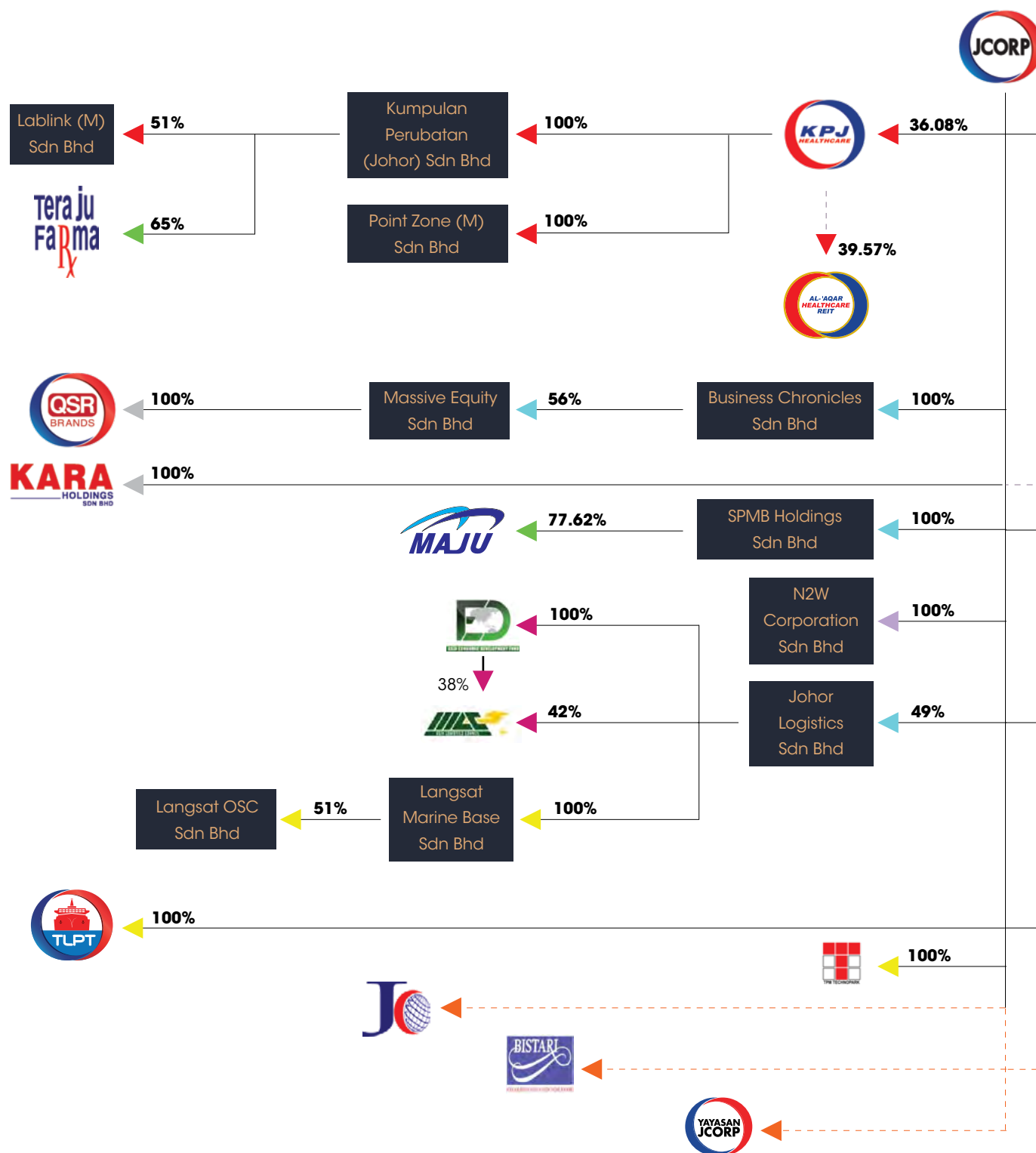
Four listed companies in Bursa Malaysia:

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



## BUSINESS & CORPORATE STRUCTURE

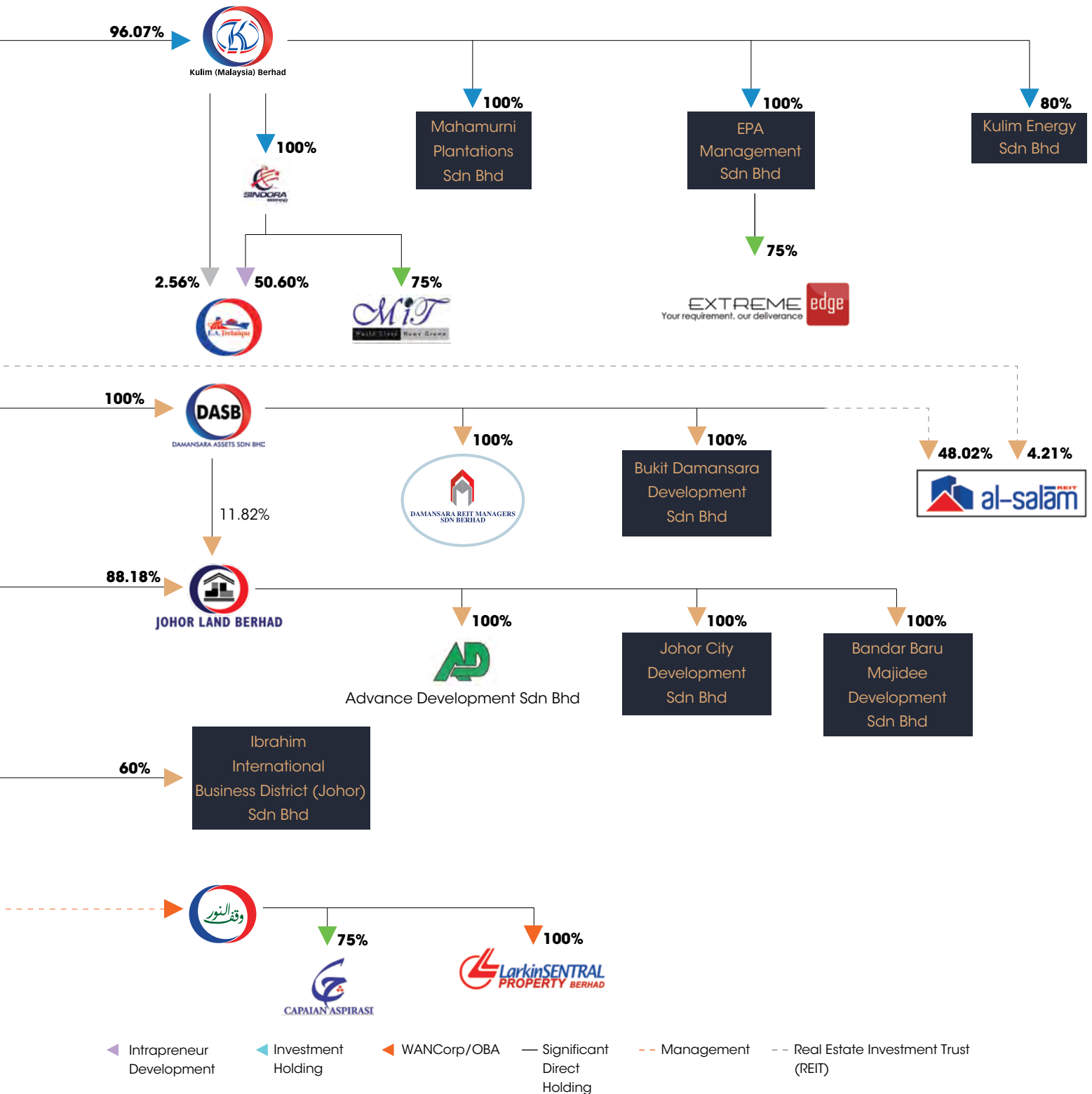
INFORMATION AS OF 31 DECEMBER 2018





## Business & Corporate Structure

Information as of 31 December 2018



## BOARD OF DIRECTORS' PROFILE

**YAB DATO' DR SAHRUDDIN  
BIN HAJI JAMAL**

Chief Minister of Johor  
Chairman, Johor Corporation

He was appointed as Chairman of Johor Corporation Board of Directors effective 14 April 2019. He holds a Medical Degree (MD) from the Universitas Hasanuddin, South Sulawesi, Indonesia. He is now the Chief Minister of Johor.

**YBHG TAN SRI DR ALI  
BIN HAMSA**

Deputy Chairman, Johor Corporation

He was appointed the Director of Johor Corporation effective 1 November 2009. Beginning 1 November 2011, he was appointed the Deputy Chairman as well as Independent Director of Johor Corporation. He holds a Philosophy Doctorate (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 was the Chief Secretary to the Government of Malaysia from June 2012 to August 2018.

**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 2009 and Acting President & Chief Executive of Johor Corporation beginning 29 July 2010.



## Board of Directors' Profile



### 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.



### 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.

### YB DATO' HAJI A. RAHIM BIN HAJI NIN

State Financial Officer of Johor

Appointed Director of Johor Corporation representing the State Government effective 20 October 2017. He holds a Bachelor of Arts (Hons) from Universiti Kebangsaan Malaysia. He is currently the State Financial Officer of Johor.





## Board of Directors' Profile

### YBHG DATUK SERI DR ISMAIL BIN HAJI BAKAR

Chief Secretary to the Government of Malaysia

He was appointed the Director of Johor Corporation representing the Federal Government effective 1 October 2017. He holds a Doctoral Degree in Economics and Bachelor of Business Administration from University of Hull, United Kingdom as well as Bachelor of Economics from University of Malaya. He is currently the Chief Secretary to the Government of Malaysia.



### YBHG DATUK 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.



### 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. Dato' Azman is currently the Chief Executive Officer of the Malaysian Investment Development Authority (MIDA). He has held many leadership roles in MIDA in his more than three decades of experience in industry development and investment promotion, as well as sitting on the Boards of large organisations. He holds a Bachelor of Engineering from Universiti Putra Malaysia.



## Board of Directors' Profile

**YBHG DATUK DR HAFSAH BINTI HASHIM**

Chairman, Investment Committee  
Board of Directors Johor Corporation

She was appointed Director of Johor Corporation representing the Federal Government effective 1 December 2013. Beginning 1 December 2015, she was appointed as an Independent Director of Johor Corporation. She holds a Bachelor of Applied Science from Universiti Sains Malaysia and Master of Business Administration from Aston University, United Kingdom.

**YB DATUK DR SHAHRUDDIN BIN MD. SALLEH**

Deputy Minister,  
Federal Territories Ministry

Appointed Director of Johor Corporation effective 15 June 2018. He holds a PhD from Bradford University, United Kingdom. He is now the Deputy Minister of the Federal Territories Ministry.

**YBHG DATUK IBRAHIM BIN AHMAD**

Chairman, Board Governance & Business  
Ecosystem Committee  
Board of Directors Johor Corporation

Appointed Independent Director of Johor Corporation effective 1 September 2017. He holds a Masters in Business Administration and Bachelor of Economics (Hons) from Universiti Kebangsaan Malaysia. He is also a Director of Malaysia External Trade Development Corporation (MATRADE).

**ENCIK ALFADZILAH BIN HAJI MAT ARIS**

Secretary 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 Deputy General Manager at the Office of the President & Chief Executive, Johor Corporation.



## BOARD OF INVESTMENT COMMITTEE



### CHAIRMAN

- 1. YBHG DATUK DR HAFSAH BINTI HASHIM**  
Independent Director

### MEMBERS

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

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



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

- 5. YBHG DATO' JAMELAH BINTI JAMALUDDIN**  
Independent Director

### SECRETARY

- 6. ENCIK ALFADZILAH BIN HAJI MAT ARIS**  
Secretary of Johor Corporation/  
Deputy General Manager  
Office of the President & Chief Executive



## BOARD GOVERNANCE & BUSINESS ECOSYSTEM COMMITTEE



### CHAIRMAN

1. **YBHG DATUK IBRAHIM BIN AHMAD**  
Independent Director

### MEMBERS

2. **YB DATO' HAJI A. RAHIM BIN HAJI NIN**  
State Financial Officer of Johor

3. **PUAN HAJAH ZAINAH BINTI MUSTAFA**  
Independent Director

### SECRETARY

4. **TUAN HAJI ONN BIN ISMAIL**  
Vice President  
Governance & Business  
Ecosystem Division

## BOARD TENDER & PROCUREMENT COMMITTEE



### CHAIRMAN

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

### MEMBERS

2. **YB DATO' HAJI A. RAHIM BIN HAJI NIN**  
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. **ENCIK 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

### 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 ABD 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. YBHG DATUK SERI MOHAMED AZAHARI BIN MOHAMED KAMIL

Managing Director  
QSR Brands (M) Holdings

#### 7. TUAN HAJI ZULKIFLY BIN ZAKARIAH

Executive Director  
Kulim (Malaysia) Berhad

#### 8. TUAN HAJI ONN BIN ISMAIL

Vice President  
Governance & Business  
Ecosystem Division



## Group Top Management Committee (TERAJU)



**9. TUAN HAJI MOHD SAHIR  
BIN RAHMAT**

Vice President  
Business Development  
Division

**10. ENCIK MOHAMAD SALLEH  
BIN MOHAMAD YUSOF**

Vice President  
Group Finance Division

**11. YM UNGKU HARUN  
AL'RASHID BIN AHMAD**

Vice President  
Group Human Resources  
Management Division

**12. ENCIK WAN AZMAN  
BIN ISMAIL**

Executive Director  
Damansara REIT Managers  
Sdn Bhd



**13. PUAN ROZANA BINTI RUSLI**

Vice President  
ICT Advancement Division

**14. PUAN WAN SU BINTI ALI**

General Manager  
Group Legal & Company  
Secretarial Department



JOINT SECRETARY

**15. ENCIK ALFADZILAH  
BIN HAJI MAT ARIS**

Secretary of Johor Corporation/  
Deputy General Manager Office  
of the President & Chief Executive

**16. PUAN NURALIZA  
BINTI ABDUL RAHMAN**

Manager  
Group Company  
Secretarial Department



## TERAJU KORPORAT COMMITTEE



### CHAIRMAN

#### 1. **YB DATO' KAMARUZZAMAN BIN ABU KASSIM**

President & Chief Executive

### 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 ZULKIFLY BIN ZAKARIAH**

Executive Director  
Kulim (Malaysia) Berhad



#### 5. **TUAN HAJI JAMALUDIN BIN MD ALI**

Senior Vice President  
Corporate Responsibility  
Division/  
Chief Executive Waqaf  
An-Nur Corporation  
Berhad

#### 6. **TUAN HAJI MOHD SAHIR BIN RAHMAT**

Vice President  
Business  
Development Division

#### 7. **ENCIK MOHAMAD SALLEH BIN MOHAMAD YUSOF**

Vice President  
Group Finance  
Division

#### 8. **YM UNGKU HARUN AL'RASHID BIN AHMAD**

Vice President  
Group Human  
Resources  
Management Division

#### 9. **TUAN HAJI BUKHARI BIN ABDUL RAHMAN**

Vice President  
Corporate  
Responsibility Division

## Teraju Korporat Committee


**10. PUAN ROZANA BINTI RUSLI**

Vice President  
ICT Advancement Division

**11. PUAN NORSIAH JURIANI  
BINTI JOHARI**

Vice President  
Group Branding and  
Communications

**12. YBHG DATIN SRI AZLIN  
BINTI TAN SRI ARSHAD**

Vice President  
Industrial Development Division/  
TPM Technopark Sdn Bhd

**13. PUAN WAN SU BINTI ALI**

General Manager  
Group Legal & Company  
Secretarial Department


**14. PUAN RABIATUL  
ADAWIAH  
BINTI ADNAN**

General Manager  
Land Management &  
Services Department

**15. PUAN HAJAH AZIAH  
BINTI AHMAD**

General Manager  
Group Financial  
Monitoring & Advisory  
Department

**16. ENCIK MD FAIZAL  
BIN ABDULLAH**

General Manager  
Group Corporate  
Strategy Department


JOINT SECRETARY
**17. CIK HAJAH NOOR  
LINDA BINTI IBRAHIM**

Manager  
Office of the President  
& Chief Executive

**18. PUAN NURUL AIDEA  
BINTI SENIN**

Manager  
Group Company  
Secretarial Department



## EXECUTIVE COMMITTEE (EXCO)



### CHAIRMAN

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

### DEPUTY CHAIRMAN I

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

### DEPUTY CHAIRMAN II

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

### MEMBERS

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

5. **PUAN HAJAH NORISHAH BINTI MOHD SETH**  
General Manager  
Human Resource  
Development  
Department



6. **ENCIK MOHD BAHRAIN BIN BAKORI @ BAKRI**  
General  
Manager  
Waqaf An-Nur  
Corporation  
Berhad

7. **ENCIK SHAMSUL ANUAR BIN ABDUL MAJID**  
General  
Manager  
Research  
and Business  
Development  
Department

8. **ENCIK MUHAMMAD FARID BIN ABDULLAH**  
General  
Manager  
Group ICT  
Advancement  
Division

9. **CIK NARIMAH BINTI ABDULLAH**  
General  
Manager  
(Operation)  
TPM Technopark  
Sdn Bhd

10. **TUAN HAJI SETH BIN JAMALUDIN**  
Deputy General  
Manager  
Johor Land  
Berhad

11. **ENCIK MOHD FADZIL BIN MD NOOR**  
Deputy General  
Manager  
Administration  
Department



## Executive Committee (EXCO)



**12. PUAN NOR  
AKMAR BINTI  
MOHD BIDIN**

Deputy General  
Manager  
Group Legal  
Department

**13. PUAN HAJAH  
NINA SAPURA  
BINTI RAHMAT**

Deputy General  
Manager Group  
Corporate  
Strategy  
Department

**14. PUAN ANISAH  
BINTI RAMDAN**

Deputy General  
Manager  
Group  
Compliance Unit  
Governance  
& Business  
Ecosystem Division

**15. ENCIK MOHD  
KAMAL BIN  
AHMAD**

Senior Manager  
Group Branding  
& Strategic  
Communications  
Department

**16. ENCIK  
MOHAMAD RIZA  
BIN ABDUL HALIM**

Manager  
Land  
Management  
& Services  
Department

**17. PUAN NURUL  
AIDEA BINTI  
SENIN**

Manager  
Group Company  
Secretarial  
Department



**18. PUAN NOR  
SAMSIAH  
BINTI MD NOH**

Manager  
Group Finance  
& Financial  
Strategy  
Department

**19. ENCIK MOHD  
NAZARUDDIN  
BIN ABU SAMAH**

Manager  
Human  
Resource  
Management  
Department

**20. PUAN YUS ZIANA  
BINTI SELAMAT**

Deputy Manager  
Group Financial  
Monitoring  
& Advisory  
Department

**21. PUAN SITI  
ROKIAH  
BINTI AHMAD**

Deputy Manager  
Group Taxation  
& Insurance  
Department

JOINT SECRETARY

**22. ENCIK MOHD  
FADZLI BIN ABU  
BAKAR**

Deputy Manager  
Office of the  
President & Chief  
Executive

**23. CIK NUR IZZATI  
BINTI AZMAN**

Executive  
Group Company  
Secretarial  
Department

## FINANCIAL REVIEW

AMOUNTS IN RM MILLION

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Corporation	
	2018	2017	2018	2017
Revenue	5,616	5,564	419	245
Gross profit	1,722	1,741	298	225
EBITDA*	1,038	1,420	203	192
<b>Profit before tax from continuing operations</b>	<b>415</b>	583	<b>167</b>	93
Income tax	(162)	(112)	6	1
Profit from continued operations, net of tax	253	471	173	94
Profit from discontinued operations, net of tax	(4)	(83)	-	-
<b>Profit net of tax</b>	<b>249</b>	388	<b>173</b>	94

### STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Group		Corporation	
	2018	2017	2018	2017
Non-current assets	17,957	17,346	6,092	5,880
Current assets	4,934	4,614	1,432	1,256
<b>Total assets</b>	<b>22,891</b>	21,960	<b>7,524</b>	7,136
Non-current liabilities	9,124	8,486	4,048	3,934
Current liabilities	4,707	4,617	1,198	1,069
Total liabilities	13,831	13,103	5,246	5,003
Total equity	9,060	8,857	2,278	2,133
<b>Total equity and liabilities</b>	<b>22,891</b>	21,960	<b>7,524</b>	7,136

\* 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 JCORP & GROUP (2014-2018)



	JCORP		GROUP	
RM (MILLION)				RM (MILLION)
<b>REVENUE</b>				
<b>419</b>		<b>2018</b>		<b>5,616</b>
245		2017		5,564
288		2016		5,355
574		2015		5,306
204		2014		4,587
<b>PROFIT BEFORE TAX</b>				
<b>167</b>		<b>2018</b>		<b>415</b>
93		2017		583
112		2016		541
262		2015		499
208		2014		601
<b>PROFIT AFTER TAX</b>				
<b>173</b>		<b>2018</b>		<b>253</b>
94		2017		471
120		2016		415
206		2015		381
221		2014		480
<b>TOTAL ASSETS</b>				
<b>7,524</b>		<b>2018</b>		<b>22,891</b>
7,136		2017		21,960
7,167		2016		21,547
6,643		2015		20,606
7,116		2014		22,072
<b>TOTAL LIABILITIES</b>				
<b>5,246</b>		<b>2018</b>		<b>13,831</b>
5,003		2017		13,103
5,122		2016		13,038
4,773		2015		11,406
5,456		2014		13,287



## ECONOMIC REPORT



Malaysia is well-positioned to weather any economic turbulence or shocks due to its strong fundamentals, numerous natural resources and a resilient economic structure, assuring the country will avoid any major problems in the long term.

### ECONOMIC REVIEW 2018

**A**fter growing at an average pace over four consecutive quarters since Q4 2017, Malaysia's Gross Domestic Product (GDP) showed an upward trend with Q4 2018 recording year-on-year growth of 4.7% compared to year-on-year growth of 4.4% in Q3 2018. Overall, Malaysia's 2018 GDP grew by 4.7%, a satisfactory performance compared to GDP growth of 5.9% in 2017.

The services sector grew at a faster rate of 6.8% (2017: 6.2%) while the manufacturing and construction seemed to have lost momentum with a slower growth of 5.0% (2017: 6.0%) and 4.2% (2017: 6.7%) respectively. The agriculture and mining sectors ended 2018 shrinking by 0.4% and 1.5% respectively, due to disruption to production and specific shocks linked to other commodities.

Strong domestic demand which grew by 7.2%, was led by the private sector, with both household spending and investments growing by 8.1% and 4.5% respectively.

The most significant event of 2018 for Malaysia was the result of the 14th General Election on 9 May 2018 where for the first time in 61 years, Malaysia witnessed a changed in the Federal Government with the handover of power to the Pakatan Harapan coalition. The coalition's commitment and perseverance in reviewing, organising and reviving various national policies led to the tabling of two important policy documents – the Mid-Term Review of the 11<sup>th</sup> Malaysia Plan on 18 October 2018 and Budget 2019 on 2 November 2018.

Post GE-14, especially in the second half of 2018, various policy measures were carried out including the abolishment of the Goods and Services Tax (GST), the implementation of the Sales and Service Tax (SST), the stabilization of RON95 petrol and diesel prices as well as stronger enforcement under the Price Controls and Anti-Profiteering Act 2011. Inflation was also muted, growing at a pace of 1.0%, the slowest since 2009.

After Bank Negara Malaysia raised the overnight policy rate by 25 basis points during the first Monetary Policy Committee meeting of 2018 on 25 January 2018, overall lower inflation has allowed the OPR to stay at 3.25% throughout 2018.

When compared against the beginning of the year, the Bursa Malaysia Kuala Lumpur Composite Index ended 2018 lower, falling 5.2% to 1,690.58 while the Ringgit slid 2.8% against the US Dollar to RM4.1335. The prices of two major global commodities that affected Johor Corporation was palm oil which fell by more than 20% in 2018, ending at RM1,952.50 per tonne and crude oil (Brent) that fell to US\$53.17 per barrel.

## Economic Report

### 2019 ECONOMIC PERSPECTIVE

Against the backdrop of a slowing global economy facing headwinds on multiple fronts, market consensus forecasts Malaysia's GDP growing by 4.5% in 2019 which is in line with Bank Negara Malaysia's forecast of growth between 4.3% and 4.8%. While this would mark the slowest growth since 2016, it is still commendable given the slower GDP growth of neighbouring countries in the region which are more developed than Malaysia.

Some of the global uncertainties in 2019 include the trade tension between the United States and China, a sub-6% GDP growth in China, sub-1% GDP growth in the Eurozone, uncertainty of Brexit and heightened geopolitical risk in the Middle East, Eastern Europe, South Asia and the Asia-Pacific. This is further compounded by rising household, corporate and national debt affecting countries around the world.

It would be no surprise for export-oriented industries as well as economic activities based on global demand to be affected due to all the uncertainties plaguing the world economy in 2019.



Meanwhile, private sector demand and private sector investments are expected to be engines of growths, compensating for the weakness in public sector spending due to the government's fiscal consolidation measures. In line with the slower global economic growth and effects of fiscal rationalisation, the services, manufacturing and construction sectors are likely to grow at a more moderate pace in 2019.

With clear signs of the economy slowing, Johor Corporation as well as its subsidiaries has planned a multitude of strategies to take into account a weaker economy, even though this is not the case yet. However, with the many warning signs, there is a risk of the situation suddenly escalating into a serious weakening of the economy that has a large chance of developing into recessionary mode.

As a whole however, Malaysia is well-positioned to weather any economic turbulence or shocks due to its strong fundamentals, numerous natural resources

and a resilient economic structure, assuring the country will avoid any major problems in the long term. Even in a challenging economic environment, many opportunities exist in every industry especially for services and goods that meet the needs and is affordable for the lower-income (B40) and middle-income (M40) groups.



Profit before tax rose to RM71.04 million, doubling up from RM34.42 million recorded in 2017. The main contributors to profits was the Plantations division that contributed RM49.97 million and the Oil & Gas division due to revision of costs from the Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) project by EA Technique (M) Berhad worth RM70.76 million.

Kulim is steadfast in returning value to its shareholders and in line with this commitment; the Board has approved a dividend payment of RM150 million for the financial year ending 2018.



## Kulim Businesses

Group  
Revenue

**RM1.39**  
billion

Profit  
before Tax

**RM71.04**  
million



**A**s a Johor Corporation (JCorp) company, the Kulim team has always shown its strong commitment and effort in creating value for its stakeholders as well as demonstrating our resilience even in a difficult business environment. The Group's revenue fell slightly to RM1.39 billion as of end-December 2018 from RM1.53 billion recorded in 2017. The Plantation division remained the main contributor to the group with revenue of RM843.68 million or 60.8% of total revenue.

**T**he Year 2018 was once again a very meaningful period for **Kulim (Malaysia) Berhad (Kulim)**, as the Group once again showed its stability, performing impressively even when faced with an uncertain environment.



## Kulim Businesses

### CORPORATE DEVELOPMENTS

In order to strengthen our core competencies, Kulim is focusing on the company's strengths to fine tune its portfolio of assets in order to have optimum returns for shareholders. This involves various corporate exercises such as liquidation of assets, investments, disposal of assets which are unprofitable or are no longer in line with the Group's strategic vision, as well as strengthening our existing businesses.

On 22 June 2018, Kulim received approval for a Plan of Development from the Indonesian government for a Production Sharing Contract (PSC) in West Sumatera. With this approval, Kulim targets to complete the conditional subscription and share purchase agreement (CSSPA) which is expected to be completed by the fourth quarter of 2019.

For a subsidiary of Kulim, Ea Tech, 2018 also saw the launch of two Fast Crew Boats, the M.V. Nautica Gambir and M.V. Nautica Langsat on 17 August 2018 and 28 September 2018 respectively. This is expected to contribute positively to the Group's finances in the current financial year and beyond.

On 1 November 2018, a 95% equity disposal in Pinnacle Platform Sdn Bhd that was owned by EPA Management Sdn Bhd to IV Kulim, Extreme Edge Sdn Bhd (EESB) was completed.

On 30 November 2018, the Group completed the 49% acquisition of Pristine Bay Sdn Bhd, owned by Johor Land Holding Sdn Bhd, and made it a full subsidiary under Kulim.



### Shareholders Dividend

**RM150 million**

On 20 December 2018, Kulim completed the disposal of Asia Economic Development Fund Limited (AEDFL) to Johor Logistics Sdn Bhd. This disposal was in line with Kulim's streamlining of its businesses and assets to focus on its core business of palm oil.

### AWARDS AND RECOGNITION



Global Responsible Business Leadership Award 2018



Best Quality Leadership 2018

- 10<sup>th</sup> Annual Global CSR Summit Award 2018
- 41<sup>st</sup> Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) 2018
- Malaysia International HR Awards & Dinner Presentation 2018: Best Quality Leadership 2018 (Gold).

## Kulim Businesses

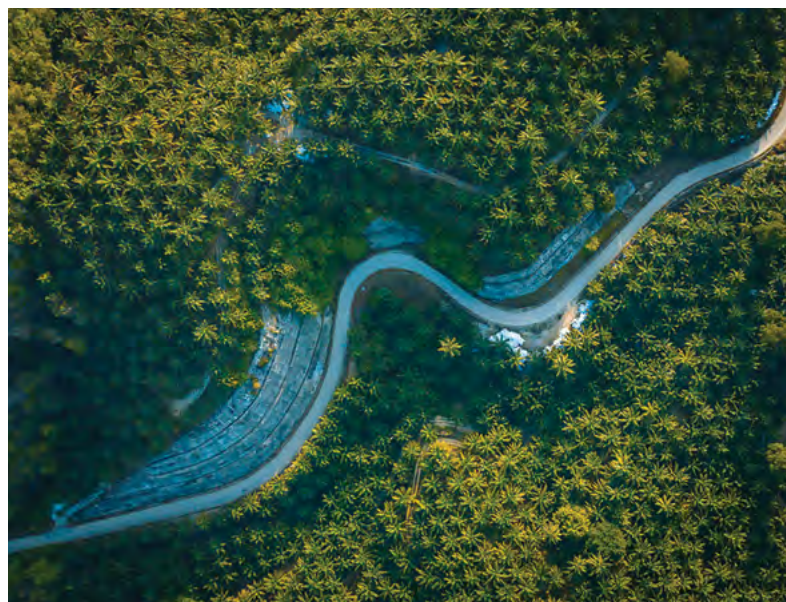
### SEGMENT HIGHLIGHTS

#### PLANTATIONS

##### Plantations in Malaysia

The year 2018 proved to be a challenging one for Kulim's Plantation's Division where the group was faced with much lower market prices for palm oil. However, the group's performance was better than the average yield in Johor and Peninsular Malaysia which recorded average yields of 19.63 tonnes and 17.44 tonnes respectively.

To strengthen its sustainability efforts, Kulim is committed to its replanting programme as it is an important to raise the age profile of our plants in order to achieve optimum productivity. For this purpose, 1,378 hectares were replanted in 2018 using high yielding clones.



##### Plantations in Indonesia

As of 31 December 2018, the total planted area in Indonesia is 8,345 hectares where 5,302 hectares is managed by PT Rambang Agro Jaya and 3,403 hectares is managed by PT Tempirai Palm Resources. The Group's rehabilitation programme for plantations in Indonesia was completed ahead of the April 2019 target. The Group's investment in the rehabilitation has paid off as it has led to a sharp increase in yield. Both plantations produced 5,856 tonne of Fresh Fruit Bunches, which is a 183.58% increase compared to 2,065 tonnes in 2017. Based on the condition of the plantations



and the improvement in the palms, both plantations have the potential to continue production at a satisfactory level for the long-term.

#### INTRAPRENEUR VENTURES (IV)

The Intrapreneur Ventures Division was set up as one of Kulim's core businesses and plays an important role in contributing to revenue, profit and shareholder value.

#### OIL & GAS

The Oil & Gas Division performed satisfactorily in 2018 and undertook many initiatives that will have positively impacted the sustainability of the business.

Danamin (M) Sdn Bhd, a company that provides engineering services and quality assurance that caters to niche industries, also recorded satisfactory performance in 2018.



#### Replanting Programme

**1,378  
hectares**



#### Total Palm Oil Planted Area in Indonesia

**8,345  
hectares**



#### FFB production - Indonesia

**5,856  
tonnes**

## Kulim Businesses

### AGROFOODS

#### Cattle Rearing Project

Kulim's involvement in the Agrofoods business complements the traditional palm oil business and is in line with the government's aspiration to comply with Good Animal Husbandry Practices. Under the Group's integrated segment, there are a total of 6,199 cattle in 2018 compared to 6,277 in 2017.

The feedlot is another component of Kulim's cattle rearing project that is managed by our subsidiary, Kulim Livestock Sdn Bhd (KLSB). As of 31 December 2018, the feedlot segment managed by KLSB has 280 cattle compared to 653 cattle the year before.

#### Pineapple Business

Kulim has been involved in the pineapple industry since 1994 through the MD2 pineapple farms managed by Kulim Pineapple Farm (KPF) located in Ulu Tiram, Johor. As of 31 December 2018, the total planted area of the premium MD2 pineapple variety is 219.82 hectares.

Marketed under the brand name of Melita, the demand for MD2 pineapples in both local and overseas markets is good. Total production of pineapples in 2018 amounted to 3,208 tonnes of which 92% were sold domestically with the remainder exported to countries such as the Iran, Lebanon, United Arab Emirates and China.



**Number of  
Cattle 2018**

**6,199  
cattle**



**M2 Pineapple  
Farm size**

**219.82  
hectares**



**Total  
Planted Area  
for Palm Oil**

**55,604  
hectares**



#### PROPERTY

Kulim aims to increase the value of the Group's land which will involve changing farm land owned by the Group into real-estate development projects, especially in strategic locations that have high population growth, housing and commercial demand. Kulim's first project is in Taman R.E.M and we target sales to start in the middle of 2019.

#### OUTLOOK AND PROSPECTS

##### Plantation Division

Kulim is determined to strengthen its core plantations business by increase total planted area which will then increase annual production of crude palm oil. By expanding the total planted area beyond the 55,604 hectares we have now, Kulim will be able to increase its involvement in trade and middle and downstream businesses.

##### Intrapreneur Ventures Division

Kulim intends to maintain the performance of the IV Group of companies and plan on exiting businesses that are not performing well, benefit from those that have matured and dispose some of our investments in our bid to optimise returns for Kulim. Robust planning and strategies are also in place in order for us to take on a challenging and ever-changing environment and market.



## Kulim Businesses

### Oil & Gas Division

Looking ahead, E.A. Tech is confident about the operational performance of its segment. With RM572.49 in its order book as of 31 December 2018, and a potential addition of RM216.65 million, the outlook remains strong. The company also has long-term contracts for its ships that ensure it has stable and recurring revenue.

For Danamin, its order book stands around RM305 million for five-year inspection & corrosion monitoring services contracts with Petronas. With regards to its steel pipe manufacturing activities, Danamin is targeting two contracts worth RM50 million with Malaysia Marine and Heavy Engineering which is expected to take place in June 2019.

Danamin's new business of maintenance is also growing with an estimated revenue of RM6 million from a variety of clients and covers areas like tank maintenance, general factories and all kinds of maintenance on different transportation vehicles.



### Agrofoods Division

Following the positive reception by the market for the MD2 pineapple, Kulim plans to increase its planted area for pineapples and has engaged 12 agropreneurs under the B40 category for a MD2 pineapple planting project in Tanah Abang, Mersing Johor. The area to be planted is 48.58 hectares and will be carried out in cooperation with the Malaysia Pineapple Industry Board.

Our aim is to be the main producer of MD2 pineapples and to promote the Melita as a premium but reasonably priced brand. We will also take part in downstream businesses that uses pineapples, such as selling juice, tarts, jam and chips.

For cattle rearing, Kulim plans to develop the planting of napier grass in Tebing Tinggi, Segamat and plans to have 12 hectares planted in 2019 to produce pellets from the napier grass.

### Property Division

The construction of 457 units of houses in Taman R.E.M, Kota Tinggi was completed in December 2018. Kulim targets to launch the sales of these houses in the middle of 2019. Looking forward, the Group plans to unlock the value of its landbank through disposals of its assets and improving the value of its land by changing the Group's farmland into real-estate developments.



## Kulim Businesses







## FINANCIAL PERFORMANCE

Revenue increased by 4% to RM3.3 billion, from RM3.2 billion in 2017. Profit before interest, tax, depreciation and amortisation rose by 18% to RM503.1 million in 2018 compared to RM428 million in 2017, driven by an increase in the operations of KPJ hospitals in Malaysia.



# Specialist Healthcare Division

Number of Hospitals

**26**  
hospitals

Years of Experience

**38**  
years



## SPECIALIST HEALTHCARE DIVISION IN 2018

**K**PJ Healthcare Berhad (KPJ), the specialist healthcare division under JCorp performed positively in 2018.

Following our involvement of almost 38 years in the private healthcare industry, KPJ now owns 26 specialist hospitals in Malaysia, two in Indonesia, one in Bangladesh and one in Thailand. KPJ also owns five aged care centres in Kuala Lumpur, Sarawak, Sabah, Pahang and Australia.

**A**part from specialist hospitals, KPJ also owns five aged care centres in Kuala Lumpur, Sarawak, Sabah, Pahang and Australia.



## Specialist Healthcare Division



Profit before zakat and tax reached RM266.5 million in 2018, compared to RM223.3 million the year before. KPJ recorded net profit of RM186.2 million in 2018 compared to RM166.9 million the year before. Some of the contributors to this achievement include two KPJ hospitals, namely KPJ Rawang and KPJ Bandar Maharani, which were generating profits since they started operations in 2014.

### Additional Hospitals

The year 2018 saw the officiating of the KPJ Perlis Specialist Hospital, the only specialist hospital in the most northern state of Peninsular Malaysia. The hospital was built together with Yayasan Islam Perlis and caters to all the needs of the local population as well as health tourists, especially from Southern Thailand.

KPJ Selangor Specialist Hospital was officiated by His Majesty the Sultan of Selangor on 22 December 2018. In the South, KPJ Bandar Dato' Onn Specialist Hospital in Johor was opened with 30 beds and 9 medical consultants.

Beyond just hospitals, KPJ Sabah also launched its Radiotherapy and Oncology Centre in Sabah on 9 December 2018. Apart from this, KPJ hospitals in the Klang Valley are developing treatment centres specifically to treat strokes.

### INNOVATION AT KPJ

#### Pharmacy Chain Facilities

The KPJ Healthshoppe (KPJHS) is an initiative to improve the marketability of its pharmacy chain. JX Pharmacy which was introduced at the end of 2018, acts as a branch outside the hospital and is owned by KPJHS. The business



concept of JX Pharmacy modern and contemporary, providing access to basic healthcare services.

The first JX Pharmacy is in Bangi, Selangor and there are expected to be more branches launched in strategic locations in 2019.

### Human Capital Management & Shaping a Culture of Corporate Integrity

KPJ is committed to developing human capital. With support from 13,711 employers, KPJ has ensured that deserving individuals are given the opportunity to further their education. Almost RM11.3 million has been spent to develop our employees in the areas of MedTech and digitalisation.

Through the Group Employee Share Option Scheme, a total of 267,253,656 units of shares have been set aside for employees who have served more than three years. Apart from this, the children of our employees are given the chance to earn scholarships to continue their education at the KPJ Healthcare University College and the Malaysian College of Hospitality and Management, which are both fully owned subsidiaries of KPJ Healthcare Berhad.

## Specialist Healthcare Division

### Health Tourism

KPJ has in place robust strategies for its healthcare tourism initiatives covering countries like Indonesia, the Middle East and IndoChina.

KPJ Johor is the main contributor to KPJ's health tourism segment, accounting for 40% of revenue. Most of these tourists seeking healthcare services are from Indonesia.

Three Information Centres were opened in 2018 in Batam and Palembang in Indonesia and Dhaka in Bangladesh.



### Corporate Responsibility

KPJ carries out all kinds of corporate responsibility initiatives, especially through the Waqaf An-Nur Clinic (KWAN). There are now 19 Waqaf An-Nur Clinics and five mobile clinics.

In 2018, following the approval of its new license in November, the KWAN located at Masjid Jamek Seberang Jaya, Pulau Pinang was relocated to a new building next to a mosque.

There are plans to open two more clinics, one in Masjid Kampung Pasir Baru, Semenyih, Selangor (under the management of KPJ Kajang) and one other in Masjid Kg Tengh, Kluang (under the management of KPJ Kluang Utama).

KWAN is also working to open more mobile clinics and is in discussions with the Kedah Zakat Board and the Sabah Islamic Council to carry out this noble effort.

### Awards

KPJ President and Managing Director, YBhg Dato' Amiruddin Abdul Satar, was awarded the Digital Transformation Leader of the Year in 2018 by the International Data Corporation.



Two KPJ hospitals, KPJ Ampang Puteri Specialist Hospital and KPJ Damansara Specialist Hospital were the first hospitals in the Asia Pacific to receive the *Gold-Level Excellence in Person-Centred Care* awards from Planetree International. The Planetree awards illustrates the high level of quality service and care at KPJ hospitals.

KPJ was also recognized as the Hospital of the Year at the Malaysia-Global Health and Travel Awards while also bagging the Reader's Digest Trusted Brand Awards. KPJ was also recognized as one of the Best Companies to Work in Asia 2018 by HR Asia.

### STEPPING FORWARD TO 2019

In line with the digital transformation 4.0, KPJ will continue to focus on digital marketing efforts through social media, mobile application and websites to expand its marketing reach. This will enable us to achieve our long-term goals as well as stable and sustainable development of the business.

## Specialist Healthcare Division

<b>SPECIALIST HOSPITALS</b>			<b>33</b>	
<b>26</b> Malaysia	<b>2</b> Indonesia	<b>1</b> Bangladesh	<b>PROGRAMMES ON OFFER</b> INCLUDING DEGREES AND PHD	
<b>NUMBER OF EMPLOYEES</b>			<b>1</b> University College	<b>2</b> Colleges
13,395	376	374	<b>ACCREDITED HOSPITALS</b>	
<b>MEDICAL SPECIALISTS</b>			<b>19</b> MSQH	<b>4</b> JCI
1,036	109	31	<b>NUMBER OF AGED CARE CENTRES</b>	
<b>NUMBER OF BEDS</b>			<b>4</b> Malaysia	<b>1</b> Australia
3,107	156	50		
<b>OCCUPANCY RATE</b>				
65%	45%	74%		







## KFC

In 2018, KFC recorded monthly business growth in Malaysia and Brunei, with KFC Malaysia recording an annual growth of 4.15% to 8.59 million monthly transactions while KFC Brunei recorded a strong growth of 7.13% to 87,050 transactions per month. KFC in Singapore and Cambodia, however, recorded lower monthly transactions. KFC Singapore in 2018 recorded 1.26 million transactions compared to 1.31 million transactions the year before. Meanwhile, monthly transactions for KFC Cambodia fell to 13.59% per month to 61,840 transactions in the same period.



# Food and Restaurant Services Business

QSR Brands total revenue

**RM4.6**  
billion

## QSR BRANDS (M) HOLDINGS BHD

**Q**SR Brands (M) Holdings Bhd (QSR Brands) performed well for Financial Year 2018, driven by the continuous collective growth of its core businesses and complementary farming business. QSR Brands benefited from the collective 'farm-to-fork' integrated supply chain and business to maximise profit margin, achieve operational efficiency and ensure supply, stability, quality and reliability.



**T**he restaurant business registered revenue of **RM4.17 billion in 2018** compared to **RM3.17 billion** the year before, following the opening of new outlets throughout the year as well as fully-operational branches that were opened in 2017.

## Food and Restaurant Services Business

During the year, the sales for KFC's core item on the menu, 'chicken-on-the-bone', increased by 74.6%, 48.8%, 72.5% and 52.4% in Malaysia, Singapore, Brunei and Cambodia respectively.

KFC's integrated vertical business structure enables the organisation to use high-quality halal ingredients and allows KFC to have control over its supply chain and cost through a safe, reliable and stable source of quality chickens. Research and understanding towards customers' demand according to each market also enables KFC to develop products that suits customer preferences.

KFC Malaysia is committed to enhance the customer experience with the introduction of QRPay in our restaurants through collaboration with Maybank. The new payment system allows cashless transactions for customers who use debit or credit cards.

KFC Malaysia, as of the end of 2018, now operates a total of 713 branches in Malaysia while KFC Singapore operates a total of 84 branches.

In FY2018, KFC Singapore was faced with various challenges, including the hiring and retaining of employees. This was due to many restaurant managers moving to developed countries to obtain Permanent Resident status. The problem was exacerbated by Singapore's amended labour laws, which impacted the hiring of foreign workers.



**KFC Malaysia  
transactions  
per month**

**8.59  
million**



KFC drafted a four-year development programme for KFC Malaysia, Brunei, Cambodia and Singapore to include its goal of opening 67 new KFC branches in Malaysia and Brunei, five in Cambodia and four in Singapore from 2018 to 2021.

### Pizza Hut

As of 2018, Pizza Hut now manages 394 branches in Malaysia and 78 branches in Singapore.

### Pizza Hut Malaysia

In 2018, Pizza Hut Malaysia registered a total of 17.16 million business transactions, which was slightly lower than the recorded 17.90 million transactions in 2017 against the backdrop of a competitive business environment in a challenging marketing segment.

Chain restaurants recorded an average of 1.43 million transactions per month in 2018 compared to 1.49 million transactions per month in 2017.

Pizza Hut Malaysia's food combo contributed a large percentage of the sales, which was 42.9% compared to 39.9% the previous year. This was followed by pizzas, which contributed 35.8% of sales compared to 37.4% in the same period while appetizers made up 11.2% of sales compared to 11.6% in 2017.

Pizza Hut Malaysia also offered extensive menus in premium branches including WOW, a take-away promotion, and promotional prices for ala carte pizzas. The extensive menus also included combo menus.



## Food and Restaurant Services Business



The company also rolled out several initiatives to retain its employees through the introduction of the TMX programme to boost their competency to ensure the best service to internal and external customers and to enhance the customer experience.

The company also organised the National Champion League competition to recognise the best employee among all the branches in Malaysia. Besides the national level competition, Pizza Hut also organised the Asia Pacific Champion League and Champion Club competitions for employees to compete at the regional level. Pizza Hut used the 'Going Extra Miles Service' (GEMS) as the instore hospitality motto to recognise customer service crew.

Moving forward, QSR targets to open 60 new Pizza Hut branches from January 2019 to December 2021. To strengthen our market position, we aspire to open 15 Pizza Hut stalls and place 15 mobile kiosks in 2019, which will cost between RM0.9 million and RM1.7 million for each outlet.

### Pizza Hut Singapore

Pizza Hut Singapore's sales were driven mainly by its pizza delivery services, which contributed 50% of the sales in 2018 and 45% in 2017. Meanwhile, the sales for dine-in increased from 35% in the previous year to 38% in 2018 and delivery sales recorded a slight increase from 15% in the previous years to 16%.

The food company also held sales promotions and widened its range of customers through brand campaigning that were supported by the Pan 2.0 product, the Cheesy 7 Re-hit national campaign as well as the Knotty Cheesy Pizza Christmas Campaign, which ran for the second consecutive year due to popular demand.

### Integrated Poultry Segment

- Ayamas Food Processing Sdn Bhd
- Ayamas Integrated Poultry Industry Sdn Bhd
- Region Food Industry Sdn Bhd
- QSR Manufacturing Sdn Bhd
- QSR Trading Sdn Bhd

The Integrated Poultry Segment contributed RM391.4 million profit in 2018 compared to RM544.4 million in 2017. The drop in feedmill sales was due to an improved formula in the feed, resulting in less feed needed for poultry farms. The reduction in profit was also due to the introduction of the 'Malaysia Financial Reporting Structure' (MFRS) 15 and reduced sales to third-parties.

The feedmill in Port Klang has a capacity of 14,000 metric tonnes per month and it supplies to the Group's breeder and broiler farms, as well as all our contract broiler farms. All our contract farmers must buy their supplies from our feedmill in Port Klang.

The feedmill capacity utilisation was 65.5% at the end of 2017 and it fell to 54.3% in 2018. This was due to an improved formula in the feed, which enabled our broiler farmers to reduce the amount of feed while producing the same number of broilers without reducing the weight of the broilers.





## Food and Restaurant Services Business

We have four breeder farms that supply hatchable eggs that are hatched in our hatchery centre in Salak Tinggi, Sepang, Selangor. Our breeder farms in Alor Gajah, Melaka; Bangi, Selangor; Linggi and Tampin in Negri Sembilan operate 64 breeder houses with a total capacity of 70.5 million eggs hatching in one cycle.

Our hatching centre in Salak Tinggi has a hatching capacity of 4.1 million eggs every month. This is based on an average of 136,000 eggs hatched by each incubator per month.

The hatchable eggs supplied by the breeder farms are sent to our hatching centres to produce Day Old Chicks (DOC). The DOC will then be supplied to broiler farms and contract farms to grow.

In 2018, the hatching rate dropped to 81.3%, from 82.4% in 2017. This was due to factors such as inefficient incubators and 'Low-Pathogenic Avian Influenza' (LPAI) disease in the breeder farm in Linggi in October 2018, which led to the culling of all parent stocks.

The company's main processing operation includes slaughtering and producing Halal processed chicken. JAKIM is the agency that authorises the issuance of Halal certifications in Malaysia. JAKIM has recognised



**Chicks  
Produced at  
Salak Tinggi  
Hatching  
Centre**

**32.84  
million**



the Ayamas poultry processing plant as the benchmark and reference point for the industry based on the company's effective and strict quality control.

The main product of our processing plant is the 'nine-piece cut chicken', which we supply to all our KFC outlets. Our processing operations use chickens produced by our own operations as well as products bought from third party suppliers that produce pre-cooked and cooked poultry.

The processing plant produces chickens that are fully cooked as well as chicken parts and -freezer-to-fryer products such as chicken patties, nuggets, burger patties, sausages and meatballs. This is to support our restaurant businesses as well as for the products to be sold in the open market under the Ayamas brand.

In 2018, the capacity utilisation in the poultry processing plant in Port Klang dropped from 92.0% in 2017 to 87.8%.

The sales, marketing and trading segment operates the sales, marketing and trading of the various food products under our brand name, as well as the brands that are owned by third parties, both domestically and internationally. The food products sold under this segment include prawn tempura and spaghetti, which are sold to our Pizza Hut outlets in Malaysia, beef patties (sold under the brand Dara to our KFC outlets in Cambodia) and frozen food products (sold under the Ayamas brand and exported to Maldives, Bangladesh, Indonesia and Mauritius).

## Food and Restaurant Services Business

The Ancillary Operations Segment consists of sauce manufacturing, bakery and commissary businesses.

Region Food Industries Sdn Bhd (RFI) is one of the leading sauce manufacturers in Malaysia with a production capacity of 3,384 metric tonnes of sauce every month. RFI produces sauces under the 'Life' brand, which is supplied to all KFC and Pizza Hut outlets in Malaysia and Singapore. RFI also supplies tomato sauce and chilli sauce to other fastfood operators. RFI products are available in supermarkets, hypermarkets and grocery stores in Malaysia.

RFI sauces are marketed under the brands of 'Life', 'Best's' and 'Best Choice'. The products are exported separately from the sales, marketing and trading segment of our integrated poultry segment. The products are available in the UK, France, Australia, New Zealand, Japan, Mauritius, Maldives, Dubai, Qatar, Arab Saudi, Brunei, Vietnam, Bangladesh and Singapore.



### Three Chicken Processing Factories

4.0 million

In 2018, an estimated 51% from the RFI sauce manufacturing was used by our restaurants while the rest were sold to external customers. We aim to maintain our RFI revenue growth by increasing sales to external customers through our new line-up of products and expanding our distribution through strategic collaborations with third parties at the international level.

Our bakery in Shah Alam produces buns, pizza dough and other confectionary products that are mainly supplied to our KFC and Pizza Hut restaurants. In 2018, 95% of our products that were produced in our bakeries were supplied to all our stores.

Our bakery has a production capacity of about 8.74 million buns per month, 1.14 million units of pizza dough per month and 99,941 units of other products (which include pastries like curry puffs, muffins and pies) every month. The Bakery recorded a capacity utilisation of 41.6% in 2018 compared to 44.5% in 2017. The decline was due to an upgrade of the bun production line that increased its production capacity by as much as 100%, with the previous production capable of producing only 4.37 million buns per month.

On top of our bakery operations, our commissary in Shah Alam produces coleslaw, fresh vegetable products and dairy products that are supplied to all our KFC and Pizza Hut stores. Our commissary is capable of producing about 1,108 metric tonnes of coleslaw a month, 102.7 metric tonnes of fresh vegetable products a month and 14.1 metric tonnes of dairy products (which include egg products and repackaged milk powder) every month.





## Food and Restaurant Services Business

### KFC & PIZZA HUT

Restaurant Business Revenue

**RM4.17** billion

KFC Malaysia	KFC Singapore	Pizza Hut Malaysia	Pizza Hut Singapore
<b>713</b> restaurants	<b>86</b> restaurants	<b>394</b> restaurants	<b>78</b> restaurants
Planned Openings		Pizza Hut Plans To Open	
<b>44</b> new restaurants		<b>150</b> premium restaurants	

Three Processing Factories

**4.0** million chickens a month

Four Farms Produce

**70.5** million hatchable eggs

Salak Tinggi Hatching Centre Produces

**3.3** million chicks a month







Since the end of 2018, JLand has built and handed over more than 36,700 residences as well as commercial units to customers. With wide-ranging experience in the industry, JLand is committed to positively and significantly contributing to the economy as well as to the development of Johor.

### FINANCIAL PERFORMANCE

The year 2018 was a challenging one for the real estate industry in Malaysia with unsold properties increasing to 48% and in Johor, this figure increased to 55% compared to the year before. This scenario has occurred due to the mismatch between the supply of new houses and the existing supply in the market as well as new policies implemented by the government and financial institutions.



## Property Division



Years In Operation

**46**  
years

Landbank

**790**  
hectares

### JOHOR LAND BERHAD

**J**ohor Land Berhad (JLand) takes on the responsibility of being Johor Corporation's real estate development agent. In operations for more than 46 years, JLand has a landbank of more than 790 hectares in strategic locations and will apply the latest innovations to continue to expand its portfolio with the development of modern townships, quality and affordable homes.

**In operations for more than 46 years, JLand has a landbank of more than 790 hectares in strategic locations and will apply the latest innovations to continue to expand its portfolio with the development of modern townships, quality and affordable homes.**

## Property Division

JLand was not spared from the effects of the market downturn. JLand's revenue fell to RM374 million for the year ending 31 December 2018, compared to RM481 million in 2017. However, even with the challenges and uncertainty faced in the real estate market, profit before tax increased by 66% to RM118 million compared to RM71 million from 2017. The quality of JLand's balance sheet remained strong with net assets rising to RM1.39 billion in 2018 compared to RM1.31 billion in 2017.

### KEY PROJECTS



#### BANDAR DATO' ONN

**612.7** hectares | **17,200** homes | **GDV RM8 billion**

#### BANDAR TIRAM

**438** hectares | **11,000** homes and commercial units | **GDV RM5 billion**

#### TAMAN MUTIARA GADING

**95.5** hectares | **1,928** homes | **GDV RM700 million**

#### TAMAN BUKIT DAHLIA

**168.8** hectares | **3,800** homes and commercial units | **GDV RM900 million**

### DEVELOPMENT OF AFFORDABLE HOMES IN JOHOR

JLand is committed to the achieving the aspirations of the state government's Rumah Mampu Milik Johor programme by building affordable homes in 10 locations in Johor Bahru, Pasir Gudang, Mersing, Batu Pahag and Muar. There are 4,915 more units that are expected to be completed by 2025.



- 304 units in Taman Seroja
- 630 units in Bandar Tiram
- 1,016 units in Bandar Dato' Onn
- 156 units in Kampung Dato' Ajib, Mersing
- 240 units in Kong Kong - Masai
- 64 units in Lenga Muar
- 320 units in Rumah Impian Bangsa Johor (RIBJ) Bandar Baru Majidee
- 488 units in RIBJ Bandar Dato' Onn
- 210 units in RIBJ Taman Mutiara Gading

Total as of 2020: 3,428 units

## Property Division

### RUMAH IMPIAN BANGSA JOHOR

His Majesty, the Sultan of Johor officiated the handover of the offer letter for RIBJ Bandar Dato' Onn and Bandar Baru Majidee on 21 November 2018.

### ROLE AS DEVELOPMENT AGENT

JLand has been entrusted by the state government and given a large responsibility to carry out construction and upgrading works for sports facilities and infrastructure to further develop the Larkin Arena in preparation for Sukma 2020. The state government has also entrusted us to redevelop culture and heritage buildings along Sungai Johor in support of the Kembara Wangsa Kota Tinggi programme.

### DAMANSARA ASSETS SDN BHD

Damansara Assets Sdn Bhd (DASB) is a fully owned subsidiary of JCorp and placed under the Property Division. As of 2018, DASB manages 230,000 square meters leased space worth nearly RM2 billion that is located in strategic locations in the Klang Valley and Johor Bahru, and with an average occupancy rate of 87%.

There are 1,528 tenants comprising various types of companies such as corporate bodies, government agencies, financial institutions, professional and private companies as well as small traders. Most of them are Bumiputera companies. Shopping complexes that are managed by DASB recorded an increase of visitors to 25.2 million visitors in 2018 compared to 24.7 million in 2017.

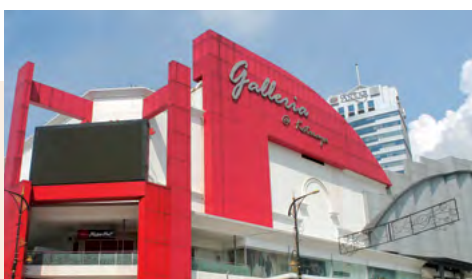
### 2018 Financial Position

DASB Group income was RM133.7 million as of 31 December 2018 compared to RM126.2 million for the same period in 2017. Most of the increase in revenue was because of rental incomes. Profit before tax for the Group for the same period was RM68 million compared to RM37 million in 2017. The increase in profit was due to increased revenue and cost savings due to prudent spending.

### Buildings managed by DASB



▼  
KOMTAR JBCC



▼  
GALLERIA@KOTARAYA



▼  
Pasaraya Komuniti @mart KEMPAS



▼  
Bangunan Malaysian College of Hospitality and Management

- Pusat Perniagaan Taman Dahlia
- Menara Komtar JBCC
- Larkin Sentral
- Menara Ansar
- Jeti Tanjung Leman
- Tunjuk Laut Beach Resort
- Menara VSQ1
- Menara KPJ
- Menara JCorp
- Masjid Sultan Iskandar, Bandar Dato' Onn, Johor Bahru
- Menara JLand



## Property Division

### B5 Johor Street Market

On January 13 2018, the development of the B5 Johor Street Market consisting of 226 trading lots in Pekan Tampoi was launched and is expected to be operational by the end of 2019. The first Tourist Commercial Centre in Johor, located in Pekan Tampoi occupies 2.4 hectares. The centre will see the five main elements coming together – a retail bazaar, box park, food trucks, food and drinks as well as an arts and cultures hub.

### Central Ticketing System

The comfort of visitors is DASB's main priority. As such, the public transport terminal at Larkin Sentral was upgraded from a conventional system to a Central Ticketing System that was fully operational from 1 July 2018. Customers can now buy bus tickets to all destinations through the counter, ticket kiosk or online. Upgrading works for this system at Larkin Sentral cost RM20 million.

### Upgrading of Taman Dahlia Business Centre

To increase the quality as well as the comfort of tenants and visitors, DASB upgraded the wet market at the Taman Dahlia Business Centre. As many as 67 tenants benefited from this and the total number of lots will now be 106 compared to 180 before. Upgrading works began in July and ended in December 2019.

### AL-`AQAR HEALTHCARE REIT

Al-`Aqar Healthcare REIT ('Al-`Aqar') was listed on the Bursa Malaysia Securities Berhad Main Board on 10 August 2006. Al-`Aqar has grown its portfolio to 22 properties comprising 19 hospitals and 3 healthcare related properties in Malaysia and Australia. Al-`Aqar is managed by Damansara REIT Managers Sdn Berhad (DRMSB or the Manager), a wholly owned subsidiary of Johor Corporation Group and supported by KPJ Healthcare Berhad (KPJ). As at 31 December 2018, Al-`Aqar's property value stood at RM1.48 billion with a market capitalisation of RM0.96 billion.



### Financial Performance

Al-`Aqar recorded revenue of RM102.6 million in 2018, an increase of 3% compared to 2017. Net property income (NPI) also increased by 3.6% to RM96.6 million from RM93.2 million in 2017.

Profit for the year was RM85.4 million (2017: RM82.2 million) comprising realised profit of RM61.0 million (2017: RM59.8 million) and unrealised profit of RM24.4 million (2017: RM22.3 million). Declared dividend for 2018 is 7.70 sen per unit totalling RM56.4 million, which represents 99% of the income available for distribution.

### 2017/2018 Awards

- KOMTAR JBCC: 'Best Shopping Centre' awarded at the '20<sup>th</sup> Malaysia Tourism Award 2016/2017'.
- KOMTAR JBCC: Sijil 'Low Carbon Building Assessment - Greenpass Operation'.
- UTC Johor in Galleria@Kotaraya: Anugerah UTC Cemerlang 2017.
- DASB: 'Productivity Champion' Award.
- DASB: Quality Environment Certification (QE/5S).
- DASB: ISO 9001:2015 Certification.

### Business Review

As of 31 December 2018, Al-`Aqar owns 22 properties in Malaysia of which 19 are hospitals and three are related to healthcare services. The Jeta Gardens Aged Care & Retirement Village in Australia is the only foreign property owned by Al-`Aqar. Based on KPJ's track record and service excellence as well as being amongst the largest healthcare services companies in Malaysia, Al-`Aqar's main tenant is committed to adopt new methods and has the ability to meet the ever changing needs of customers.

## Property Division



### Prospects

Al-`Aqar continues to attract the attention of investors who view REITs as a platform for attractive returns in the coming year. The growth of health tourism is also a good sign for KPJ's prospects and is recognition of the brand as a destination for quality healthcare through its high operating and service standards.

### AL-SALĀM REIT

Al-Salām REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 29 September 2015. The principal activity of the trust is to invest in Shariah-compliant properties. The Fund has a portfolio worth RM1.09 billion consisting of four main property segments which include Retail, Office, Food and Beverage (F&B), which consist of restaurant and non-restaurant outlets.

The Fund's property portfolio includes KOMTAR JBCC, Menara KOMTAR, @Mart Kempas, 22 KFC and Pizza Hut Restaurant outlets, five industrial properties and the Malaysian College of Hospitality & Management. All the assets are in strategic locations all over Johor Bahru and in main cities in Malaysia. The Al-Salām REIT is managed by DRMSB and as at 31 December 2018, Al-Salām REIT has a market capitalisation of RM469.8 million.

### Financial Performance

Al-Salām REIT recorded gross revenue of RM82.2 million for the year ending 31 December 2018, a growth of 2.6% compared to RM80 million in 2017. Profit for 2018 was RM40.3 million (2017: RM40.6 million) beating last year's profit of RM31.9 million (2017: RM35.5 million) with unrealised profits standing at RM8.4 million (2017: RM5.1 million). Declared dividend in FY2018 is 5.35 sen per unit totalling RM31 million, which represents 97.4% of the income available for distribution.



**Property Value of Al-`Aqar Exceeds**

**RM1.48 billion**

**With Market Capitalisation of**

**RM0.96 billion**



**Al-Salām REIT Property Portfolio Value**

**RM1.09 billion**

### Prospects

The retail sector will continue to be the main contributor to Al-Salām REIT's revenue going forward. Rapid development in Johor Bahru, including the development of the Ibrahim International Business District as well as the entry of local and foreign investments into Iskandar Malaysia is expected to improve the prospects of KOMTAR JBCC. The KFC and Pizza Hut restaurant assets will continue to be large contributors to the revenue of Al-Salām REIT.

## Property Division

### MENARA JLAND

JLand has taken another bold step in the property development sector with the construction of Menara JLand in the Johor Bahru city centre.

#### Awards

**'Best Office Development'**  
by Asia Property Awards  
(Malaysia) 2018

**'Best Commercial Development'**  
by StarProperty Awards 2018  
Jewels of Johor

**'Best Office Development (Malaysia)'**  
by Menara JLand dalam  
PropertyGuru Asia Property  
Awards Grand Final 2018

**'The Earth Conscious Award'**  
'Honours Winner'  
by StarProperty.my  
Award 2019



- 37 floors
- Grade A Office
- Certificate of Completion and Compliance (CCC) issued August 2018
- Green Building Index Gold certification
- 262,592 square feet of rental space
- Advanced Leading Edge Features:
  - Use of 'double glazed low-E windows' – reduces the heat from sunlight by 50% & reduces electricity use by as much as 73%
  - Maximise the use of resources like energy, water and fuel
  - Reduce the impact of the building on health and the environment
- Placed on top the Johor Bahru City Centre (JBCC) shopping centre
- Within the strategic Ibrahim International Business District (IIBD)
- Equipped with a 'Sky Garden' every two floors
- 'Observation Deck', 'Sky Walk', rooftop restaurant and a family entertainment space, Skyscape on the 34th floor





While 2018 was a challenging year for the industrial property sector in Malaysia, in Johor, demand for industrial property was still strong even with an uncertain global economy and IDD was able to attract investments of RM11.176 billion to Johor while creating 7,406 job opportunities.

In 2018, JCorp offered 1,031 hectares of industrial land, the majority of which was at the Pengerang Industrial Park and Tangjung Langsat Industrial Complex in line with the government's aspiration to promote economic growth in the oil and gas sector as well as Industry 4.0.



## Industrial Development Division

Industrial Zones

**34**  
zones

Investments Brought In

**RM90.08**  
billion



### INDUSTRIAL DEVELOPMENT DIVISION

**T**he Industrial Development Division is the developmental arm and key industrial developer of Johor Corporation with a track record of developing 34 industrial zones occupying 6,587 hectares throughout Johor.

**S**ince its establishment, IDD has pulled in investments valued at **RM90.08 billion** to Johor from **1,946 investors**. In 2018 alone, **IDD recorded investments of RM11.176 billion** to Johor and created **7,406 job opportunities**.

## Industrial Development Division

### SEDENAK INDUSTRIAL PARK

- a) **Sedenak Industry 4.0 Hub and Smart City Master Plan** - The Sedenak Industrial Park is part of the 19,982 hectare Sedenak-Kulai Smart Valley zone under Iskandar Malaysia. JCorp owns 2,384 hectares in this area which has been allocated to develop the Industry 4.0 Centre and Smart City.
- b) **Sedenak Iskandar Data Hub (SIDH)** - Malaysia Digital Economy Corporation (MDEC) and JCorp have collaborated to develop SIDH as an international standard data centre based on the principle of *live-work-play*. The development of the 121-hectare Tier 3 data centre began in 2016 and ended in December 2017, and is expected to be operational in 2020.
- c) **National Robotics Hub** - Johor Corporation and Siasun Robot Investment Co Ltd (Siasun) on 14 May 2017 had signed a Cooperation Intention Agreement (CIA) to develop eight projects comprising four centres and four institutes which will produce six outcomes within six years.



**Muar Furniture Hub Investments**

**RM1.3 billion**

development began in February 2018 and is expected to take five years to complete. For 2018, 119 hectares of industrial land was sold involving 118 lots. This hub is expected to generate investments of RM1.3 billion through the construction of 213 factories.

### PENGERANG OIL & GAS SUPPORT INDUSTRY

Johor Corporation will develop a 437 hectare industrial zone specifically for O&G supporting industries at the Pengerang Integrated Petroleum Complex (PIPC). Marketing has begun to attract downstream industry entrepreneurs in the areas of aromatics complex, chemical products manufacturing, storage yards for oil and gas equipment, and oil and gas engineering and services. The development of phase two of 117 hectares adjacent to phase one targets supporting activities for RAPID with a focus on small and medium industries as well as related O&G industry commercial services.

### MUAR FURNITURE INDUSTRIAL HUB

Johor Corporation has been entrusted by State Government to spearhead the development of a furniture park to fulfil the manufacturing requirements and marketing of furniture products especially in Muar. The project will enable furniture manufacturers currently operating on agriculture land in Muar to be relocated to a more systematic area, equipped with complete infrastructure facilities and amenities on a 399 hectare plot. Physical



### EXPANSION OF TANJUNG LANGSAT INDUSTRIAL COMPLEX (TLIC)

Tanjung Langsat Industrial Complex (TLIC) is Johor Corporation's industrial area that is meant specifically for heavy industries. As of 2018, 122 local and foreign investors have committed investments worth RM26.5 billion, of which 80 factories with an investment value of RM21.18 billion have already started operations. To cater to robust demand, Johor Corporation is planning to expand the zone further by 122.62 hectares.



## Industrial Development Division

### TLP TERMINAL SDN BHD

The management and operations of Tanjung Langsat Port (TLP) is led by JCorp's fully owned subsidiary company, TLP Terminal Sdn Bhd (TLPT) which set a new record in 2018 for the highest amount of cargo handled amounting to 14.3 million metric tonnes (MT), an increase of 27% from 2017. Petroleum based cargo contributed 93% of overall cargo handling with the remainder made up of edible oil (0.51 million metric tonnes or 4%) and bulk cargo (0.45 million metric tonnes or 3%).

TLPT also received approval from the Home Ministry on 28 February 2018 to increase TLP's Protected Area to 409.1 hectares whereas the 75.3 hectare Free Trade Zone was gazetted by the Federal Government on 9 April 2018.



**Amount of  
Cargo at TLP**

**14.3  
million  
MT**

### PORT BUSINESS

Located only 12 nautical miles from international shipping lane, and equipped with its berthing facilities and the capability of handling vessels of Suezmax and Aframax sizes, TLP is working to remain as a preferred harbouring destination among traders and investors. With seven berths for liquid cargo and two berths for dry goods/bulk cargo, TLP is also supported by components such as oil storage tanks, oilfield services & equipment (OFSE) as well as a regional marine supply base.

### ENABLER - FREE COMMERCIAL ZONE

JCorp has taken the initiative to add value for TLP investors by setting up a Free Commercial Zone (FCZ) within the port area to capitalise on the Port's strategic location and the increased capacity of available port facilities. The Ministry of Finance granted approval for JCorp to set up the 75 hectare facility in June 2016.

The FCZ was gazetted on April 2018 and operations began on November 2018. The aim is to make TLP an integrated logistics hub in the region. To date, JCorp has leased out 40 percent of available land within the FCZ.

### ENABLER - PALM OIL INDUSTRIAL CLUSTER

The Federal Government, through the Ministry of Plantation Industries and Commodities provided a grant amounting to RM103 million for the development of the Palm Oil Industrial Cluster (POIC) at the Tanjung Langsat Industrial Complex (TLIC). The complex comprises infrastructure facilities, office and factory buildings, biomass plant and oil storage tanks. POIC is



## Industrial Development Division

JCorp's initiative to add value to strategic investors in the palm oil industry. To date, 78 hectares (69 %) of the overall POIC is fully operational.

### ENABLER – JOHOR SKILLS DEVELOPMENT CENTRE

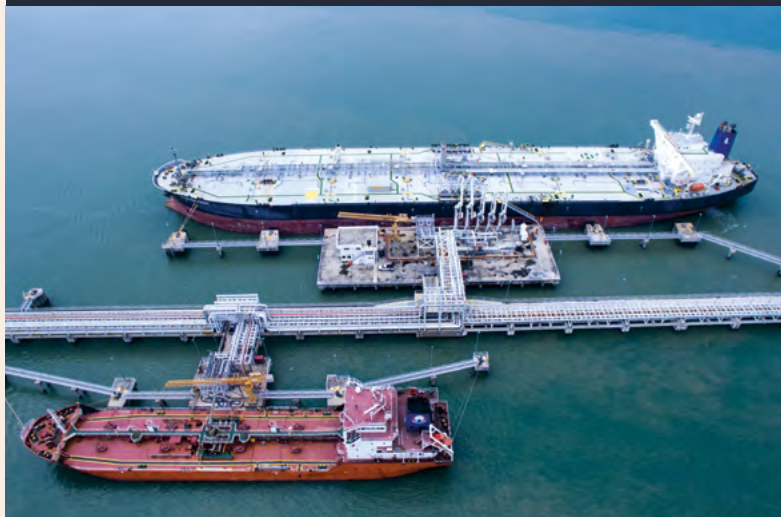
Johor Skills main role is to provide technical skills training programmes to produce skilled and semi-skilled manpower, in line with the needs and growth of the nation's industries. Throughout 2018, a total of 3,713 participants have attended courses and programmes organised by the centre. There are plans to offer training courses which are required by industries particularly in the O&G services industry and furniture manufacturing industry.

### PORT FACILITIES UPGRADES

The Division strives to continuously attract new investors to TLP through value adding and upgrading of port facilities and services:

- i. **Digitalisation and Technological Advancement**
  - With our aspiration to be a next generation port, TLPT has come up with a Digitalisation and Technology Plan to spur productivity gains and security. The first phase focuses on the improvement of our network infrastructure and port safety systems as well as innovations such as the Internet of Things and Big Data analytics.
- ii. **Contingency Planning and Emergency Response**
  - TLPT is active in its participation with the Pasir Gudang Emergency Mutual Aid (PAGEMA) and has participated in Port Emergency Training (EXS-PORT 2018) apart from emergency training on land as well as infectious disease control for EBOLA and patient evacuation management to hospitals.

**TLP has planned to improve its capabilities by adding two dry docks to meet the needs of our investors and port users**



### TPM TECHNOPARK SDN BHD (TTSB)

This wholly-owned subsidiary company of JCorp under the Division provides project management services for commercial and industrial developments and is also the sales and promotion agent for industrial properties owned by JCorp.

In 2019, TTSB will continue to be active in carrying out industrial development projects in Pengerang and Muar as well as other commercial projects. The industrial property market is expected to be more challenging due to the uncertainty of the global economy and factors beyond our control.

## Industrial Development Division



### MARKETING FOR INDUSTRIAL LAND

JCorp through TTSB is continuously focused on its mission of attracting investments to Malaysia, especially to TLIC as well as industrial zones in Sedenak, Pengerang and Muar. In 2018, TTSB actively took part in several trade missions organised by the Malaysian Investment Development Authority (MIDA) to Japan, South Korea and Europe as well as organising Business Networking events to build rapport with investors and stakeholders to open up business opportunities for TTSB or the Division. In 2018, TTSB achieved land sales of 186.2 hectares valued at RM477.11 million with sales collection reaching RM351.69 million.

### PROJECT MANAGEMENT

TTSB also plays a vital role as project manager where in 2018, TTSB managed 30 of JCorp and the Group's projects with an estimated value at RM105 million. In addition, TTSB also acts as project manager for projects awarded by the Prime Minister's Department via the State Development Office (SDO) of Johor. Throughout 2017, TTSB manages 11 SDO projects with an estimate value at RM19.3 million. Since 2011, TTSB has managed 65 projects valued at RM134.48 million. Through 2018, TTSB completed 23 projects valued at RM56.08 million that involved four commercial projects and 19 industrial projects mostly located in the Tanjung Langsat industrial zone.



**TTSB  
Completed 65  
SDO Projects**

**RM  
134.48  
million**

### CONSTRUCTION OF READY BUILT FACTORIES

The Premium Corporate Premises offers 14 units of ready built factories in Zone 12B Phase 2, Pasir Gudang Industrial Area and is TTSB's effort to generate diverse revenue streams. Equipped with the latest features in designed with a modern style, TTSB has sold seven units with more marketing promotions underway. TTSB, through JCorp, has also developed 30 ready built factories in the Pasir Gudang Industrial Area a RM30 million Federal Government grant. Built to cater for Bumiputera small and medium players, it has been completed and we expect to be able to obtain the Certification of Completion and Compliance by the second quarter of 2019.

### INDUSTRIAL PARK MANAGEMENT

To add more value to investors, TTSB was appointed to provide Industrial Park Management services for all JCorp-owned industrial zones. The plan to implement this is complete and we expect to embark on this plan in 2020 for the Muar Furniture Industrial Park, Sedenak Iskandar Data Hub and the Pengerang Industrial Park.

### OVERALL PROSPECTS

Based on our five-year strategic plan, TTSB has proposed to increase its industrial land landbank which will be able to generate further revenue for TTSB and JCorp, with the development of more industrial zones. With the assumption that all the projects can be carried out without any obstacles, IDD is expected to maintain its status as one of the main profit and cash contributors to JCorp and cementing its development role for JCorp and the state of Johor.



## Industrial Development Division







Through the Intrapreneur 2.0 Scheme which began in 2017, Tiram Travel Sdn Bhd responded to the call for 'Intrapreneur Graduation' that has been set every five years. Waqaf An-Nur Corporation Berhad (WanCorp) sold 75% of its shares to Tuan Haji Md Yusoff Bin Abdul Ghaffar and Puan Hajah Sarah Binti Muhammad on 31 October 2018 with an overall price exceeding RM2,625,000. Throughout this scheme, the company has paid dividends amounting to RM7,378,743 to WanCorp.



## Business Development Division

Revenue of Intrapreneur Companies

**RM280**  
million

Number of Intrapreneur Companies

**21**

### INTRAPRENEUR

**A**s of 31 December 2018, there were 21 companies placed under the Intrapreneur 2.0 Scheme with a turnover of RM280 million. Overall profit before tax for the period was RM4.9 million compared with turnover of RM411 million and profit before tax of RM8.5 million the year before. Three intrapreneur companies posted profit before tax of more than RM1 million, despite the challenging economy.



**T**he performance of 21 Intrapreneur Companies under the auspices of Johor Corporation and companies in the Group performed well, recording revenue of RM280 million in 2018.

## Business Development Division



In 2018, there were some Intrapreneur Companies who underwent restructuring through mergers and acquisitions. The merger of Extreme Edge Sdn Bhd and Pinnacle Platform Sdn Bhd was executed as both businesses are the same. This merger was also aimed at strengthening internal resources as well as reducing competition between the companies as they eye a larger market share and diverse business activities, with the eventual mission of listing on Bursa Malaysia.

Two other Intrapreneur Companies, Kulim Safety Training & Services Sdn Bhd and Optimum Status Sdn Bhd were involved in restructuring through mergers as well as acquisitions.

Four companies, involving 12 entrepreneurs have been identified by JCorp in 2018 to implement the first phase of Johor's Large-Scale Halal Broiler Chicken Industry Chain that was launched in 2017, through the Bumiputera Entrepreneur Development Programme. In 2019, it is expected that four closed-system chicken houses will be constructed in Simpang Renggam and Kota Tinggi. The construction will be done in a uniformed way, following set specifications as well as complying with tight biosecurity measures and environmentally friendly features. JCorp targets the participation of 80 Bumiputera chicken farmers up to 2023 in this programme that is carried out in cooperation with SME Corp and Agrobank.

### BUSINESS DEVELOPMENT

JCorp's Business Development and Research Department, working together with Kulim, organised the JCorp Nature Guide Accreditation Programme from 4-20 September 2018 at the Kulim Eco Trail & Retreat, Sungai Tiram,

Johor. The programme is a development component in the Johor 2018 Budget Touch Points for the Sustainable Development of Mangrove Swamps in Sungai Johor and Sungai Lebam. It is targeted at creating responsible eco-tourist guides who have the Green Badge and are recognised by the Ministry of Tourism, Arts and Culture.

As many 31 people participated in this programme, a large majority being locals, including three who are Seletar Orang Asli. This programme is a JCorp initiative to raise the economic opportunities of the local community through eco-tourism and to support the state government's aspiration to turn Sungai Johor into a key eco-tourism destination in the state.

The participants of this programme are now involved in developing the Sungai Johor Tourism Package as well as being JCorp Ambassadors in raising and cultivating the awareness amongst visitors on the importance of the unique flora and fauna found in Sungai Johor, so that it will become a well-known tourist destination.

This programme has received the cooperation of the Ministry of Tourism, Arts and Culture, Perhilitan Malaysia, Johor Tourism Department as well as the Iskandar Regional Development Authority.



#### WAQAF AN-NUR CORPORATION BERHAD

##### Waqaf Saham Larkin Sentral

Larkin Sentral Property Berhad (LSPB) launched the Waqaf Saham Larkin Sentral Prospectus on 18 June 2017 through Waqaf An-Nur Corporation Berhad (WANCorp), a JCorp entity that has been appointed as Nazir Khas by the Johor State Religious Council.



## Corporate Responsibility Division

KWAN Treated

**154,282**

non-Muslim patients

**C**orporate responsibility is one of JCorp's main thrusts and the Corporate Responsibility Division ensures the Group carries out its corporate responsibility through activities that empower various communities at the grassroots level.



**J** Corp is overseeing several organisations under its purview such as **Waqaf An-Nur Corporation Berhad and Yayasan Johor Corporation** to drive its plans in 2018.



## Corporate Responsibility Division



**WANCorp manages the Masjid Sultan Iskandar at Bandar Dato' Onn as well as the chain of An-Nur mosques in Kotaraya, Larkin Sentral, Bandar Pasir Gudang, Kompleks Pasir Gudang and Taman Cendana**

LSPB issued 850 million units of its Initial Public Offering (IPO) at RM0.10 per share, totalling RM85 million. The shares were offered to institutions, corporations and public to subscribe to at least 1,000 units of shares at the value of RM100. The shares were then donated to WANCorp through Hujjah Wakaf. The donation fund will be used to upgrade the Central Larkin Terminal.

LSPB obtained approval from the Securities Commission to extend its subscription period until 17 May 2019 by registering the First Supplementary Prospectus WSLs on 17 May 2018.

### The Chain of An-Nur Mosques

WANCorp manages the chain of An-Nur mosques at Galleria@Kotaraya; Larkin Sentral; Bandar Pasir Gudang; Kompleks Pasir Gudang and Taman Cendana. WANCorp plays a vital role in ensuring the premises promote mosque activities and programmes through collaborations with the mosque committees.



**KWAN  
Prepared**

**68  
dialysis  
machines**

**Number of  
treatments**

**1.75  
million  
at a cost of  
RM5  
each**

Besides the chain of An-Nur mosques, WANCorp also manages the iconic Masjid Sultan Iskandar at Bandar Dato' Onn, which is now a Tourism Mosque to attract local and foreign visitors who wish to appreciate the architecture of the building as well as understand the religion of Islam further.

### Klinik Waqaf An-Nur (KWAN)

Since 1998, JCorp has developed 24 KWAN clinics throughout the country and offered services to all levels of society for a small fee of RM5. In 2018, KWAN clinics treated 1.75 million patients, including 154,282 non-Muslim patients.

The chain of clinics owns a total of 68 dialysis machines as of 2018 (as compared to 64 units in 2014) and has treated 350 kidney patients at a minimum charge of RM90. Beginning January 2019, the Hospital Waqaf An-Nur at Pasir Gudang changed its status to a KWAN clinic and offered health screenings as well as dialysis treatment.



## Corporate Responsibility Division

### Jalanan Ukhuwah

Jalanan Ukhuwah is a programme for the JCorp leadership to interact and foster closer ties with the local community through gotong-royong activities, free health screenings, mosque activities and donations to the needy. The activities were carried out through collaborations with Briged Waqaf JCorp, the Corporate Responsibility Division and the Strategic Communications Department. Twelve locations were selected in Johor in 2018 for Jalanan Ukhuwah in conjunction with JCorp's 50<sup>th</sup> anniversary celebration.



**As of 2018, JCorp has supported 413 micro entrepreneurs with a total financial support of RM943,300.**

### Dana Niaga

Dana Niaga was formed based on an interest-free financial support concept offered to micro entrepreneurs who wish to expand their business. Known as the Al-Qardhul Hassan, the initiative aims to expand Muslim-owned businesses, to move the Islamic economy as well as benefit Muslim entrepreneurs who are in need.

As of 2018, Dana Niaga has supported 413 entrepreneurs with funding totalling RM943,300. Dana Niaga received its Money Lender License from the Ministry of Well-Being, Housing and Local Government and is authorised as Syariah compliant by the Johor Mufti Department as well as WANCORP Syariah Committee. By obtaining the license, it further strengthens WANCORP's role as an ethical and well-managed money lender that helps small business owners who need financial support.

Dana Niaga has recently expanded its financing product with its latest product Tawarruq, which offers up to RM20,000 of business financing with minimum profit.



### Jalanan Ukhuwah Programme

## 12 locations

### Waqaf Community Centre

Waqaf Community Centre, established through the advantage of WANCORP's land-buying practices, was set up to offer sewing lessons for the needy community, single mothers as well as people with different abilities. Through sewing, the centre also helps to create an income opportunity for the communities.

To date, three Waqaf Community Centres have been set up, including Syarikat Velvet Textile in Kempas Town Centre, which operates as a mini factory that accepts bulk orders. It is run by five of the centre's former trainers. The other two centres are in Taman Bukit Tiram and Taman Bukit Dahlia.



## Corporate Responsibility Division



Besides sewing lessons, the community centre started offering barber lessons through five trainers and three instructors. As at December 2018, the Barber Community Centre in Kempas Town Centre underwent renovation and resumed operations in March 2019. The centre always has a maximum capacity of 15 trainers and five barber entrepreneurs.

### Briged Waqaf™

Briged Waqaf is a voluntary movement among employees in JCorp and companies under the Group. Among its achievements in 2018 was the Briged Waqaf Marching Ceremony, a biannual event on 28 October 2018 to foster and strengthen ties between the Group's leadership and the brigade members. The brigade's membership grew from 800 in 2017 to 1,219 in 2018. During the same period, the brigade also took part in a series of 12 gotong-royong activities through the Jalinan Ukuwah programme.

### YAYASAN JOHOR CORPORATION

#### Yayasan Johor Corporation Tuition Project

Established since 2012, the Yayasan Johor Corporation Tuition Project offers tuition classes to primary students who are chosen with the cooperation of the Johor State Education Department. As of 2018, a total of 5,295 students from 53 schools have benefited from the programme and the participants have shown excellent results in their exams.



#### Tuition Project benefited

5,295  
students



#### Pro Du-it Programme participants

1,800  
students

The tuition project is supported by JCorp Group of Companies namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Johor Land Berhad, QSR Brands (M) Holdings Sdn Bhd and Damansara Assets Sdn Bhd.

### Pro Du-It Financial Management Programme

This programme was first introduced in selected schools in Johor in 2017. In 2018, the programme was expanded to schools in the central zone of Kuala Lumpur and Putrajaya in the Federal Territories and Selangor. As at December 2018, a total of 1,800 students from 60 schools benefited from the programme, where every student was given a log book to record their daily expenses. It recorded a total of RM160,000 of savings, which was an average savings of RM140 per student compared to RM49 every student in 2017. This shows that the effort to create a "Financially Smart" generation aimed at children aged between 7 and 12 is beginning to bear fruit.



### Kelas Rancangan Usahawan Entrepreneurship Education

JCorp's involvement in entrepreneurship activities began in 1992 when the Tunas BISTARI programme was established to drive entrepreneurship in secondary school students in Johor. The initiative was further strengthened in 2016 through collaborations with the Johor State Education Department in a Memorandum of Understanding to establish "Kelas Rancangan Usahawan" (KRU), which focuses on Form 4 and 5 students in Commerce, Economy and Accounting streams. To date, 41 schools have been selected in the KRU programme involving the formation of 82 companies.



## Corporate Responsibility Division



KRU Programme Created

# 100 companies

Yayasan Johor Corporation moved closer towards realising its goal to create more potential entrepreneurs when it signed an MoU with the Federal Agricultural Marketing Authority (FAMA) and the Malaysian Pineapple Industry Board to provide training, exposure and entrepreneurial guidance to KRU participants.

### JDT Football Club Sponsorship

JCorp has been a co-sponsor of the Johor Darul Ta'zim (JDT) football club since 2013. The reason for the involvement is not only due to the millions of football viewers and supporters; it also symbolises JCorp's undivided support towards JDT's Royal Patron, His Royal Highness Brigadier General Tunku Ismail Ibni Sultan Ibrahim, Tunku Mahkota of Johor, in ensuring the development of Johor's football scene and strengthening JDT's foothold in the sport.

Through His Royal Highness Tunku Ismail Ibni Sultan Ibrahim's effective management, Johoreans are proud that JDT has been the Super League defending champion for five consecutive years from 2014 to 2018.

### Mutiara Johor Corporation



Mutiara Johor Corporation (Mutiara) was established for the welfare of female employees and wives of JCorp employees. The corporation is also active in organising various religious, social, education, welfare and sports activities.



Johoreans are proud that JDT has been the Super League defending champion for five consecutive years from 2014 to 2018.

## Corporate Responsibility Division



Every Mutiara Committee Member and bureau also ensures more members and its targeted groups benefit from their programmes. Mutiara held various programmes in 2018; among them were fardu ain classes, mortuary management classes and prayers (Solat Hajat) for the Group's employees' children sitting for UPSR, PT3, SPM and SPTM exams.

On 16 January 2018, Mutiara launched the '*Nak Masak Apa, Mak? Meh Mak Tunjuk...*' recipe book, a project in collaboration with Women Onwards (WOW) Kulim (Malaysia) Berhad and supported by JCorp and strategic project partner Ayamas.

Proceeds of the book were donated to the needy community such as single mothers, people of different abilities, those who are less fortunate as well as non-governmental organisations.

Mutiara also celebrated Asyura day by reciting the Anak-anak Yatim Baitul Maryam poem. It carried on its agenda with 'Sembang Santai' at Masjid Sultan Iskandar in Bandar Dato' Onn and co-organised the Solat Hajat Perdana Programme in conjunction with JCorp's 50<sup>th</sup> anniversary.

In the month of Ramadan, Mutiara went the extra mile in giving back to society by breaking fast together with the needy community. Mutiara also ensured the welfare of the Group's employees were taken care of through the 2019 Ramadan Charity Contribution for 900 employees.

### JSA AND MSA

JCorp continued to lead sailing activities through its involvement with the Johor Sailing Association (JSA) and Malaysia Sailing Association (MSA). Led by JCorp President and Chief Executive YB Dato' Kamaruzzaman Abu Kassim, who is also the appointed President of JSA and MSA, the associations remain active in promoting and developing the sailing sport locally and internationally. As a result, sailboat athletes have been dominating the local arena while some of them have shown promising results at the international level.



**At the 2018 Asian Games,  
Sailing Athletes Contributed**

## 5 medals

At the 2018 Asian Games in Jakarta, our sailboat athletes did exceptionally well when they won 1 gold, 1 silver and 3 bronze medals. It was a double joy occasion for the associations when two of its athletes got selected to compete in the Olympic Games 2020 in Tokyo, Japan.

### Johor Motor Club

Johor Motor Club comes under the umbrella of the Automobile Association of Malaysia (AAM) and it is one of the most active clubs in driving the development of motor sport in Johor. It has organised various races and championships within Johor, among which are:

- Johor Clubman Race
- Johor Sprint Challenge
- Saturday Nite Sprint
- Petronas AAM Malaysian Cub Prix
- Motocross Championship



Held at Persada Johor on 17 January 2018, the JCorp PEDOMAN 2018 involved over 1,000 employees from the company headquarters and other companies under the Group. The gathering saw the election of the new Chairman and Directors as well as the introduction of new employees and the awarding of MS ISO 37001:2016 Anti-Bribery Management System certificate to Pengerang local enforcement authority.



## Group Human Capital Management Division

PEDOMAN started  
**1985**

Estimate of employees involves  
**1,000**  
annually

**T**he Group Human Capital Management Division has organised various programmes and activities throughout 2018 including an annual gathering that has been held since 1985, known as Majlis Perhimpunan Dialog and Amanat (PEDOMAN).



**P**EDOMAN acts as a platform for JCorp to share the company's direction, business plan for the current year and recent year's achievements as well as gathering two-way feedback between the senior management teams in JCorp and employees.



## Group Human Capital Management Division

Another JCorp PEDOMAN session (Mid-Year) was held on 18 July 2018 to share the Group's latest developments and achievements based on the business plan that was drafted on 17 January 2018. Apart from adopting the sharing session approach during the two PEDOMAN meetings, employees were also given the opportunity to ask questions in a live dialogue with the JCorp President and Chief Executive.

The Human Capital Management Division had rolled out various initiatives among the Kopitiam Session from 23 January 2018 to 23 December 2018 to allow employees to obtain direct feedback from the Division's Vice-President. The Division also held the Human Capital Open Day (a platform to share recent developments on human resources) six times between 8 February 2018 and 23 December 2018. The Division also launched the integrated Human Capital Management System (HCMS)'s *HR Core* and *HR Recruitment* modules on 7 February 2018.

The Division organised Jom Sihat campaign with programmes such as Health Screening Briefing on 23 July 2018; Socso Health Screening Programme on 26 July 2018; Jom Sihat: JCorp 50 Years Run on 24 October 2018 and Eye Screening on 6 December 2018 as well as *senamrobik*.

The Division also participated in Kembara Kerjaya 5.0 that was initiated by the Johor State Government through collaborations with Johor State Swadaya Insan Unit and Johor State Manpower Department from 25 January 2018 to 28 January 2018. It included Johor Bahru (Iskandar Puteri), Batu Pahat, Muar, Kluang and Kota Tinggi.

During the year, the Division launched the Online Performance Evaluation System for JCorp employees and had organised 22 workshops on Key Performance Indicator Setting Phase, 15 workshops on Mid-Year Phase and 17 workshops on Year-End Phase.

### The Basic Management Programme targets executives who have served less than three years.



The implementation of the Balanced Score Card (BSC) was expanded to companies in the Group to ensure the goal is aligned right from the corporate or senior level to employee or individual level in departments and units. The initiative ensures the continuity of our efforts to strengthen the High-Performance Culture in JCorp is carried out holistically.

The Division continued with the Succession Planning Programme by focusing on a structural development programme for 30 high potential employees among the Group Leadership Talent Pool to improve the potential employees' leadership capabilities and prepare them for future succession. To further strengthen the succession planning process, the Division had drafted the Group Rotation Plan to shape employees with roles that will be needed in the Group's companies or departments in the future.

The Division had also developed five Technical Competency Dictionaries in 2018 and they are the Human Resources Technical Dictionary, Audit Technical Dictionary, Project Management Technical Dictionary, Contract Management Technical Dictionary and Engineering Technical Dictionary.



#### Succession Planning Involves

30 employees

## Group Human Capital Management Division



**The Upskilling Programme that aims to create accredited professional employees has been expanded to include Internal Audit, Risk Management, IT and Tax departments through accreditation by professional bodies.**

The Upskilling Programme will be continued with the development of five more technical dictionaries in 2019.

Meanwhile, the Division has implemented the JCorp Leadership Development Audit to identify the number of employees needed for mid-management to top management positions in the next three years.

The Division also continued to monitor students under the Johor Corporation Education Sponsorship Programme (JESP) in and out of the country. There was also continuous monitoring for Johor Corporation Chartered Accountancy Programme (JACP) trainees as the future pipeline of Chartered Accountants for Johor.

Preparations have been made for the trainees, who had completed three years of service in the selected accounting firms, to return and start serving in JCorp and companies under the Group after obtaining professional accreditation such as ICAEW, ACCA, MICPA and CPA Australia.

Meanwhile, JCorp launched the Group Management Associate Programme (GMAP) as an initiative to build a talent pool or group of employees who are talented managers. The programme was implemented through recruiting fresh graduates with excellent results in the related field and giving them full exposure for 24 months in JCorp and companies under the Groups.

The Upskilling programme that aims to create accredited employees has been expanded to include Internal Audit, Risk Management, IT and Tax departments through accreditation by professional bodies such as Certified Internal Auditor (CIA); Certified Information System Auditor (CISA); Certified Integrity Officer (CeIO); Enterprise Risk Manager (ERM); Qualified Risk Auditor (QRA); Information Technology Infrastructure Library (ITIL); Certified Data Centre Professional (CDCP) and Special Training Scheme To Be Tax Agent under Section 153(3) of Income Tax Act 1967.

Following the JCorp Leadership Management Development Framework (LMDF) that was approved in December 2016, a leadership orientation programme known as Basic Management Programme was formed and managed by the Human Resources Development Department - Academy. A total of 27 JCorp executives joined the programme which targets executives who have served less than three years. A total of 28 senior management officers from the Group also joined the Advanced Johor Corporation Leadership Programme (Advanced JLP), which is expected to end in April 2019.

In December 2018, a total of 34 participants from the Group's executive and mid-management levels completed the Johor Corporation Leadership Programme (JLP) Cohort 3, which started in January 2016. The structured programme, which took two years, started in 2013. To ensure the objective of creating the next generation of competent leaders carries on uninterrupted, JLP Cohort 4 was structured more comprehensively and to be in sync with current needs.

## Group Human Capital Management Division



To ensure the programme succeeds, a total of 23 employees who represented every department and division was selected as Culture Champions (CC).

JCorp through the Human Resources Development Department – Academy had drafted a programme known as the Self-Transformation Programme (STP). The planning and module development for the programme began in 2018 and is expected to take off in February 2019.



JCorp implemented the Culture Intervention Plan (CIP), which has entered phase two of corporate culture development in JCorp. The programme began in July 2018 and aims to strengthen the lifespan of Nilai Teras JCorp 2.0 among the employees, which was later transformed to the implementation of JCorp Culture Blueprint. To ensure the programme succeeds, a total of 23 employees who represented every department and division were selected

as Culture Champions (CC) as ambassadors in the planning and promoting of new ideas to strengthen and improve JCorp's corporate culture.

There was continuous improvement in the Quality Management System where the Recertification of ISO 9001:2015 by SIRIM QAS International Sdn Bhd is to be carried on until 2021. In 2018, JCorp received a certification for Quality Environment Practice (QE/5S) with 3-Star rating from the Certification Auditors of the Malaysia Productivity Corporation (MPC) on 30 October 2018.

JCorp continued with the agenda to encourage activities that improve innovation and quality culture at the internal level through the JCorp Q Convention organised on 12 and 13 December 2018 with the theme 'Business Continuation Through Quality and Innovation'. Participation increased to 34, compared to 27 the year before. The competition categories in the programme were Innovative and Creative Circle (ICC), Kaizen and Short Film.





business can change in the blink of an eye, quick action to support the business through knowledge that is supported by data has been the way of doing business in Johor Corporation.

Developing our Information Technology capabilities is critical to the business continuity of JCorp and a key issue that has to be managed holistically and continuously is the security aspect of IT.



## Group ICT Advancement Division

**A**t JCorp, we understand and are pushing ahead with digital transformation. This era is dictated by how we unlock the potential of data and information by analysing it and making decisions based on current needs to bring the company forward.

The understanding gained from this has changed the way we conduct business and interact with stakeholders. Acknowledging that the way we do



**T**he digital world holds endless opportunities, hence cyber security plays a key role in ensuring JCorp is competitive and that the interests of the company are taken care of.

## Group ICT Advancement Division

The year 2018 was a tremendous one in terms of achievements for the Group ICT Advancement Division through numerous programmes that were planned and implemented both internally and externally.

### ICT EVENTS:

#### 1. Digital Johor 4.0

JCorp participated in the Johor Digital Carnival 4.0 to promote its initiatives such as the JCorp Wifi, which is free high speed Internet access for Johoreans. This effort will enable Internet services round the clock in 309 locations and 800 public hotspots.

#### 2. CIO Circle

The CIO Circle was organised successfully by Kulim (Malaysia) Berhad (Kulim) and Johor Land Berhad (JLand).

Kulim exhibited its digital transformation journey in the palm oil industry that began years ago, as well on its process improvement through innovation and automation of work processes.

JLand meanwhile hosted a CIO Circle series with the theme 'Bandar Pintar, Mampu dan Mapan'.

#### 3. ICT Open Day 2018

The ICT Open Day enters its second year with a showcase of exhibits, seminars and demonstrations of the latest technology together with the cooperation of strategic partners as well as strategic ICT suppliers. This event received fantastic reception with over 300 JCorp employees and companies within the group attending.

In championing the Industrial Revolution 4.0, JCorp supports the state government's objective to shift Johor to the direction of a digital economy.

**In championing the Industrial Revolution 4.0, JCorp supports the State Government's objective to shift Johor to the direction of a digital economy.**



#### 4. Visit to Telekom Malaysia Network Operations Centre

Collaboration between JCorp and Telekom Malaysia (TM) was further strengthened following a visit by senior management to the TM Network Operations Centre in Cyberjaya. The visit was headed by Dato' Kamaruzzaman Abu Kassim, President and Chief Executive of JCorp to commemorate our collaboration in preparing Data Centre Hub services as well as creating interest amongst our delegates towards TM capabilities and progress in managing services as well as monitoring its network nationwide.

## Group ICT Advancement Division

### 5. Trend Micro Lab in Tokyo, Japan

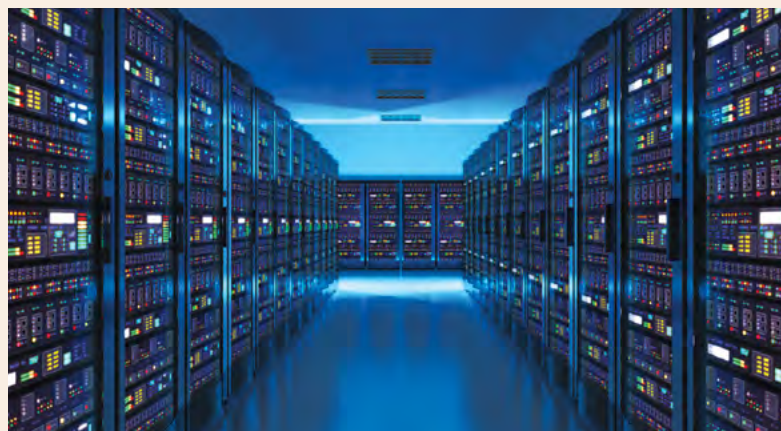
In order to fulfil the needs of a business that is always changing, JCorp intends to establish a Security Operations Centre (SOC) for the Group. The SOC will be managed by trained cyber security professionals to enable JCorp to manage incidents around the clock as well as monitoring and providing support if any security incidents occur.

In October 2018, JCorp and the Group visited an SOC in Japan. The visit gave the delegates the opportunity to evaluate the processes and technology there. Proactive security monitoring and responsiveness are the main factors required for managing security incidents. JCorp wants to ensure that its cyber security preparedness for the Group is amongst the best in the industry.

### DIGITAL TRANSFORMATION ACHIEVEMENTS

#### 1. Land Management System 3.0

The Group ICT Advancement Division as well as the Land Management Services Department worked together to improve the Land Management System 3.0. The system was developed together with Geographical Information Systems technology and involves the digitalisation of images that will add accuracy to the data regarding land assets owned by JCorp in the whole of Johor.



#### 2. Cyber Security Awareness

Many companies spend large amounts of money and resources to buy the latest technology but do not give as much attention to protecting their employees. The best technical efforts will fail if the company has a weak security culture. The fact of the matter is, humans and not technology, is the weakest link in cyber security.

JCorp understands the importance of continuous awareness programmes to nurture good security practices and improve the culture of security in JCorp. 'Phishing' simulations were also held to measure the gullibility of employees towards such social engineering tactics.

#### 3. Data Analytics Platform

JCorp's 6-Year ICT Masterplan considers data analysis as a Centre of Excellence in its core strategy of building the capabilities of a professional and competent workforce. In 2018, the *Big Data* and *Data Analytics* initiatives were developed not only to provide JCorp management with better tools in making decisions but also gives them the access to make use data from other organisations as well as information from all kinds of national and international sources.

Improvements to the Management Dashboard were also started in 2017 and helped in the decision making process throughout 2018. The Group ICT Advancement Division continued to develop its data analysis platform through cooperation with the healthcare and food sectors to enhance the division's service capabilities and the Data Analytics Platform.



## Group ICT Advancement Division



The Group ICT Advancement Division continued to develop its data analysis platform through cooperation with the healthcare and food sectors to enhance the division's data analytics service capabilities.

### 4. Data Centre Consolidation

To optimise the overall technology platform, in line with our ICT action plan, the ICT Advancement Division implemented the consolidation of various JCorp server rooms that were in different locations in the Group. This initiative is aimed at overcoming the single-point-of-failure risk as well as ensuring that ICT infrastructure was being fully utilised.

The plan for JCorp's Data Centre will position the data centre with opportunities for data centre services not only for JCorp but for the whole city of Johor Bahru and its surroundings.

### 5. Cyber Security and Governance

JCorp's Integrated Control Framework calls for comprehensive security controls that covers all areas that allows an organisation to effectively monitor all forms of risks in the IT environment. It was created as the basis for JCorp Group ICT's compliance and governance framework. The guidelines are used to develop mitigation and security action plans aimed at creating awareness about cyber security amongst all stakeholders.



## CORPORATE GOVERNANCE STATEMENT

Johor Corporation will remain steadfast in ensuring its corporate governance practices encompassing all its activities and businesses remains transparent. As a state corporation, JCorp is subjected to the laws of its formation which include the Johor Corporation Enactment No.4 / 1968 (as amended by the Enactment No.5 / 1995), the Corporation Act (State Legislative Competency) 1962 (Act 380) and Loan Guarantee Act (Establishment of the Corporation) 1965 (Act 96).

It is JCorp's policy to ensure the organisation and the companies under the Group practice good corporate governance principles with systems of control that are in line with the Government's initiatives. JCorp believes that good corporate governance will give confidence to our stakeholders especially among our investors while contributing to the progress and sustainability of our organisation.

### BOARD OF DIRECTORS AND BOARD COMMITTEES

To ensure smooth operations, facilitate the decision-making process and at the same time ensure appropriate controls, the Board is also supported by three other key committees, namely the Board of Investment Committee, Board of Governance & Business Ecosystem Committee and Board of Tender & Procurement Committee.



### BOARD DIRECTORS

#### Composition

As enshrined in the Johor Corporation Enactment No.4 / 1968 (as amended by the Enactment No.5 / 1995), the membership of JCorp's Board of Directors consists of:

- i. A Chairman that holds the post of Johor Chief Minister;
- ii. Deputy Chairman appointed by the Sultan;
- iii. Three representatives from the Johor civil service (holding the posts of state secretary, state legal advisor and state financial officer of Johor);
- iv. Directors of the Corporation that are appointed under Section 12 (known as President and Chief Executive);
- v. Three representatives from the Federal Government;
- vi. Three independent directors appointed by the Sultan who have qualifications, experience and expertise in areas of banking, manufacturing, housing, business, finances, professional services or administration.

All Board Directors are considered to be non-executive directors except for the Corporation's Director who is also the President and Chief Executive.

#### Role and Responsibilities

The Board of Directors is responsible for the overall performance of JCorp by setting its direction and objectives, ensuring that JCorp fulfils its main role as the leading developer of Johor's economy, and that it is done efficiently and effectively, through commercial business entities that are competitive and market leaders; as well as contributing to the welfare of the people through corporate responsibility initiatives.

The Board is also the catalyst of good corporate governance practices and has oversight of managing operations, financial and business performance, identifying risks and JCorp's internal controls.

## Corporate Governance Statement

### Board Directors Attendance

The Board meets to analyse JCorp's current performance and to discuss issues related to policies and business strategy in JCorp and the Group. The chairman may call for a meeting at any time and upon written request by not less than five Board Directors, may call a special meeting within one month from the date of such request. In 2018, the Board met three times.

No	Name	Position	Director (Independent/ Non- independent)	Date of Meeting			Date of Appointment
				BOD 181 5/3/2018	BOD 182 1/7/2018	BOD 183 7/10/2018	
1	YAB Dato' Mohamed Khaled Bin Nordin (Mantan)	Chief Minister of Johor/	Non-independent	/	(Change in Johor State Government Structure)		5/5/2013 - 11/5/2018
	YAB Dato' Haji Osman Bin Haji Sapian (Mantan)	Chairman, Johor Corporation	Non-independent		/	/	12/5/2018 - 13/4/2019
	YAB Dato' Dr Sahrudin Bin Haji Jamal		Non-independent		(New Appointment)		14/4/2019
2	YBhg Tan Sri Dr Ali Bin Hamsa	Deputy Chairman, Johor Corporation	Independent	X	/	/	1/11/2009
3	YB Dato' Kamaruzzaman Bin Abu Kassim	President and Chief Executive, Johor Corporation	Non-independent	/	/	/	1/12/2010
4	YB Dato' Haji Azmi Bin Rohani	State Secretary, Johor State Government	Non-independent	/	/	/	1/1/2017
5	YB Dato' Ishak Bin Sahari	Legal Advisor, Johor State Government	Non-independent	/	/	/	1/1/2014
6	YB Dato' Haji A. Rahim Bin Haji Nin	State Financial Officer, Johor State Government	Non-independent	/	/	/	20/10/2017
7	YBhg Datuk Seri Dr Ismail Bin Haji Bakar	Chief Secretary	Non-independent	X	X	/	1/10/2017
8	YBhg Datuk Siti Zauyah Binti Md Desa	Deputy Secretary General of Treasury (Policy) Ministry of Finance	Non-independent	/	/	/	11/3/2013
9	YBhg Dato' Azman Bin Mahmud	Chief Executive Officer Malaysian Investment Development Authority (MIDA)	Non-independent	/	/	/	1/3/2016
10	YBhg Datuk Dr Hafsa Binti Hashim	Board Director, Johor Corporation	Independent	/	/	/	1/12/2013
11	YBhg Datuk Seri Ibrahim Bin Ahmad	Board Director, Johor Corporation	Independent	/	/	/	1/9/2017
12	YB Datuk Dr Shahrudin Bin Md Salleh	Deputy Minister, Federal Territories Ministry	Independent		/	/	15/6/2018
13	YB Datuk Haji Md Jais Bin Haji Sarday	Chairman, Johor Housing And Local Government Committee	Independent	/	(Resigned after the 14 <sup>th</sup> General Election)		1/9/2013 - 16/4/2018



## Corporate Governance Statement

### JOHOR CORPORATION MANAGEMENT COMMITTEES

Johor Corporation has always supported the structure and decision-making system based on Syura's principles and practices. The President & Chief Executive Offices plays an important role in ensuring all decisions are approved by the relevant committees. The following are the main JCorp Management Committees:

1

#### Group Top Management Committee (TERAJU)

The committee is chaired by the President & Chief Executive and consists of 16 members whose roles include deliberating and deciding strategic issues of Johor Corporation and the Group of Companies. The Committee meets every month.

2

#### Teraju Korporat Committee

The committee is chaired by the President & Chief Executive with 18 members. The role of the committee includes verifying decisions made in various committees such as the Executive Committee (EXCO) and so forth. The committee meets weekly.

3

#### Executive Committee (EXCO)

The committee is chaired by the Vice President and comprises 23 members from the management of Johor Corporation. The Committee discusses matters pertaining to operations and finance and advances significant recommendations to the Teraju Corporate Committee for further consideration and approval. The committee meets weekly.



### COMPANY ADMINISTRATION SYSTEM

All secretarial functions in Johor Corporation are managed by the Group Company Secretarial Department. The function of the department is supported by certified company secretaries and it is responsible for ensuring that all companies within the Group comply with all statutory requirements under the Companies Act 1965 and the Listing Requirements on Bursa Malaysia and the Securities Commission's Guidelines, whichever is applicable. They are also responsible of ensuring that the Board members comply with the policies outlined and subsequently achieve the company's objectives.

In addition, the Group Company Secretarial Department is responsible for administering the appointment of company directors annually and ensuring that the terms of the designated appointments are fulfilled.

### CORPORATE GOVERNANCE IN JOHOR CORPORATION GROUP LISTED ENTITIES

There are four entities listed in the Johor Corporation on Bursa Malaysia namely KPJ Healthcare Berhad, Al-Aqar Healthcare REIT, E.A Technique (M) Berhad and Al-Salam REIT. As a listed entity, this company should implement good corporate governance and always comply with the rules and guidelines set by Bursa Malaysia where their shares are registered and listed. Each of these listed companies also has their respective Board of Directors and audit committees.

## Corporate Governance Statement

### STRENGTHENING OF JOHOR CORPORATION INTEGRITY AND CORPORATE GOVERNANCE

To strengthen internal processes and the corporate administration framework of JCorp while improving our role as a state economic institution, a few initiatives and programmes were implemented by the Governance & Business Ecosystem Division:

- i. Contract Management Course to enable officers who are involved with contracts a better understanding on contract procedures, usage of the correct forms and actions to be taken to mitigate issues arising from contracts.
- ii. Organising a Contractor/Consultant Selection Criteria Programme to identify the correct criteria as well as procedure is used in the selection process to enable a transparent, details and uniform selection of contractors.
- iii. Holding an Integrity Risk Management workshop to obtain the most current input regarding mitigations and interventions in order to institutionalise core integrity values as well as to prepare for the Anti-Bribery Management System ISO 37001:2016 certification.
- iv. Organising a Corporate Governance & Integrity Summit in Johor to improve the understanding and awareness about the importance of integrity to the sustainability of an organisation, sharpen corporate governance practices and maintain a good relationship between JCorp and its major stakeholders.
- v. Cooperation with the Malaysia Anti-Corruption Academy where 23 employees (including those from the Group) attended the Accredited Integrity Officer programme.
- vi. Holding the JCorp 2019-2201 Integrity Plan Workshop to foster a culture of integrity in line with JCorp's Core Values 2.0.

JCorp will continue to plan to strengthen its internal processes through other initiatives like the implementation of ISO 22301 – Business Resumption Management System and ISO 37001 – Anti-Bribery Management System.

In our efforts to continually improve Integrity in the organisation, JCorp has implemented the following policies:

1. No Entertainment or Gifts Policy  
To create a culture that does not accept any gifts or entertainment, before, during or while conducting official business with an employee.
2. Whistleblowing Policy  
The Whistleblowing Policy aims to facilitate the employees of Johor Corporation, contractors, suppliers, agents or any outside parties to disclose any improper conduct. This Policy also aims to provide protection against the identity of the whistle-blowers that makes disclosure of improper conduct.

### TRANSPARENCY

#### Transparency in Decision Making Process

Some examples of the implementation of transparency concept include the development of information infrastructure in the form of intranets and knowledge management. Under knowledge management, employees have the opportunity to provide a variety of information through suggestions and ideas. Through the Quality Convention, those who contributed to innovative ideas that could be implemented would be recognised or rewarded by Johor Corporation.

#### Transparency Among Business Partners

Johor Corporation has a communication channel for information delivery through the 'Borang Perakuan Peradaban' (since 2010) used by contractors and suppliers which have dealings with Johor Corporation. The contractor and supplier can provide information directly to the President & Chief Executive if they have any information about misconduct or irregularities among employees.

#### Transparency Among Employees

JCorp created the Borang Perakuan Peradaban Perkhidmatan for employees in order to trace and eliminate any kind of misappropriation which goes against the basic tenets and values of Islam. This is important to ensure that employees are honest and trustworthy in order to ensure the sustainability of JCorp's success.

## Corporate Governance Statement



In order to ensure KPI achievement can be achieved based on the targets set out, all employees must ensure that all decisions, plans, strategies agreed to be executed with dedication and commitment. To improve the KPI's achievement measurement, beginning in 2017, Johor Corporation has adopted a performance assessment based on the 'Balanced Scorecard' (BSC) concept to ensure that its actions and targets can be achieved as well as meet the objectives and goals of Johor Corporation for business sustainability. Subsequently, the Strategic Human Resource Management Department will present the results of the assessment to the Performance Evaluation Committee.

### ACCOUNTABILITY AND AUDIT

In presenting the annual financial statements, the Board stresses the accuracy of the financial statements presented so that a balanced assessment can be made on the financial position and prospects of the Group. The Board of Governance & Business Ecosystem Committee discusses the annual financial statements report to ensure that appropriate accounting policies are used consistently as well as supported with reasonable estimation and all applicable accounting standards have been complied with.

### Risk Management and Internal Control

The Risk Management Statement & Internal Control Statement which outlines the scope, duties and responsibilities, internal control features of Johor Corporation for the financial year ended 31 December 2018 is as stated in the Risk Management Statement and Internal Control Statement on page 79.

### Relationship with Auditors

The Board through the Board of Governance & Business Ecosystem Committee always maintains a transparent and sound relationship with the internal and external auditors. Further information on the duties and responsibilities of the Board of Governance & Business Ecosystem Committee may be referred to the Board of Governance and Business Ecosystem Committee Report on page 82.



## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

**Johor Corporation has implemented strong risk management and internal controls that are in line with good corporate governance practices. JCorp is always improving its risk management and internal control systems and is committed to manage risk and internal control in order to achieve its vision, mission and strategic objectives.**

### Risk Management

In order to achieve our vision, mission and objectives effectively, it is important for JCorp and the Group to have the ability to manage risk to a manageable level in order to assure our stakeholders. Effective risk management will improve JCorp and the Group's ability to make good decisions when reacting to a dynamic environment.

Johor Corporation's Risk Management Framework is based on best practice standards for Australia / New Zealand Risk Management (AS / NZS 4360:2004); Committee of Sponsoring Organisations of the Treadway Commission (COSO) in Organisational Risk Management – Integrated Framework (2004); and the International Organisation for Standardization – Implementation Principles and Guidelines (ISO 31000:2018).

Based on the principles and guidelines of the ISO 31000:2018, a complete risk management process involves systematic policies, procedures and practices like communication and consultation, context, identification, analysis, evaluating and treating risk, continuous monitoring, research, recording and reporting of risk. Through our risk management process, JCorp and the Group will be able to identify threats earlier and prepare strategies to mitigate the risk which will also aid our decision making process.

### Important Risk Management Initiatives Implemented in 2018

The following are the main initiatives carried out the Group Risk Management Department in 2018:

**Reviewed all Policies and Risk Management Work Frameworks in line with the latest ISO, ISO31000:2018**

**Held training for ISO31000:2018 Reducing Risk – Implementation Principles and Guidelines**

**Started our journey to ISO 22301:2012 (BCMS) – Policy Development and Framework Management of all Businesses (Business Resumption Management)**

### Group Governance & Business Ecosystem Committee

The formation of GGBEC was approved on 28 July 2017, in line with a resolution passed in the Audit Committee's 34<sup>th</sup> meeting. This Committee is in charge of strengthening and further improving the management, operations and business ecosystem of JCorp and the Group.

### Objective of the formation of GGBEC

It is to support the functions of the Board of Governance & Business Ecosystem Committee as an institution that carries out check and balance tasks and responsibilities as well as to improve the management and operations of JCorp and the Group.

## Statement on Risk Management & Internal Control

### GGBEC Terms of Reference

#### Review and discuss findings, conclusions and suggestions in relation to:

- Internal audit activities by the JCorp Group as well as suggesting appropriate actions to be taken next;
- Main risks that have been identified, category of risk, effects and mitigation as well as suggesting appropriate actions to be taken next;
- Improving corporate governance practices as well as good project management;
- The needs of top management, policies and the institution's procedures.

#### Aligning all matters that are related to ethics, management integrity, operations and business that are raised by the JCorp Group

#### All matters discussed by the Committee are considered private and confidential

#### The committee will manage any conflicts of interest that arise

#### Meeting procedures:

- Frequency – once a quarter
- Chairman – Head of JCorp's Governance & Business Ecosystem Division
- Member – Heads of Governance from the JCorp Group (Core Businesses)

For the year ending 31 December 2018, GGBEC met three times in May, July and November to discuss matters and reports related to governance in the areas of internal audit, risk management, compliance, integrity, project management and technical audit.

### Control Framework

The Group's strategy is formulated by the management team and approved by the Board. Management has the ultimate responsibility 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. Key Performance Indicator (KPI) and operating results are prepared and monitored against budgets.

### Operating Controls

The Group's management teams operate within the Group's guidelines on operating procedures designed to achieve optimum operating efficiency and 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.

## Statement on Risk Management & Internal Control

### 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 review by Board Investment Committee, before being presented to 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 Board Governance & Business Ecosystem Committee (BGBEC) on internal control weaknesses and monitors the implementation of recommendations for improvements.

### Internal Audit

Internal audit function of Johor Corporation is undertaken by the Group Internal Audit Department (GIA) and the department reports directly to the BGBEC. GIA receives reports from the Internal Audit Department of Johor Corporation Group of Companies for review and deliberations by the BGBEC. The department plans its internal audit schedules each year in consultation with the management; (yet independent from it) and the plan is submitted to BGBEC 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 (11) practicing CIAs throughout Johor Corporation Group.



## BOARD GOVERNANCE & BUSINESS ECOSYSTEM COMMITTEE REPORT

### Composition

BGBEC is chaired by Yang Berbahagia Datuk Ibrahim Ahmad, an independent member of the Board and consists of three (3) members.

Yang Berhormat Dato' Haji A. Rahim Haji Nin is a member of the JCorp Board and is currently the State Financial Officer of Johor.

Puan Hajah Zainah Mustafa is an independent member of the Committee and is a Fellow of the Association of Certified Chartered Accountants (ACCA) United Kingdom.

One other independent member, Yang Berbahagia Tan Sri Abu Kassim Mohamed resigned on 14 May 2018 after being appointed as the Director-General of the National Governance, Integrity and Anti-Corruption Centre under the Prime Minister's Department.

### Attendance at Meetings

BGBEC meets on a scheduled basis at least four (4) times a year. In 2018, BGBEC met on eight (8) occasions (including five (5) special meetings) as follows:

	DATE OF MEETING						
	26 FEB	20 APR (Special Meeting)	11 JUN (Special Meeting)	23 JUL (Special Meeting)	3 SEP	19 OCT (Special Meeting)	9 NOV 11 DEC (Special Meeting)
YBhg Datuk Seri Ibrahim Ahmad	/	/	/	/	/	/	/
YB Dato' Haji A. Rahim Haji Nin	/	/	/	-	-	/	/
Puan Zainah Mustafa	/	/	/	/	/	/	-
YBhg Tan Sri Abu Kassim Mohamed (resigned on 14 May 2018)	/	-	-	-	-	-	-

### Duties and responsibilities

The role of BGBEC includes:

#### Internal Audit

- Oversee internal and external audit processes in the Johor Corporation Group;
- Review and approve the periodical internal audit plans of GIA;
- Review and deliberate reports and findings pursuant to internal audit exercises by Johor Corporation and its Group of companies as well as propose the actions pursuant thereto;
- Ensure a comprehensive audit dynamics, governance and implementation framework for internal and external audit; and

- Catalyze a healthy and collaborative relationship between Johor Corporation internal and external audit functions with internal management and operations.

#### External Audit and Financial Statement

- Review the year-end financial statements of Johor Corporation, focusing particularly on:
  - Compliance with accounting standards and other legal requirements;
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit; and
  - Special emphasis.
- Meet separately with the external auditors;

## Board Governance & Business Ecosystem Committee Report

- Review the external auditors' management letter and response from management;
- Discuss the problems or observations arising from the interim and final work of the audit; and
- Recommend for approval to Board members on Johor Corporation's Financial Statements.

### Risk Management

- Ensure risk management process is comprehensive and continuous; and
- Review and deliberate the findings, conclusions and recommendations by the Group Risk Management Department in relation to key risk identified, their categories, impact and mitigation as well propose the actions pursuant thereto.

### Compliance

Ensures compliance of Johor Corporation's management, operations and business activities with key regulatory requirements, institutional policies and procedures.

### Inspectorate

Review and deliberate the findings, conclusions and recommendations by the Group Inspectorate and Project Monitoring Department as well as propose the actions to be taken to improve corporate governance and project management.

### Ethics and Integrity

Oversee, review and advice on matters pertaining to ethics and integrity of management, operations and transactions highlighted/raised by the Johor Corporation Group.

### Business Continuity Management

- Review, deliberate and advice the implementation of Johor Corporation Business Continuity Mission with the following emphasis:
  - Implementation of policies prescribed by Johor Corporation Strategic Innovation and Corporate Responsibility Frameworks;
  - Implementation of the projects stipulated in Johor Corporation Strategic Innovation and Corporate Responsibility Frameworks and the activities/ initiatives related thereto;
  - Creation of a conducive innovation ecosystem;
  - Business sustainability; and
  - Assessing the impact and outcomes of Johor Corporation Business Continuity Mission.

### Strategic Planning

If necessary, review and deliberate on strategic planning of Johor Corporation and its Group of Companies.

### Other Responsibilities

- Catalyze institutional commitment to strong and effective internal controls;
- Continuous review of policies related to audit, risk management, inspectorate and project monitoring, ethics and integrity and compliance vis-à-vis regulatory requirements, conflicts of interest and fraud prevention;
- Monitor current and pending key litigations and corporate governance related actions to which the Johor Corporation Group is a party; and
- Ensures adequate access to information required for the effective performance of Johor Corporation internal functions.

## Board Governance & Business Ecosystem Committee Report

### Summary of Activities

During the financial year ended 31 December 2018, included in the activities of the BGBEC were the following:

Review reports by the Board Governance & Business Ecosystem Committee which held meetings on 14 May 2018, 19 July 2018 and 2 November 2018

Review and approved the GIA Annual Audit Plan for the year 2018 and 2019

Review and deliberate reports and findings pursuant to internal audit exercises by Johor Corporation and its Group of Companies as well as propose the actions pursuant thereto

Discuss 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)

Review the adequacy of the scope, functions and resources of the external auditors, and that it has the necessary authority to carry out its work

Review the results of year-end audit by the external auditors and discussed the findings and other concerns of the external auditors

Review the implementation of the strategic initiative of Johor Corporation's Business Continuity Mission executed throughout the year 2018 by the Business Continuity Management Department

Discuss the findings reported by the Inspectorate and Project Monitoring Department and recommend for improvement towards better corporate governance practices and project management

Discuss the relevant Acts and Guidelines that governed Johor Corporation and its Group of Companies

Discuss the main risks facing JCorp and its subsidiaries as well as mitigation plans

Discuss the completion of initiatives and activities undertaken by the Group Integrity Unit throughout the year 2018

Review the current status of lawsuits involving Johor Corporation and its Group of Companies





# FINANCIAL STATEMENTS

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**REPORT OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
JOHOR CORPORATION  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Report on the Financial Statements**

**Opinion**

The Financial Statements of Johor Corporation and the Group for the year ended 31 December 2018 have been audited by my representative, which comprise the Statements of Financial Position as at 31 December 2018 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 90 to 293.

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 2018 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**

The audit was conducted 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**

- a. As stated in Note 2 to the financial statements, Johor Corporation adopted Malaysian Financial Reporting Standards (MFRS) on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Corporation as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Corporation for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Corporation for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and financial performance and cash flows for the year then ended.
- b. 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.



**(DATO' NIK AZMAN NIK ABDUL MAJID)**  
AUDITOR GENERAL  
MALAYSIA

PUTRAJAYA  
28 MARCH 2019



## 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 2018.

### PRINCIPAL ACTIVITIES

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

	<b>Group RM Million</b>	<b>Corporation RM Million</b>
Profit from continuing operations, net of tax	253	173
Loss from discontinued operations, net of tax	(4)	-
Profit net of tax	249	173
Profit attributable to:		
Owner of the Corporation	99	173
Non-controlling interests	150	-
	249	173

### 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 during the financial year and during the period from the end of the financial year to the date of the report are:

YAB Dato' Haji Osman Bin Haji Sopian	(Chairman appointed on 12 May 2018)
YAB Dato' Mohamed Khaled Bin Nordin	(Retired on 11 May 2018)
YBhg Tan Sri Dr Ali Bin Hamsa	(Deputy Chairman)
YB Dato' Kamaruzzaman Bin Abu Kassim	(President & Chief Executive)
YB Dato' Haji Azmi Bin Rohani	
YB Dato' Ishak Bin Sahari	
YB Dato' Haji A. Rahim Bin Haji Nin	
YBhg Datuk Seri Dr Ismail Bin Haji Bakar	
YBhg Datuk Siti Zauyah Binti Md Desa	
YBhg Dato' Azman Bin Mahmud	
YBhg Datuk Dr Hafsah Binti Hashim	
YBhg Datuk Ibrahim Bin Ahmad	
YBhg Datuk Dr Shahrudin Bin Md Salleh	(Appointed on 15 June 2018)
YB Datuk Haji Md Jais Bin Haji Sarday	(Retired on 16 April 2018)

### DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 10 to the financial statements.

### OTHER INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the Financial Statements of the Group and of the Corporation were prepared, the Directors took reasonable steps to ascertain that:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including values of current assets as shown in the accounting records of the Group and of the Corporation had been written down to an amount which the current assets 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.

## Directors' Report

### OTHER INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

- (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.
- (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 have 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' HAJI OSMAN BIN HAJI SAPIAN**  
Chairman



**DATO' KAMARUZZAMAN BIN ABU KASSIM**  
President & Chief Executive

Johor Bahru

28 MAC 2019

## STATEMENTS BY CHAIRMAN AND ONE OF THE DIRECTORS OF JOHOR CORPORATION

We, Dato' Haji Osman Bin Haji Sopian 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 Malaysian 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 2018 and of their results and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors:



**DATO' HAJI OSMAN BIN HAJI SAPIAN**  
Chairman



**DATO' KAMARUZZAMAN BIN ABU KASSIM**  
President & Chief Executive

Johor Bahru

28 MAC 2019



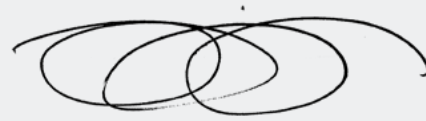
Johor Corporation

Annual Report 2018

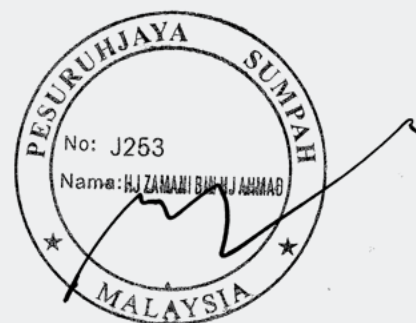
## DECLARATION MADE BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF JOHOR CORPORATION

I, Mohamad Salleh Bin Mohamad Yusof, the officer primarily responsible for the financial management and accounting records of the Group and the 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 abovenamed  
at Johor Bahru on 28 MAC 2019



Before me,



Commissioner of Oaths

Lot K1 & K2 Podium 2  
Bangunan Ansar, 65 Jalan Trus  
80000 Johor Bahru  
Johor (Bersebelahan UTC)

# STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

	Note	Group 2018	2017	Corporation 2018	2017
<b>Continuing operations</b>					
Revenue	4	<b>5,616</b>	5,564	<b>419</b>	245
Cost of sales		<b>(3,894)</b>	(3,823)	<b>(121)</b>	(20)
Gross profit		<b>1,722</b>	1,741	<b>298</b>	225
<b>Other items of income</b>					
Other income	5	<b>389</b>	490	<b>387</b>	173
<b>Other items of expense</b>					
Distribution expenses		<b>(54)</b>	(34)	<b>(1)</b>	(4)
Administrative expenses		<b>(1,175)</b>	(1,226)	<b>(171)</b>	(128)
Other expenses	6	<b>(147)</b>	(58)	<b>(194)</b>	(51)
Finance costs	7	<b>(451)</b>	(432)	<b>(152)</b>	(122)
Share of results of associates, net of tax		<b>27</b>	14	-	-
Share of results of joint ventures, net of tax		<b>104</b>	88	-	-
<b>Profit before tax from continuing operations</b>	8	<b>415</b>	583	<b>167</b>	93
Tax	11	<b>(162)</b>	(112)	<b>6</b>	1
<b>Profit from continuing operations, net of tax</b>		<b>253</b>	471	<b>173</b>	94
<b>Discontinued operations</b>					
Loss from discontinued operations, net of tax	12	<b>(4)</b>	(83)	-	-
<b>Profit net of tax</b>		<b>249</b>	388	<b>173</b>	94

# Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2018  
Amounts in RM Million Unless Otherwise Stated

	Group 2018	2017	Corporation 2018	2017
<b>Other comprehensive (loss)/income, to be reclassified to profit or loss in subsequent periods:</b>				
Net gain on available for sale financial assets	-	14	-	-
Foreign currency translation of foreign operations	46	31	-	-
<b>Other comprehensive (loss)/income, not to be reclassified to profit or loss in subsequent periods:</b>				
Fair value adjustment for financial assets at FVOCI	(199)	-	-	-
Net surplus from revaluation of property, plant and equipment	89	58	-	-
<b>Other comprehensive (loss)/income, for the financial year, net of tax</b>	<b>(64)</b>	103	-	-
<b>Total comprehensive income for the financial year</b>	<b>185</b>	491	<b>173</b>	94
<b>Profit attributable to:</b>				
Owner of the Corporation	99	327	173	94
Non-controlling interests	150	61	-	-
	<b>249</b>	388	<b>173</b>	94
<b>Total comprehensive income attributable to:</b>				
Owner of the Corporation	(62)	370	173	94
Non-controlling interests	247	121	-	-
	<b>185</b>	491	<b>173</b>	94



## STATEMENTS OF FINANCIAL POSITION

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

	Note	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	13	<b>10,601</b>	10,569	10,253	<b>597</b>	529	623
Inventories	14	<b>737</b>	759	392	<b>261</b>	365	73
Investment properties	15	<b>4,265</b>	3,549	3,641	<b>1,875</b>	1,499	1,569
Biological assets	16	<b>2</b>	1	1	-	-	-
Intangible assets	17	<b>252</b>	250	261	-	-	-
Investment in subsidiaries	18	-	-	-	<b>3,151</b>	3,327	3,195
Investment in associates	19	<b>282</b>	268	259	<b>4</b>	4	4
Investment in joint ventures	20	<b>1,484</b>	1,380	1,331	-	-	-
Deferred tax assets	21	<b>291</b>	290	220	<b>204</b>	156	119
Financial assets at Fair Value through Other Comprehensive Income ("FVOCI")	22(a)	<b>20</b>	-	-	-	-	-
Available-for-sale financial assets	22(a)	-	215	221	-	-	-
Trade and other receivables	24	<b>23</b>	65	51	-	-	154
		<b>17,957</b>	17,346	16,630	<b>6,092</b>	5,880	5,737
<b>Current assets</b>							
Inventories	14	<b>1,369</b>	1,346	1,199	<b>720</b>	707	478
Biological assets	16	<b>21</b>	31	45	-	-	-
Contract costs	23	<b>2</b>	4	9	-	-	-
Trade and other receivables	24	<b>1,078</b>	1,427	1,844	<b>290</b>	143	632
Contract assets	25	<b>88</b>	61	162	<b>35</b>	-	-
Financial assets at Fair Value through Profit or Loss ("FVTPL")	22(b)	<b>264</b>	5	16	<b>20</b>	56	48
Tax recoverable		<b>83</b>	68	53	<b>3</b>	3	3
Cash and bank balances	27	<b>1,239</b>	877	1,262	<b>119</b>	30	77
		<b>4,144</b>	3,819	4,590	<b>1,187</b>	939	1,238
Assets of disposal group classified as held for sale	28	<b>790</b>	795	327	<b>245</b>	317	192
		<b>4,934</b>	4,614	4,917	<b>1,432</b>	1,256	1,430
<b>Total assets</b>		<b>22,891</b>	21,960	21,547	<b>7,524</b>	7,136	7,167

# Statements Of Financial Position

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

	Note	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>EQUITY AND LIABILITIES</b>							
<b>Current liabilities</b>							
Current tax liabilities		<b>24</b>	63	55	-	-	-
Loans and borrowings	29	<b>2,635</b>	2,307	2,349	<b>807</b>	11	406
Trade and other payables	30	<b>1,788</b>	2,022	1,649	<b>391</b>	1,058	916
Contract liabilities	25	<b>78</b>	20	38	-	-	-
Derivative financial instrument	26	<b>2</b>	2	-	-	-	-
		<b>4,527</b>	4,414	4,091	<b>1,198</b>	1,069	1,322
Liabilities directly associated with disposal group classified as held for sale	28	<b>180</b>	203	-	-	-	-
		<b>4,707</b>	4,617	4,091	<b>1,198</b>	1,069	1,322
<b>Net current assets/(liabilities)</b>		<b>227</b>	(3)	826	<b>234</b>	187	108
<b>Non-current liabilities</b>							
Trade and other payables	30	<b>439</b>	271	87	<b>1,100</b>	378	368
Other long term liabilities	31	<b>1,235</b>	1,056	970	<b>934</b>	783	694
Deferred tax liabilities	21	<b>808</b>	772	732	<b>206</b>	164	128
Loans and borrowings	29	<b>6,642</b>	6,387	7,158	<b>1,808</b>	2,609	2,610
		<b>9,124</b>	8,486	8,947	<b>4,048</b>	3,934	3,800
<b>Total liabilities</b>		<b>13,831</b>	13,103	13,038	<b>5,246</b>	5,003	5,122
<b>Net assets</b>		<b>9,060</b>	8,857	8,509	<b>2,278</b>	2,133	2,045
<b>Equity</b>							
Capital reserves	32(a)	<b>392</b>	392	450	<b>55</b>	55	55
Asset revaluation reserve	32(b)	<b>149</b>	123	157	-	-	-
Currency fluctuation reserve	32(c)	<b>(66)</b>	(43)	(59)	-	-	-
FVOCI reserve	32(d)	<b>(95)</b>	69	55	-	-	-
Revenue reserve	32(e)	<b>6,253</b>	6,063	5,665	<b>2,223</b>	2,078	1,990
		<b>6,633</b>	6,604	6,268	<b>2,278</b>	2,133	2,045
Non-controlling interests		<b>2,427</b>	2,253	2,241	-	-	-
<b>Total equity</b>		<b>9,060</b>	8,857	8,509	<b>2,278</b>	2,133	2,045
<b>Total equity and liabilities</b>		<b>22,891</b>	21,960	21,547	<b>7,524</b>	7,136	7,167

# STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2018  
Amounts in RM Million Unless Otherwise Stated

2018 Group	Capital reserves	Asset revaluation reserve	Currency fluctuation reserve	FVOCI reserve	Revenue reserve	Total	Non- controlling interests	Total equity
At 1 January 2018 (restated)	392	123	(43)	69	6,063	6,604	2,253	8,857
Effect of MFRS 9	-	-	-	-	4	4	-	4
Adjusted balance as at 1 January 2018	392	123	(43)	69	6,067	6,608	2,253	8,861
Profit net of tax	-	-	-	-	99	99	150	249
<b>Other comprehensive income</b>								
Revaluation surplus on property, plant and equipment	-	26	-	-	-	26	63	89
Fair value adjustment for financial assets at FVOCI	-	-	-	(164)	-	(164)	(35)	(199)
Foreign currency translation of foreign operations	-	-	(23)	-	-	(23)	69	46
Total other comprehensive loss for the financial year	-	26	(23)	(164)	-	(161)	97	(64)
Total comprehensive income for the financial year	-	26	(23)	(164)	99	(62)	247	185
<b>Transaction with owner</b>								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(104)	(104)
Accretion of interest in subsidiaries	-	-	-	-	33	33	(35)	(2)
Dilution of interest in subsidiaries	-	-	-	-	54	54	66	120
	-	-	-	-	87	87	(73)	14
<b>Closing balance at 31 December 2018</b>	<b>392</b>	<b>149</b>	<b>(66)</b>	<b>(95)</b>	<b>6,253</b>	<b>6,633</b>	<b>2,427</b>	<b>9,060</b>



# Statement Of Changes In Equity

For The Financial Year Ended 31 December 2018  
Amounts in RM Million Unless Otherwise Stated

2017 Group	Note	Capital reserves	Asset revaluation reserve	Currency fluctuation reserve	Fair Value adjustment reserve	Revenue reserve	Total	Non- controlling interests	Total equity
Opening balance at 1 January 2017									
As previously reported		443	1,152	(80)	55	4,013	5,583	2,204	7,787
Effect of MFRS and prior year adjustment	41	7	(995)	21	-	1,652	685	37	722
At 1 January 2017 (restated)		450	157	(59)	55	5,665	6,268	2,241	8,509
Profit net of tax		-	-	-	-	327	327	61	388
<b>Other comprehensive income</b>									
Revaluation surplus on property, plant and equipment		-	13	-	-	-	13	45	58
Fair value adjustment for available for sale financial assets		-	-	-	14	-	14	-	14
Foreign currency translation of foreign operations		-	-	16	-	-	16	15	31
Total other comprehensive income for the financial year		-	13	16	14	-	43	60	103
Total comprehensive income for the financial year		-	13	16	14	327	370	121	491
<b>Transaction with owner</b>									
Reclassification		(39)	(47)	-	-	86	-	-	-
Dividend paid to non-controlling interests		-	-	-	-	-	-	(116)	(116)
Disposal of subsidiaries		-	-	-	-	-	-	(20)	(20)
Dilution of interest in subsidiaries		-	-	-	-	1	1	31	32
Accretion of interest in subsidiaries		(19)	-	-	-	(5)	(24)	(4)	(28)
Distribution of fund to State Government		-	-	-	-	(11)	(11)	-	(11)
		(58)	(47)	-	-	71	(34)	(109)	(143)
<b>Closing balance at 31 December 2017</b>		392	123	(43)	69	6,063	6,604	2,253	8,857

## Statement Of Changes In Equity

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

Corporation	Note	Capital reserves	Asset revaluation reserve	Revenue reserve	Total equity
Opening balance at 1 January 2018					
As previously reported		55	118	1,814	1,987
Effect of MFRS	41	-	(118)	264	146
At 1 January 2018 (restated)		55	-	2,078	2,133
Effect of MFRS 9		-	-	(28)	(28)
Adjusted balance as at 1 January 2018		55	-	2,050	2,105
Profit net of tax		-	-	173	173
<b>Total comprehensive income for the financial year</b>		<b>55</b>	<b>-</b>	<b>2,223</b>	<b>2,278</b>
<b>Closing balance at 31 December 2018</b>		<b>55</b>	<b>-</b>	<b>2,223</b>	<b>2,278</b>

	Note	Capital reserves	Asset revaluation reserve	Revenue reserve	Total equity
Opening balance at 1 January 2017					
As previously reported		55	202	1,712	1,969
Effect of MFRS	41	-	(202)	278	76
At 1 January 2017 (restated)		55	-	1,990	2,045
Prior year adjustment		-	-	5	5
Profit net of tax		-	-	94	94
<b>Total comprehensive income for the financial year</b>		<b>55</b>	<b>-</b>	<b>2,089</b>	<b>2,144</b>
<b>Transaction with owner</b>					
Distribution of fund to State Government		-	-	(11)	(11)
<b>Closing balance at 31 December 2017</b>		<b>55</b>	<b>-</b>	<b>2,078</b>	<b>2,133</b>

## STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

	Group 2018	2017	Corporation 2018	2017
<b>OPERATING ACTIVITIES</b>				
Profit before tax:				
Continuing operations	<b>415</b>	583	<b>167</b>	93
Discontinued operations	<b>(5)</b>	(84)	-	-
Adjustments:				
Property, plant and equipment:				
Net gain on disposal	<b>(31)</b>	(40)	-	(32)
Written off	<b>1</b>	11	-	-
Depreciation	<b>426</b>	519	<b>23</b>	25
Impairment loss	<b>29</b>	11	-	-
Investment properties:				
Changes in fair value	<b>(65)</b>	(103)	<b>(183)</b>	(5)
Net loss/(gain) on disposal	<b>1</b>	-	<b>5</b>	(13)
Biological assets:				
Changes in fair value	<b>7</b>	6	-	-
Written off	-	11	-	-
Gain on disposal of:				
Subsidiaries	-	-	<b>(43)</b>	-
Financial assets at fair value through profit or loss	-	(1)	-	(33)
Asset held for sales	<b>(71)</b>	-	-	-
Compensation on investment	-	(36)	-	-
Inventories:				
Written off	-	3	-	3
Financial assets:				
Changes in fair value through profit or loss	<b>1</b>	(29)	<b>44</b>	(43)
Allowance for impairment investment in subsidiaries	-	-	<b>48</b>	27
Intangible assets:				
Written off	<b>1</b>	-	-	-
Amortisation and impairment	<b>5</b>	12	-	-
Dividend income	<b>(5)</b>	(3)	<b>(212)</b>	(111)
Unrealised foreign currency exchange loss/(gain)	<b>10</b>	(22)	-	-
Gain on extinguishment of liabilities	-	(92)	-	-
Amortisation of government grant	<b>(16)</b>	(13)	<b>(7)</b>	(3)
Amortisation of land lease rental	<b>(14)</b>	(18)	<b>(11)</b>	(12)
Allowance for impairment of trade and other receivables	<b>12</b>	28	<b>9</b>	21
Reversal of impairment for trade and other receivables	<b>(4)</b>	(2)	<b>(42)</b>	(35)
Bad debt written off (net)	-	37	-	-
Interest expense	<b>451</b>	432	<b>152</b>	122
Interest income	<b>(45)</b>	(68)	<b>(8)</b>	(5)
Share of results of associates and joint ventures	<b>(131)</b>	(102)	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>972</b>	1,040	<b>(58)</b>	(1)



## Statements Of Cash Flows

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Changes in working capital</b>				
Inventories	(213)	(631)	(156)	(222)
Receivables	485	695	199	115
Contract assets	(27)	101	-	-
Payables	(232)	602	234	321
Contract liabilities	58	(18)	-	-
Associates and joint ventures	(5)	31	-	-
<b>Cash generated/(used in) from operations</b>	<b>1,038</b>	<b>1,820</b>	<b>219</b>	<b>213</b>
Tax refunded	8	7	-	-
Tax paid	(223)	(161)	-	-
Dividend received	4	3	212	111
Interest received	45	46	8	5
<b>Net cash generated from operating activities</b>	<b>872</b>	<b>1,715</b>	<b>439</b>	<b>329</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of investment in:				
Subsidiaries	-	-	52	1
Financial assets at fair value through profit or loss	5	19	-	7
Available-for-sale ("AFS")	-	22	-	-
Acquisition of additional interest in subsidiaries	(2)	-	(60)	-
Purchase of financial assets at fair value through profit or loss	-	-	(32)	-
Dividend received from associates	13	13	-	-
Deposit paid on acquisition of a subsidiary	-	(7)	-	-
Property, plant and equipment:				
Proceeds from disposal	190	358	5	33
Purchase	(617)	(1,420)	(3)	(14)
Investment properties:				
Proceeds from disposal	-	179	-	42
Purchase	(428)	(306)	(10)	-
Biological assets:				
Proceeds from disposal	6	8	-	-
Purchase	(4)	(11)	-	-
Intangible assets:				
Proceeds from disposal	3	-	-	-
Purchase	(11)	(13)	-	-
Purchase of:				
Financial assets at fair value through profit or loss	(5)	(6)	(10)	(2)
Purchase of investment:				
Available-for-sale ("AFS")	-	(17)	-	-
Net changes in fixed deposits subject to restriction/pledged not regarded as cash equivalents	7	52	-	-

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

	Group 2018	2017	Corporation 2018	2017
<b>INVESTING ACTIVITIES (CONTINUED)</b>				
Government grant received	15	12	10	7
Net cash inflow on disposal group classified as held for sale	181	2	91	68
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(647)</b>	<b>(1,115)</b>	<b>43</b>	<b>142</b>
<b>FINANCING ACTIVITIES</b>				
Drawdown of term loans and other long term borrowings	1,544	903	-	-
Repayment of term loans and other long term borrowings	(955)	(1,362)	(5)	(641)
Advances from subsidiaries, net of repayments	-	-	-	245
Repayment to subsidiaries	-	-	(224)	-
Advances from non-controlling interest of subsidiaries, net of repayments	(5)	110	-	-
Proceed from dilution of interest in subsidiary	120	-	-	-
Interest paid	(451)	(432)	(112)	(90)
Interest paid to subsidiaries	-	-	(40)	(32)
Dividend paid to non-controlling interests	(104)	(116)	-	-
Distribution of fund to State Government	(12)	-	(12)	-
Compensation paid	-	(29)	-	-
<b>Net cash used in financing activities</b>	<b>137</b>	<b>(926)</b>	<b>(393)</b>	<b>(518)</b>
Net change in cash and cash equivalents	362	(326)	89	(47)
Cash and cash equivalents at 1 January	696	1,025	30	77
Effect of exchange rate changes on cash and cash equivalents	14	(3)	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>1,072</b>	<b>696</b>	<b>119</b>	<b>30</b>
<b>CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances	834	584	27	21
Fixed deposits	405	293	92	9
	1,239	877	119	30
Fixed deposits subject to restriction/pledged	(38)	(45)	-	-
Bank overdrafts	(129)	(136)	-	-
	1,072	696	119	30

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2018

## 1. CORPORATE INFORMATION

Johor Corporation was incorporated under the Johor Corporation Enactment No. 4, 1968, (as amended by the 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 2018 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 the Malaysian Financial Reporting Standards ("MFRS") in Malaysia.

The financial statements of the Group and of the Corporation for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 - Financial Instruments, MFRS 15 - Revenue from Contracts Customers and MFRS 141 - Agriculture. Subject to certain transition elections as disclosed in Note 41, the Group and the Corporation have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 January 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect. The impact of the transition of MFRS on the Group's and the Corporation's reported financial position, financial performance and cash flows, are disclosed in Note 41.

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 MFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 the 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.

During the financial year, the Group and the Corporation has considered the new accounting pronouncements in the preparation of the financial statements.



## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Standards, amendments and interpretations issued that are effective

The accounting policies adopted are consistent with those of the previous financial year.

Other than the adoption of MFRS 1, MFRS 141, MFRS 9 and MFRS 15, 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 current period or any prior period and is not likely to affect future periods financial statements. The detailed impact of the changes are disclosed in Note 41.

#### 2.3 Standards, amendments and interpretations issued but not yet effective

The standards, amendments 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
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 'Financial Instrument – Prepayment Features with Negative Compensation'	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle: Amendments to MFRS 3 'Business Combination', MFRS 11 'Joint Arrangements', MFRS 112 'Income Taxes' and MFRS 123 'Borrowing Costs'	1 January 2019
Amendments to MFRS 119 'Employee Benefits – Plan Amendment, Curtailment or Settlement'	1 January 2019
The conceptual Framework for Financial Reporting (Revised 2018)	1 January 2020
Amendments to MFRS 101 and MFRS 108 'Definition of Material'	1 January 2020
Amendments to MFRS 3 'Definition of a Business Combination'	1 January 2020
MFRS 17 'Insurance Contracts'	1 January 2021

(a) MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations

MFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the full retrospective application approach and will restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Standards, amendments and interpretations issued but not yet effective (continued)

- (a) MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations (continued)

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- (b) IC Interpretation 23 'Uncertainty over Income Tax Treatments' provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

- (c) Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition, such long-term interests are subject to loss allocation and impairment requirements in MFRS 128.

The amendments shall be applied retrospectively.

- (d) Amendments to MFRS 119 'Plan amendment, curtailment or settlement' requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or asset arising from plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan.

The amendments will be applied prospectively.

- (e) Amendments to MFRS 9 'Prepayment features with negative compensation' allow companies to measure some pre-payable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

The amendments will be applied retrospectively.

- (f) Annual Improvements to MFRSs 2015 – 2017 Cycle

Amendments to MFRS 3 'Business Combinations' clarify that when a party obtains control of a business that is a joint operation, the acquirer should account for the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Standards, amendments and interpretations issued but not yet effective (continued)

(f) Annual Improvements to MFRSs 2015 – 2017 Cycle (continued)

Amendments to MFRS 11 'Joint Arrangements' clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

Amendments to MFRS 112 'Income Taxes' clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

Amendments to MFRS 123 'Borrowing Costs' clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

(g) MFRS 119 requires an entity to remeasure its net defined benefit liability or asset when there is a plan amendment, curtailment or settlement.

The amendments to MFRS 119 requires an entity to use the updated actuarial assumptions from the remeasurement to determine current service cost and net interest for the remaining period after the change to the plan.

The amendments shall be applied prospectively for plan amendments, curtailments or settlements occurring on or after 1 January 2019.

The amendments will be applied prospectively.

(h) The Conceptual Framework for Financial Reporting (Revised 2018)

The Framework was revised with the primary purpose to assist the IASB to develop IFRS that are based on consistent concept and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS. The Framework is not an IFRS, and does not override any IFRSs.

Key changes to the Framework are as follows:

- Objective of general purpose financial reporting - clarification that the objective of financial reporting is to provide useful information to the users of financial statements for resource allocation decisions and assessment of management's stewardship.
- Qualitative characteristics of useful financial information - reinstatement of the concept of prudence when making judgement of uncertain conditions and "substance over form" concept to ensure faithful representation of economic phenomenon.
- Clarification on reporting entity for financial reporting - introduction of new definition of a reporting entity, which might be a legal entity or a portion of a legal entity.
- Elements of financial statements - the definitions of an asset and a liability have been refined. Guidance in determining unit of account for assets and liabilities have been added, by considering the nature of executory contracts and substance of contracts.



## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Standards, amendments and interpretations issued but not yet effective (continued)

##### (h) The Conceptual Framework for Financial Reporting (Revised 2018) (continued)

- Recognition and derecognition - the probability threshold for asset or liability recognition has been removed. New guidance on de-recognition of asset and liability have been added.
- Measurement - explanation of factors to consider when selecting a measurement basis have been provided.
- Presentation and disclosure - clarification that statement of profit or loss ("P&L") is the primary source of information about an entity's financial performance for a reporting period. In principle, recycling of income/expense included in other comprehensive income to P&L is required if this results in more relevant information or a more faithful representation of P&L.

##### Amendments to References to the Conceptual Framework in MFRS Standards

The MASB also issued Amendments to References to the Conceptual Framework in MFRS Standards ('Amendments'), to update references and quotations to fourteen (14) Standards so as to clarify the version of Conceptual Framework these Standards refer to, for which the effective date above applies.

The amendments should be applied retrospectively in accordance with MFRS 108 unless retrospective application would be impracticable or involve undue cost or effort.

##### (i) Amendments to MFRS 101 and MFRS 108 "Definition of Material"

The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of 'material' has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments also:

- clarify that an entity assesses materiality in the context of the financial statements as a whole.
- explain the concept of obscuring information in the new definition. Information is obscured if it have the effect similar as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
- clarify the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The amendments shall be applied prospectively.

##### (j) Amendments to MFRS 3 "Definition of a Business Combination"

The amendments clarify that to be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards, amendments and interpretations issued but not yet effective (continued)

(j) Amendments to MFRS 3 "Definition of a Business Combination" (continued)

In addition, the revised definition of the term 'outputs' is narrower, focuses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

The amendments shall be applied prospectively.

(k) MFRS 17 "Insurance Contracts"

MFRS 17 applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features if an entity also issues insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, an entity has an accounting policy choice to account for them in accordance with either MFRS 17 or MFRS 15 "Revenue from Contracts with Customers". An entity is allowed to account for financial guarantee contracts in accordance with MFRS 17 if the entity has asserted explicitly that it regarded them as insurance contracts. Insurance contracts, (other than reinsurance) where the entity is the policyholder are not within the scope of MFRS 17. Embedded derivatives and distinct investment and service components should be 'unbundled' and accounted for separately in accordance with the related MFRSs. Voluntary unbundling of other components is prohibited.

MFRS 17 requires a current measurement model where estimates are re-measured at each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. An entity has a policy choice to recognise the impact of changes in discount rates and other assumptions that relate to financial risks either in profit or loss or in other comprehensive income.

Alternative measurement models are provided for the different insurance coverages:

- a) Simplified Premium Allocation Approach if the insurance coverage period is a year or less.
- b) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items.

The requirements of MFRS 17 align the presentation of revenue with other industries. Revenue is allocated to the periods in proportion to the value of the expected coverage and other services that the insurer provides in the period, and claims are presented when incurred. Investment components are excluded from revenue and claims.

Insurers are required to disclose information about amounts, judgements and risks arising from insurance contracts.

The effects of the above new accounting standards and amendments are currently being assessed by the Directors.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

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 revenue reserve within equity and attributed to owner of the Corporation.

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.



## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Basis of consolidation (continued)

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 MFRS 9 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 MFRS 9, it is measured in accordance with the appropriate MFRS.

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 2.10 (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 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 currency fluctuation reserve in equity. The currency fluctuation 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.

##### (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 currency fluctuation 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 2018

## 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 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 at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent 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 extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation of healthcare properties 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 or disposal of the asset.

Subsequent to recognition, other 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
Bearer assets	20 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

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use. All expenditure relating to the development of oil palm field (immature field) is classified under bearer assets. This cost will be amortised over the useful life when the field reaches maturity. The maturity date for bearer plants is the point in time such new planting areas reaches 48 months from the date of initial planting.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Property, plant and equipment (continued)

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. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

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 financial 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 financial 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 Biological assets

Biological assets comprises livestock, produce growing on bearer plants and other biological assets. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets for bearer plants that are expected to be harvested and for livestock that are expected to be sold or used for production on a date not more than 12 months after the reporting date. The balance is classified as non-current.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 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. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

#### (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:

Software development expenditure	5 years
Others	1 - 2 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. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

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.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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").

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

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.

The amounts due from subsidiaries of which the Corporation does not expect repayment in the foreseeable future are considered as part of the Corporation's investments in subsidiaries.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

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 MFRS 9 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 MFRS 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.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments

MFRS 9 replaces the provisions of MFRS 139 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of MFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The Group and the Corporation have elected to apply the limited exemption in MFRS 9 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a consequence:

- (a) any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings
- (b) financial assets are not reclassified in the statement of financial position for the comparative period
- (c) provisions for impairment have not been restated in the comparative period

#### Financial assets - classification and measurement

##### Accounting policies applied from 1 January 2018

##### (i) Classification

From 1 January 2018, the Group and the Corporation classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group and the Corporation have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group and the Corporation reclassify debt investments when and only when its business model for managing those assets changes.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial instruments (continued)

#### Financial assets - classification and measurement (continued)

##### Accounting policies applied from 1 January 2018 (continued)

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Corporation commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Corporation have transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Group and the Corporation measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are Solely Payments of Principal and Interest ("SPPI").

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Corporation's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Corporation classify its debt instruments:

#### (a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss and impairment losses arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments (continued)

##### Financial assets - classification and measurement (continued)

Accounting policies applied from 1 January 2018 (continued)

(iii) Measurement (continued)

##### Debt instruments (continued)

(b) Fair Value through Other Comprehensive Income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

(c) Fair Value through Profit or Loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Corporation may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

##### Equity instruments

The Group and the Corporation subsequently measure all equity investments at fair value. Where the Group's and the Corporation's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Corporation's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial instruments (continued)

#### Financial assets - classification and measurement (continued)

##### Accounting policies applied until 31 December 2017

##### (i) Classification

Until 31 December 2017, the Group and the Corporation classified its financial assets in the following categories:

- financial assets at fair value through profit or loss ("FVTPL"),
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets ("AFS")

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

##### Financial assets at Fair Value through Profit or Loss ("FVTPL")

The Group and the Corporation classified financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's and the Corporation's loans and receivables comprise 'trade and other receivables', 'cash and bank balances' and 'loans to subsidiaries' in the statement of financial position.

##### Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative quoted financial assets with fixed or determinable payments and fixed maturities that the Group's and the Corporation's management has the positive intention and ability to hold to maturity. If the Group and the Corporation was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as AFS. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

##### Available-for-sale financial assets ("AFS")

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

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments (continued)

##### Financial assets - classification and measurement (continued)

##### Accounting policies applied until 31 December 2017 (continued)

##### (ii) Reclassification

The Group and the Corporation may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group and the Corporation may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or AFS categories if the Group and the Corporation have the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust the effective interest rates prospectively.

##### (iii) Subsequent measurement

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

AFS financial assets and financial assets at FVTPL were subsequently carried at fair value.

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

Changes in the fair value of AFS financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy and foreign exchange gains and losses on monetary assets (Note 2.6(b))).

See Note 2.24(h)(iii) for accounting policy on interest income recognition and Note 2.24(h)(i) for dividend income recognition on AFS financial assets.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial instruments (continued)

#### Impairment of financial assets and financial guarantee contracts

##### Accounting policies applied from 1 January 2018

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

- (i) Impairment for debt instruments and financial guarantee contracts.

The Group and the Corporation assess on a forward looking basis the Expected Credit Loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Corporation have four types of financial instruments that are subject to the ECL model:

- Trade and other receivables
- Loans to subsidiaries
- Contract assets
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Corporation expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Corporation expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

- (a) General 3-stage approach for other receivables, loans to subsidiaries and financial guarantee contracts issued

At each reporting date, the Group and the Corporation measure ECL through a loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Note 24 sets out the measurement details of ECL.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments (continued)

##### Impairment of financial assets and financial guarantee contracts (continued)

(i) Impairment for debt instruments and financial guarantee contracts (continued)

(b) Simplified approach for trade receivables and contract assets.

The Group and the Corporation apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

Note 24 sets out the measurement details of ECL.

##### Accounting policies applied until 31 December 2017

In the prior year, the Group assessed impairment of financial assets based on the incurred loss model.

(i) Impairment of financial assets

##### Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments (continued)

##### Impairment of financial assets and financial guarantee contracts (continued)

##### (i) Impairment for debt instruments and financial guarantee contracts (continued)

##### Accounting policies applied until 31 December 2017 (continued)

##### Assets classified as AFS

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

##### Accounting policies applied from 1 January 2018

##### (ii) Significant increase in credit risk

The Group and the Corporation consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Corporation compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments (continued)

##### Impairment of financial assets and financial guarantee contracts (continued)

Accounting policies applied from 1 January 2018 (continued)

##### (iii) Definition of default and credit-impaired financial assets

The Group and the Corporation define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

##### Quantitative criteria:

The Group and the Corporation define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

##### Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Corporation consider the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

##### (iv) Groupings of instruments for ECL measured on collective basis

##### (a) Collective assessment

To measure ECL, trade receivables and contract assets arising from palm oil, healthcare, property, industry, quick services restaurant and intrapreneur venture have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Corporation have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Financial instruments (continued)

#### Impairment of financial assets and financial guarantee contracts (continued)

##### Accounting policies applied from 1 January 2018 (continued)

##### (iv) Groupings of instruments for ECL measured on collective basis (continued)

##### (b) Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually.

Loans to subsidiaries in the Corporation's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

##### (v) Write off

##### (a) Trade receivables and contract assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Corporation and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### (b) Other receivables

The Group and the Corporation write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Corporation may write-off financial assets that are still subject to enforcement activity.

##### (c) Loan to subsidiaries

The Corporation will write off a loan to subsidiary, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery is based on unavailability of subsidiary's source of income or assets to generate sufficient future cash flows to repay the amount. The Corporation may write off financial assets that are still subject to enforcement activity.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments (continued)

##### Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group and the Corporation becomes a party to the contractual provisions of the financial instrument. Financial liabilities comprise trade and other payables, borrowings or loans, amounts due to subsidiaries and related parties and derivatives.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs. As for loans to subsidiaries of the Corporation, they are recognised initially at fair value. If there are any difference between cash disbursed and fair value on initial recognition, the difference would be accounted as additional investment in the subsidiary as it reflects the substance of the transaction.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective finance method except for the derivatives in a loss position which are measured at fair value through profit or loss at the end of each reporting period.

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

Gains or losses arising from changes in fair value of the derivatives that does not qualify for hedge accounting are recognised in profit or loss within other gains/losses, net. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Group and the Corporation have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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.

From 1 January 2018, when borrowings measured at amortised cost is modified without this resulting in derecognition, any gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, shall be recognised immediately in profit or loss in finance cost.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.14 Financial instruments (continued)

##### Financial liabilities (continued)

##### Financial guarantee contracts

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued and the liability is initially measured at fair value.

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

From 1 January 2018, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, where appropriate.

Up to 31 December 2017, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with FRS 137 'Provisions, contingent liabilities and contingent assets' and the amount initially recognised less cumulative amortisation, where appropriate.

##### Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the ordinary course of business of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. Other receivables are recognised initially at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.

#### 2.15 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.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.16 Inventories

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

##### (a) Land held for property development (non-current)

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.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development are classified as current assets when the construction of the relevant properties, commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

##### (b) Property development projects (current)

Property development projects 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.

##### (c) Other inventories (current)

Other inventories comprise of shop and house, store and materials, agricultural produce and finished goods.

Cost is determined using the weighted average cost method and includes the cost of direct materials and an appropriate proportion of estate 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.

#### 2.17 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.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 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.

### 2.19 Receivables, contract assets and contract liabilities

A receivable is recognised when the goods are delivered or services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract asset is the right to consideration for goods or services transferred to the customers.

#### Incremental cost to obtain contract

The Group or the Corporation recognise incremental costs of obtaining contracts when the Group or the Corporation expect to recover these costs.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

### 2.20 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.

### 2.21 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.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.21 Employee benefits (continued)

##### (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.

#### 2.22 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.

##### (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 2.24(h)(ii).

#### 2.23 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.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Revenue recognition

Prior to the adoption of MFRS 15, the Group's and the Corporation's revenue is recognised at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and the Corporation's activities. With the adoption of MFRS 15 "Revenue from Contracts with Customers" in the current financial year, the Group's and the Corporation's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer.

A contract with customer exists when the contract has commercial substance, the Group, the Corporation and their customers have approved the contract and intend to perform their respective obligations, the Group's, the Corporation's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Corporation will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Corporation expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Corporation estimates the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group's revenue is generated from the following business segments:

- (a) Palm oil
- (b) Healthcare services
- (c) Property
- (d) Industrial
- (e) Quick service restaurant
- (f) Intrapreneur ventures; and
- (g) Others

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Revenue recognition (continued)

Performance obligations from the business sectors above are as follows:

##### (a) Palm Oil

In the plantation operations, the Group sells agricultural produce such as crude palm oil ("CPO"), fresh fruit bunches ("FFB"), and palm kernel ("PK").

Revenue from sales of agriculture produce and goods from these operations is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customers, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Some contracts include multiple or bundled deliverables, such as the delivery of the goods that are often bundled with freight services. In most cases, such delivery of goods is simple, does not include an integrated service, could be performed by another party and the customers can benefit from the sale of goods and freight services on its own or with the use of other resources. It is therefore accounted for as a separate performance obligation. There is no element of financing present as the sales is made with credit terms of up to 90 days. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include delivery of goods, revenue for the goods are recognised at a point in time when the goods are delivered, the legal title has passed and the customers have accepted the goods.

##### (b) Healthcare services

###### (a) Revenue from hospital and healthcare charges

Revenue from hospital and healthcare charges comprises inpatient and outpatient hospital charges, consultation fees, and sales of pharmaceutical products, medical supplies and surgical products. These revenue are recognised as follows:

###### i. Revenue from inpatient and outpatient hospital charges

Inpatient revenue are recognised on a daily basis, as services are provided or goods delivered to patients. These services are typically provided over a short time frame, including consultancy and other services that the hospital provides such as the use of medical equipment, drugs, nursing procedures, room charges and others.

Outpatient cases generally do not involve surgical procedures and revenue is recognised on an individual component basis when performance obligations are satisfied. The outpatient revenue charges including consultants' charges are identified as separate performance obligations as the services are separately identifiable.

Revenue is recognised at a point in time as services are rendered or goods delivered. Revenue will only be recognised to the extent that if it is highly probable that a significant reversal will not occur, net of discounts. A receivable is recognised upon billing net of deposits received.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Revenue recognition (continued)

#### (b) Healthcare services (continued)

##### (a) Revenue from hospital and healthcare charges (continued)

##### ii. Wellness packages

Revenue from wellness packages are recognised as and when the performance obligations are satisfied. Each services offered in a wellness package has been identified as a separate performance obligation.

Advance payment received are recognised as contract liabilities.

##### (b) Tuition fees

Revenue from tuition fees will be recognised within the semester of each courses offered to the students. Each number of semesters are identified as a performance obligations and the transaction price is allocated according to each semesters based on cost plus margin. The revenue will then be recognised over time throughout the semester. Advance payment received at the commencement of the semester will be recognised as contract liabilities. Non refundable registration fees and enrolment fees are recognised at point in time.

#### (c) Property

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Corporation will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Corporation's performance does not create an asset with an alternative use to the Group and the Corporation and the Group and the Corporation have an enforceable right to payment for performance completed to date.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group and the Corporation seeks to sell the unit to another purchaser. The contractual restriction on the Group's and the Corporation's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Corporation. The Group and the Corporation have the right to payment for performance completed to date. The Group and the Corporation are entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Revenue recognition (continued)

##### (c) Property (continued)

The transaction price is adjusted for expected liquidated ascertained damages ("LAD") payment, based on the expected value method and the effects of time value of money if the timing of payments provides the customer or the Group and the Corporation with a significant benefit of financing the transfer of goods or services to the customer. For contracts with deferred payment scheme, the Group and the Corporation adjust the promised consideration for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and the Corporation and its customer at contract inception. The significant financing component is recognised as finance income in statement of comprehensive income over the credit period using the effective interest rate applicable at the inception date.

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Corporation recognise revenue over time using input method, which is based on the input to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of the total estimated costs for each contract.

The Group and the Corporation recognise sales at a point in time for the sale of land and sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Corporation will collect the considerations to which it will be entitled to in exchange for the assets sold.

When the Group and the Corporation are not able to determine the probability that the Group and the Corporation will collect the consideration to which the Group and the Corporation will be entitled to in exchange for properties, the Group and the Corporation will defer the recognition of revenue from sales of the property development. Consideration received from the customer is recognised as deposit liability.

##### (d) Industrial

###### Construction of earthwork and road works

The Group and the Corporation recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

###### Sales of land and completed properties

The Group and the Corporation recognise sales at a point in time for the sale of land and completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Corporation will collect the considerations to which it will be entitled to in exchange for the assets sold.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Revenue recognition (continued)

##### (e) Quick services restaurant

###### Sales of goods

Revenue from sales of goods is recognised at a point in time upon delivery of goods when control of the goods has been transferred to the customers.

##### (f) Intrapreneur ventures

In the intrapreneur ventures operations, revenue from retail selling of agriculture, fertilisers, mechanical buffalo, fertilisers and computer hardware are recognised at a point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customers, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Some contracts include multiple or bundled deliverables, such as the delivery of the goods that are often bundled with freight services. In most cases, such delivery of goods is simple, does not include an integrated service, could be performed by another party and the customers can benefit from the sale of goods and freight services on its own or with the use of other resources. It is therefore accounted for as a separate performance obligation. There is no element of financing present as the sales is made with credit terms of up to 90 days. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include delivery of goods, revenue for the goods are recognised at a point in time when the goods are delivered, the legal title has passed and the customers have accepted the goods.

###### Accounting policies applied from 31 December 2017

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from the sale of goods is measured at fair value of the consideration received and receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when there has been a passing of the title and risk to the customer.

##### (g) Others comprising Hospitality Business and Management Services

###### (i) Hospitality business

Revenue from hotel services comprises rental of hotel rooms, convention centre operations, sale of food and beverage and other related income are recognised at the point in the time when customer obtains control of the goods, which is generally at delivery.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Revenue recognition (continued)

##### (g) Others comprising Hospitality Business and Management Services (continued)

###### (ii) Management services

Management services represent amounts charged to residents at the retirement village under the long term management agreements. Deferred management fees are recognised at a point in time upon performances of services, calculated in accordance with terms stipulated in resident contracts.

##### (h) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Corporation are as follows:

###### (i) Dividend income

Dividends are received from financial assets measured at FVTPL and at FVOCI (2017: financial assets at FVTPL and AFS financial assets).

Dividend income from financial assets at FVTPL is recognised as part of net gains or net losses on these financial instruments. Dividend income from financial assets at FVOCI (2017: AFS financial assets) are recognised in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

From 1 January 2018 onward, dividends that clearly represents a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVOCI.

###### (ii) Rental income and landlease income

Rental income and landlease income are 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.

###### (iii) Interest income

Interest income is recognised using the effective interest method.

From 1 January 2018, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Prior to 1 January 2018 and until 31 December 2017, when a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.



## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Revenue recognition (continued)

##### (h) Revenue from other sources (continued)

##### (iv) Vessel charter hire income

Revenue from providing the charter hire services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided during the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If the contract includes an hourly fee, revenue in the amount to which the Group has a right to invoice.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in the estimated revenue or cost is reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

#### 2.25 Contract assets and contract liabilities

A contract asset is recognised when the Group's or the Corporation's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Finance Instruments (see Note 2.14).

A contract liability is stated at cost and represents the obligation of the Group or the Corporation to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### 2.26 Contract cost

The Group and the Corporation have elected the practical expedient to recognise contract cost incurred related to contracts with period of less than one year as an expense when incurred.

##### Incremental cost to obtain contract

The Group or the Corporation recognise incremental costs of obtaining contracts when the Group or the Corporation expect to recover these costs.

##### Costs to fulfill a contract

The Group or the Corporation recognise a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Corporation, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.27 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.

##### (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.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.27 Income taxes (continued)

##### (b) Deferred tax (continued)

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 on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax benefits arising from investment tax allowance and reinvestment allowance is recognised when the tax credit is utilised.

#### 2.28 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 chief operating decision maker responsible for the performance of the respective segments under their charge. The chief operating decision maker of the Group is the Group TERAJU Committee who regularly reviews 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.

#### 2.29 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.

#### 2.30 Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.14. Derivatives that qualify for hedge accounting are designated as either:

- (a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (b) Hedges of a particular risk associated with a recognised assets or liability or a highly probable forecast transaction (cash flow hedge).

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.30 Derivative and hedging activities (continued)

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

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current assets or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### 2.31 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 2018

### 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 shareholder of KPJ with 39% equity interest. The second, third and fourth largest shareholder are Employee Provident Fund ("EPF"), Waqaf An-Nur Corporation Berhad and Amanah Saham Bumiputra, which own 10%, 7% and 5% 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 exercise their votes collectively.

The Directors assessed that the Group has control over KPJ. Therefore, in accordance with the requirements of MFRS 10, KPJ is a subsidiary of the Corporation.

##### (ii) Investment in Al-'Aqar Healthcare REIT ("Al-'Aqar")

As at 31 December 2018, the Corporation and its subsidiaries collectively hold 37% equity interest in Al-'Aqar.

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 Group. 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.

The Directors assessed that the Group has control over Al-'Aqar. Therefore, in accordance with the requirements of MFRS 10, Al-'Aqar is a subsidiary of the Corporation.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.1 Judgements in applying accounting policies (continued)

##### (b) 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 in the investment properties over time while others are held for eventual sale. As a result, the Group has measured deferred tax on changes in fair values of these investment properties using the corporate income tax rate or the real property gains tax rate, as appropriate.

##### (c) Revenue recognition

###### Input method of recognising revenue over time

The input method is based on the input to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of the total estimated costs of each contract. Costs incurred during the year in connection with future activities on a contract are excluded from contract costs in determining the stage of completion.

###### Output method of recognising revenue over time

The output method is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants. Significant judgement and high degree of estimation are required in assessing the outcome of the contract.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.2 Key sources 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 RM1 million during the financial year (2017: RM3 million).

Further details of the use of estimates and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 17.

#### (b) Impairment of cost of investment

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss and reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

#### (c) Impairment of property, plant and equipment

The Group and the Corporation has estimated the recoverable amount of certain properties, plant and equipment. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. As the recoverable amount is lower than the carrying amount, an impairment charge has been recorded.

#### (d) Fair value of investment properties and property, plant and equipment

Fair value of the investment properties and certain property, plant and equipment of the Group were based on valuations carried out by independent professional valuers. The valuation applies estimates, judgements and assumptions in the determination of fair values. The valuation forms the basis for the carrying amount in the financial statements disclosed in Notes 13 and 15.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### 3.2 Key source of estimation uncertainty (continued)

##### (e) Taxes

###### 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 as disclosed in Note 21.

###### Income taxes and Transfer Pricing

Income taxes are estimated based on the rules governed under Income Tax Act, 1967 and Transfer Pricing Guidelines. 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.

##### (f) Measurement of ECL allowance

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Corporation use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Corporation's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of the key assumptions and inputs used are disclosed in Note 37.



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

## 4. REVENUE

Revenue comprise of the following:

	Group 2018	2017	Corporation 2018	2017
Revenue from contracts with customers				
Palm oil	844	1,027	28	36
Healthcare services	3,308	3,141	-	-
Property	365	473	59	2
Industrial	80	89	67	11
Quick service restaurant	115	84	-	-
Intrapreneur ventures	48	56	-	-
Others	316	224	-	-
	5,076	5,094	154	49
Revenue from other sources				
Vessel charter hire income	278	224	-	-
Rental income and landlease income	134	120	45	44
Dividend income	5	3	212	111
Rendering of other services	123	123	8	41
	5,616	5,564	419	245

Disaggregation of the Group's and the Corporation's revenue from contracts with customers:

Group 2018	Palm oil	Healthcare services	Property	Industrial	Quick service restaurants	Intrapreneur venture	Others	Total
<b>Geographical market:</b>								
Malaysia	844	3,243	365	80	115	30	334	5,011
Indonesia	-	49	-	-	-	-	-	49
Others	-	16	-	-	-	-	-	16
	844	3,308	365	80	115	30	334	5,076
<b>Timing of revenue recognition:</b>								
At a point in time	844	3,259	85	14	115	30	193	4,540
Over time	-	49	280	66	-	-	141	536
	844	3,308	365	80	115	30	334	5,076

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 4. REVENUE (CONTINUED)

Disaggregation of the Group's and the Corporation's revenue from contracts with customers (continued):

<b>Group 2017</b>	<b>Palm oil</b>	<b>Healthcare services</b>	<b>Property</b>	<b>Industrial</b>	<b>Quick service restaurants</b>	<b>Intrapreneur venture</b>	<b>Others</b>	<b>Total</b>
<b>Geographical market:</b>								
Malaysia	1,027	3,078	473	89	84	56	224	5,031
Indonesia	-	48	-	-	-	-	-	48
Others	-	15	-	-	-	-	-	15
	1,027	3,141	473	89	84	56	224	5,094
<b>Timing of revenue recognition:</b>								
At a point in time	1,027	3,093	134	18	84	-	224	4,580
Over time	-	48	339	71	-	56	-	514
	1,027	3,141	473	89	84	56	224	5,094

<b>Corporation 2018</b>	<b>Palm oil</b>	<b>Property</b>	<b>Industrial</b>	<b>Total</b>
<b>Geographical market:</b>				
Malaysia	<b>28</b>	<b>59</b>	<b>67</b>	<b>154</b>
	<b>28</b>	<b>59</b>	<b>67</b>	<b>154</b>
<b>Timing of revenue recognition:</b>				
At a point in time	<b>28</b>	<b>59</b>	<b>7</b>	<b>94</b>
Over time	<b>-</b>	<b>-</b>	<b>60</b>	<b>60</b>
	<b>28</b>	<b>59</b>	<b>67</b>	<b>154</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018  
Amounts in RM Million Unless Otherwise Stated

### 4. REVENUE (CONTINUED)

Disaggregation of the Group's and the Corporation's revenue from contracts with customers (continued):

<b>Corporation 2017</b>	<b>Palm oil</b>	<b>Property</b>	<b>Industrial</b>	<b>Total</b>
<b>Geographical market:</b>				
Malaysia	36	2	11	49
	36	2	11	49
<b>Timing of revenue recognition:</b>				
At a point in time	36	2	11	49
Over time	-	-	-	-
	36	2	11	49

### 5. OTHER INCOME

The following items have been included in other income:

	<b>Group 2018</b>	<b>2017</b>	<b>Corporation 2018</b>	<b>2017</b>
Amortisation of government grant (Note 31)	<b>16</b>	13	<b>7</b>	3
Changes in fair value of investment properties (Note 15)	<b>65</b>	103	<b>183</b>	5
Changes in fair value of financial assets at fair value through profit and loss	-	29	-	43
Compensation on investment	-	36	-	-
Gain on disposal of:				
Property, plant and equipment	<b>31</b>	40	-	32
Investment properties	-	-	-	13
Financial assets at fair value through profit and loss	-	1	-	33
Asset held for sale	<b>71</b>	-	-	-
Subsidiaries	-	-	<b>43</b>	-
Interest income	<b>45</b>	68	<b>8</b>	5
Gain on extinguishment of borrowings	-	92	-	-
Grants related to income received from government	<b>15</b>	12	-	-
Reversal of allowance for impairment of trade and other receivables	<b>4</b>	2	<b>42</b>	35
Reversal of allowance for impairment in subsidiaries (Note 18)	-	-	<b>50</b>	-
Unrealised foreign currency exchange gain	-	22	-	-
Gain on modification of intercompany payables	-	-	<b>17</b>	-
Sundry income	<b>87</b>	62	<b>25</b>	7

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 6. OTHER EXPENSES

The following items have been included in other expenses:

	Group		Corporation	
	2018	2017	2018	2017
Amortisation and impairment of intangible assets (Note 17)	5	12	-	-
Changes in fair value of financial assets at fair value through profit and loss	1	-	44	-
Changes in fair value of biological assets (Note 16)	7	6	-	-
Allowances for impairment for trade and other receivables	12	28	9	21
Allowance for impairment in subsidiaries, net (Note 18)	-	-	98	27
Unrealised foreign currency exchange loss	10	-	-	-
Loss on disposal of investment properties	1	-	5	-
Rental yield guarantee	7	-	-	-
Others	34	3	32	-

### 7. FINANCE COSTS

	Group		Corporation	
	2018	2017	2018	2017
Interest expense on:				
Islamic Medium Term Notes ("IMTNs")	132	152	96	88
Term loans	232	179	-	-
Guaranteed Redeemable Islamic Bond ("GRIB")	-	36	-	-
Short term borrowings	21	14	-	-
Finance leases	3	3	-	-
Bank overdraft	10	3	-	-
Federal Government Loan	12	2	1	2
Amount owing to subsidiaries	-	-	40	32
Others	41	43	15	-
	451	432	152	122
Capitalised as qualifying assets :				
Property, plant and equipment	19	15	-	-
Inventories	2	18	2	17
Investment properties	5	5	-	-
	26	38	2	17



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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:

	<b>Group</b>		<b>Corporation</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Medical consultants fees	<b>817</b>	796	-	-
Plantation operating costs	<b>671</b>	641	<b>17</b>	15
Charter service costs	<b>172</b>	143	-	-
Engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels ("EPCIC") costs	<b>72</b>	318	-	-
Audit fees	<b>6</b>	6	*	*
Cost of medical supplies	<b>789</b>	777	-	-
(Reversal)/Provision for foreseeable losses, net	<b>(45)</b>	130	-	-
Hire of property, plant and equipment	<b>1</b>	68	-	-
Property, plant and equipment:				
Depreciation (Note 13)	<b>426</b>	519	<b>23</b>	25
Written off	<b>1</b>	11	-	-
Impairment (Note 13)	<b>29</b>	11	-	-
Cost of property development projects and industrial land	<b>264</b>	347	-	8
Amortisation of land lease rental	<b>14</b>	18	<b>11</b>	12
Rental of offices and buildings	<b>11</b>	46	<b>8</b>	8
Employee benefits expense (Note 9)	<b>1,183</b>	1,160	<b>57</b>	48
Repair and maintenance	<b>69</b>	87	-	-

\* Audit fees for the Corporation is RM103,000 (2017: RM100,000)

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 9. EMPLOYEE BENEFITS EXPENSE (INCLUDING EXECUTIVE DIRECTORS REMUNERATION)

	Group		Corporation	
	2018	2017	2018	2017
Wages, salaries and bonus	<b>1,044</b>	1,027	<b>50</b>	44
Defined contribution retirement plan	<b>116</b>	110	<b>7</b>	4
Other employee benefits	<b>23</b>	23	<b>-</b>	-
	<b>1,183</b>	1,160	<b>57</b>	48

### 10. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel comprise of Directors, Chief Executives and top management 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Director:				
Fees	<b>576</b>	527	<b>265</b>	284
Remuneration	<b>1,892</b>	1,662	<b>1,892</b>	1,541
Defined contribution retirement plan	<b>302</b>	249	<b>284</b>	231
Other benefits	<b>1</b>	1	<b>1</b>	1
	<b>2,771</b>	2,439	<b>2,442</b>	2,057
Non-executive Directors:				
Fees	<b>2,737</b>	3,396	<b>2,737</b>	3,396
Other key management personnel:				
Fees	<b>2,657</b>	1,995	<b>-</b>	-
Remuneration	<b>30,087</b>	28,625	<b>13,006</b>	11,014
Other employee benefits	<b>3,038</b>	1,910	<b>21</b>	20
Defined contribution plan	<b>3,889</b>	3,252	<b>1,886</b>	1,481
	<b>39,671</b>	35,782	<b>14,913</b>	12,515
	<b>45,179</b>	41,617	<b>20,092</b>	17,968

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

## 11. TAX

	Group		Corporation	
	2018	2017	2018	2017
Current income tax for the financial year:				
Malaysia	118	144	-	-
Under/(Over) provision in prior financial years	9	(2)	-	-
	127	142	-	-
Deferred tax (Note 21)	35	(30)	(6)	(1)
	162	112	(6)	(1)
Income tax attributable to continuing operations	163	113	(6)	(1)
Income tax attributable to discontinued operations (Note 12)	(1)	(1)	-	-
Total tax	162	112	(6)	(1)

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	
	2018	2017	2018	2017
Profit before tax from continuing operations	415	583	167	93
Loss before tax from discontinued operations (Note 12)	(5)	(84)	-	-
	410	499	167	93
Tax at Malaysian statutory tax rate of 24%	98	120	40	22
Non-deductible expenses	92	92	13	13
Income not subject to tax	(22)	(20)	(59)	(36)
Deferred tax assets not recognised	19	-	-	-
Recognition of deferred tax assets previously not recognised	-	(45)	-	-
Share of results of associates	(9)	(3)	-	-
Share of results of joint ventures	(33)	(30)	-	-
Change in real property gains tax rate	8	-	-	-
Under/(Over) provision in prior financial years:				
Income tax	9	(2)	-	-
Total tax	162	112	(6)	(1)

The Corporation and certain of its subsidiaries are exempt from taxes in respect of certain income, which expire over periods ranging from the year 2019 to 2022.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

#### Discontinued operation in 2018

##### (a) Planned disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries

The Group via KPJ Healthcare Berhad ("KPJ") and Al-Aqar Healthcare REIT ("Al-Aqar") has commenced discussion with potential buyer in connection with the disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries and the investment property in Al-Aqar Australia Pty Ltd. The disposal is subject to the approval of the relevant authorities. Currently, a corporate advisor has been appointed to manage the divestment process. As of 31 December 2018, the divestment process was yet to be completed and directors of KPJ and Al-Aqar has confirmed that the sale is on track and is expected to be completed in 2019.

As of reporting date, investment in Jeta Gardens (Qld) Pty Ltd and its subsidiaries continues to be classified as non-current asset held for sale as MFRS 5 conditions continue to be met. The delay is caused by events and circumstances beyond the management's control and management remains committed to sell the assets.

Statement of comprehensive income of the discontinuing operation is as follows:

	2018	2017
Revenue	57	55
Cost of sales	(40)	(43)
Gross profit	17	12
Administrative expenses	(23)	(23)
Other income	1	5
Loss from operations	(5)	(6)
Finance income	1	-
Finance costs	(1)	(2)
Loss before tax from discontinued operation (Note 11)	(5)	(8)
Income tax (Note 11)	1	1
Net loss for the financial year	(4)	(7)

Statement of cash flows of the discontinuing operation is as follows:

	2018	2017
Net cash from operating activities	(2)	(5)
Net cash from investing activities	2	10
Net cash from financing activities	(4)	(6)
Net cash inflows	(4)	(1)
Cash and cash equivalents at the beginning of the year	26	27
Cash and cash equivalents at the end of the year	22	26



## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

#### Discontinued operation in 2017

#### (b) Disposal of PT Sawit Sumber Rejo, PT Wahana Semesta Karisma and PT Harapan Barito Sejahtera ("BARUT subsidiaries")

In the previous financial year, the Group via Kulim (Malaysia) Berhad entered into an agreement for the disposal of BARUT subsidiaries, which is engaged in oil palm plantations (Note 18). The results of BARUT is presented separately on the statement of comprehensive income as 'loss from discontinued operations, net of tax'. The disposal of BARUT had the following effects on the financial position and results of the Group for the financial year ended 31 December 2017:

	<b>2017</b>
<b>Assets:</b>	
Property, plant and equipment	93
Cash and cash equivalents	-
<b>Liabilities:</b>	
Trade and other payables	(15)
<b>Net assets</b>	<b>78</b>
Non-controlling interests	-
Net assets attributable to the Group	78
Cash proceeds receivable from disposal	(2)
Loss on disposal to the Group	76
Cash inflow arising on disposals:	
	<b>2017</b>
Cash proceeds receivable from disposal	2
Cash and cash equivalents of subsidiary disposed	-
Net cash inflows	2

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

#### Discontinued operation in 2017 (continued)

#### (b) Disposal of PT Sawit Sumber Rejo, PT Wahana Semesta Karisma and PT Harapan Barito Sejahtera ("BARUT subsidiaries") (continued)

Results presented as discontinued operations:

	<b>2017</b>
Revenue	-
Expenses	-
Loss from operations	-
Finance costs	-
Loss on disposal to the Group	(76)
Loss before tax from discontinued operations (Note 11)	(76)
Income tax (Note 11)	-
Loss from discontinued operations, net of tax	(76)

Cash flows of disposed subsidiary presented as discontinued operations:

	<b>2017</b>
Net cash from operating activities	-
Net cash from investing activities	(1)
Net cash from financing activities	1
Net cash outflows	-

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018  
Amounts in RM Million Unless Otherwise Stated

## 13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Bearer assets	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
<b>At cost or valuation</b>								
At 1 January 2017	1,580	2,230	1,656	647	2,146	3,681	440	12,380
Impact of MFRS and prior year adjustment (Note 41)	(10)	46	4	252	-	170	(147)	315
As restated	1,570	2,276	1,660	899	2,146	3,851	293	12,695
Additions	-	218	91	21	86	542	481	1,439
Disposals	(48)	(3)	(33)	(1)	(49)	(260)	-	(394)
Write off	-	-	(14)	(4)	-	(43)	(2)	(63)
Reclassification	-	(3)	-	4	26	128	(155)	-
Disposal of subsidiaries	-	(84)	(8)	-	-	-	-	(92)
Transfer:								
to assets held for sale	(39)	(82)	-	-	(54)	(12)	(1)	(188)
to investment properties (Note 15)	-	-	-	(46)	(5)	-	29	(22)
from intangible assets (Note 17)	-	-	-	-	-	12	-	12
Exchange differences	(1)	(5)	(17)	(1)	(11)	(5)	-	(40)
Revaluation	-	-	-	-	58	-	-	58
At 31 December 2017 and 1 January 2018 (restated)	<b>1,482</b>	<b>2,317</b>	<b>1,679</b>	<b>872</b>	<b>2,197</b>	<b>4,213</b>	<b>645</b>	<b>13,405</b>
Additions	-	<b>8</b>	<b>50</b>	<b>28</b>	<b>11</b>	<b>257</b>	<b>286</b>	<b>640</b>
Disposals	<b>(3)</b>	<b>(1)</b>	<b>(5)</b>	<b>(1)</b>	-	<b>(183)</b>	-	<b>(193)</b>
Write off	-	-	<b>(12)</b>	<b>(2)</b>	-	<b>(46)</b>	-	<b>(60)</b>
Reclassification	-	<b>(3)</b>	-	<b>(15)</b>	<b>127</b>	<b>23</b>	<b>(132)</b>	-
Acquisition of subsidiaries	-	-	-	-	-	<b>1</b>	-	<b>1</b>
Disposal of subsidiary	-	-	-	<b>(1)</b>	-	<b>(1)</b>	-	<b>(2)</b>
Transfer:								
to assets held for sale	-	<b>(30)</b>	-	<b>(140)</b>	-	<b>(46)</b>	-	<b>(216)</b>
from/(to) investment properties (Note 15)	<b>3</b>	-	-	<b>(38)</b>	-	-	<b>(7)</b>	<b>(42)</b>
from intangible assets (Note 17)	-	-	-	-	-	<b>2</b>	-	<b>2</b>
from inventories	-	-	-	<b>11</b>	-	-	<b>73</b>	<b>84</b>
Exchange differences	-	<b>4</b>	<b>(8)</b>	-	<b>(6)</b>	<b>(2)</b>	-	<b>(12)</b>
Revaluation	-	-	-	-	<b>86</b>	-	-	<b>86</b>
At 31 December 2018	<b>1,482</b>	<b>2,295</b>	<b>1,704</b>	<b>714</b>	<b>2,415</b>	<b>4,218</b>	<b>865</b>	<b>13,693</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Bearer asset	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
<b>Accumulated depreciation:</b>								
At 1 January 2017	-	198	438	128	132	1,733	-	2,629
Impact of MFRS and prior year adjustment (Note 41)	-	2	(34)	(64)	-	(111)	-	(207)
As restated	-	200	404	64	132	1,622	-	2,422
Charge for the financial year (Note 8)	-	68	51	8	39	353	-	519
Disposals	-	(41)	-	-	-	(28)	-	(69)
Write off	-	-	(6)	(3)	-	(43)	-	(52)
Reclassification	-	3	-	(1)	10	(12)	-	-
Transfer:								
to assets held for sale	-	-	-	-	-	(4)	-	(4)
to investment properties (Note 15)	-	-	-	-	(1)	-	-	(1)
Exchange differences	-	-	(1)	-	-	(2)	-	(3)
At 31 December 2017 and 1 January 2018 (restated)	-	<b>230</b>	<b>448</b>	<b>68</b>	<b>180</b>	<b>1,886</b>	-	<b>2,812</b>
Charge for the financial year (Note 8)	-	<b>40</b>	<b>49</b>	<b>16</b>	<b>41</b>	<b>280</b>	-	<b>426</b>
Disposals	-	-	<b>(11)</b>	-	-	<b>(23)</b>	-	<b>(34)</b>
Write off	-	-	<b>(12)</b>	<b>(3)</b>	-	<b>(44)</b>	-	<b>(59)</b>
Reclassification	-	<b>(3)</b>	-	-	<b>3</b>	-	-	-
Transfer:								
to assets held for sale	-	<b>(4)</b>	-	<b>(24)</b>	-	<b>(40)</b>	-	<b>(68)</b>
to investment properties (Note 15)	-	-	-	<b>(1)</b>	-	-	-	<b>(1)</b>
Acquisition of subsidiaries	-	-	-	-	-	<b>1</b>	-	<b>1</b>
Disposal of subsidiary	-	-	-	<b>(1)</b>	-	<b>(1)</b>	-	<b>(2)</b>
Exchange differences	-	-	-	-	-	<b>(1)</b>	-	<b>(1)</b>
At 31 December 2018	-	<b>263</b>	<b>474</b>	<b>55</b>	<b>224</b>	<b>2,058</b>	-	<b>3,074</b>



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Bearer assets	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
<b>Accumulated impairment loss:</b>								
At 1 January 2017	-	1	1	1	-	17	-	20
Charge for the financial year (Note 8)	-	-	-	8	-	3	-	11
Disposals	-	-	-	-	-	(7)	-	(7)
At 31 December 2017 and 1 January 2018	-	1	1	9	-	13	-	24
Charge for the financial year (Note 8)	-	-	-	27	-	-	2	29
Transfer: to assets held for sale	-	-	-	(35)	-	-	-	(35)
At 31 December 2018	-	1	1	1	-	13	2	18
<b>Net carrying amount:</b>								
At 1 January 2017 (restated)	1,570	2,075	1,255	834	2,014	2,212	293	10,253
At 31 December 2017 (restated)	1,482	2,086	1,230	795	2,017	2,314	645	10,569
At 31 December 2018	1,482	2,031	1,229	658	2,191	2,147	863	10,601

As a result of an impairment assessment on certain property, plant and equipment of a subsidiary, the Group has recognised an impairment loss of RM29 million that is recorded in other expenses in the financial statements of the Group.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

\* Other assets of the Group can be further analysed as follows:

Group	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Total
<b>At cost or valuation:</b>						
At 1 January 2017	2,573	53	512	128	415	3,681
Effect of MFRS and prior year adjustment	(35)	37	-	(1)	169	170
As restated	2,538	90	512	127	584	3,851
Additions	243	203	15	24	57	542
Disposals	(15)	(4)	(236)	(5)	-	(260)
Write off	(26)	(6)	(9)	(2)	-	(43)
Reclassification	121	2	4	2	(1)	128
Transfer:						
to assets held for sale	(6)	-	(2)	-	(4)	(12)
from intangible assets	-	-	-	-	12	12
Exchange differences	(3)	(1)	-	-	(1)	(5)
At 31 December 2017 and 1 January 2018	<b>2,852</b>	<b>284</b>	<b>284</b>	<b>146</b>	<b>647</b>	<b>4,213</b>
Additions	<b>164</b>	<b>30</b>	<b>17</b>	<b>8</b>	<b>38</b>	<b>257</b>
Disposals	<b>(161)</b>	<b>(5)</b>	<b>(3)</b>	<b>(14)</b>	<b>-</b>	<b>(183)</b>
Write off	<b>(26)</b>	<b>(2)</b>	<b>(3)</b>	<b>(2)</b>	<b>(13)</b>	<b>(46)</b>
Reclassification	<b>9</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>12</b>	<b>23</b>
Acquisition of subsidiaries	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
Disposal of subsidiary	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
Transfer:						
from intangible assets	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
to assets held for sale	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	<b>-</b>	<b>(46)</b>
Exchange differences	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>
At 31 December 2018	<b>2,836</b>	<b>309</b>	<b>248</b>	<b>140</b>	<b>685</b>	<b>4,218</b>

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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
<b>Accumulated depreciation:</b>						
At 1 January 2017	987	25	333	96	292	1,733
Effect of MFRS and prior year adjustment	(78)	3	(1)	(1)	(34)	(111)
As restated	909	28	332	95	258	1,622
Charge for the financial year	168	117	30	16	22	353
Disposals	(13)	(4)	(8)	(3)	-	(28)
Write off	(22)	(4)	(14)	(2)	(1)	(43)
Reclassification	57	12	(119)	12	26	(12)
Transfer:						
to assets held for sale	(3)	-	(1)	-	-	(4)
Exchange differences	(2)	-	-	-	-	(2)
At 31 December 2017 and 1 January 2018	<b>1,094</b>	<b>149</b>	<b>220</b>	<b>118</b>	<b>305</b>	<b>1,886</b>
Charge for the financial year	<b>176</b>	<b>32</b>	<b>25</b>	<b>13</b>	<b>34</b>	<b>280</b>
Disposals	<b>(3)</b>	<b>(4)</b>	<b>(2)</b>	<b>(14)</b>	<b>-</b>	<b>(23)</b>
Write off	<b>(21)</b>	<b>(3)</b>	<b>(4)</b>	<b>(2)</b>	<b>(14)</b>	<b>(44)</b>
Acquisition of subsidiaries	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Disposal of subsidiary	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
Transfer:						
to assets held for sale	<b>-</b>	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>-</b>	<b>(40)</b>
Exchange differences	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
At 31 December 2018	<b>1,245</b>	<b>175</b>	<b>198</b>	<b>115</b>	<b>325</b>	<b>2,058</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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
<b>Accumulated impairment loss:</b>						
At 1 January 2017	13	-	3	-	1	17
Charge for the financial year	3	-	-	-	-	3
Disposals	(5)	-	(1)	-	(1)	(7)
At 31 December 2017 and 1 January 2018	<b>11</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>13</b>
Charge for the financial year	-	-	-	-	-	-
At 31 December 2018	<b>11</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Net carrying amount:</b>						
At 1 January 2017	1,616	62	177	32	325	2,212
At 31 December 2017	1,747	135	62	28	342	2,314
At 31 December 2018	<b>1,580</b>	<b>134</b>	<b>48</b>	<b>25</b>	<b>360</b>	<b>2,147</b>



# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Bearer assets	Buildings	*Other assets	Capital work in progress	Total
<b>At cost or valuation:</b>							
At 1 January 2017	150	389	81	78	48	3	749
Effect of MFRS and prior year adjustment	-	15	-	-	-	-	15
As restated	150	404	81	78	48	3	764
Additions	-	-	12	1	1	-	14
Disposals	-	(1)	-	-	-	-	(1)
Reclassification	-	-	-	-	3	(3)	-
Transfer to assets held for sale (Note 28)	-	(92)	-	-	-	-	(92)
At 31 December 2017 and 1 January 2018 (restated)	<b>150</b>	<b>311</b>	<b>93</b>	<b>79</b>	<b>52</b>	<b>-</b>	<b>685</b>
Additions	-	-	-	<b>1</b>	<b>2</b>	-	<b>3</b>
Disposals	-	-	<b>(6)</b>	-	<b>(1)</b>	-	<b>(7)</b>
Transfer from inventories	-	-	-	<b>10</b>	-	<b>73</b>	<b>83</b>
At 31 December 2018	<b>150</b>	<b>311</b>	<b>87</b>	<b>90</b>	<b>53</b>	<b>73</b>	<b>764</b>
<b>Accumulated depreciation:</b>							
As at 1 January 2017	-	39	23	38	41	-	141
Effect of MFRS and prior year adjustment	-	-	-	-	-	-	-
As restated	-	39	23	38	41	-	141
Charge for the financial year (Note 8)	-	16	2	3	4	-	25
Transfer to assets held for sale (Note 28)	-	(10)	-	-	-	-	(10)
At 31 December 2017 and 1 January 2018 (restated)	-	<b>45</b>	<b>25</b>	<b>41</b>	<b>45</b>	-	<b>156</b>
Charge for the financial year (Note 8)	-	<b>17</b>	-	<b>3</b>	<b>3</b>	-	<b>23</b>
Disposals	-	-	<b>(11)</b>	-	<b>(1)</b>	-	<b>(12)</b>
At 31 December 2018	-	<b>62</b>	<b>14</b>	<b>44</b>	<b>47</b>	-	<b>167</b>

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For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Bearer assets	Buildings	*Other assets	Capital work in progress	Total
<b>Accumulated impairment losses:</b>							
At 1 January 2017, 31 December 2017 / 1 January 2018 and 31 December 2018	-	-	-	-	-	-	-
<b>Net carrying amount:</b>							
At 1 January 2017 (restated)	150	365	58	40	7	3	623
At 31 December 2017 (restated)	150	266	68	38	7	-	529
At 31 December 2018	<b>150</b>	<b>249</b>	<b>73</b>	<b>46</b>	<b>6</b>	<b>73</b>	<b>597</b>

\* Other assets of the Corporation can be further analysed as follows:

Corporation	Plant and machinery	Furniture and fittings	Motor vehicles	Total
<b>At cost:</b>				
As at 1 January 2017	17	25	6	48
Additions	-	-	1	1
Reclassification	-	3	-	3
At 31 December 2017 and 1 January 2018	<b>17</b>	<b>28</b>	<b>7</b>	<b>52</b>
Additions	-	1	1	2
Disposal	-	-	(1)	(1)
At 31 December 2018	<b>17</b>	<b>29</b>	<b>7</b>	<b>53</b>
<b>Accumulated depreciation:</b>				
At 1 January 2017	15	22	4	41
Charge for the financial year	-	3	1	4
At 31 December 2017 and 1 January 2018	<b>15</b>	<b>25</b>	<b>5</b>	<b>45</b>
Charge for the financial year	1	2	-	3
Disposals	-	-	(1)	(1)
At 31 December 2018	<b>16</b>	<b>27</b>	<b>4</b>	<b>47</b>

## Notes To The Financial Statements

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### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Plant and machinery	Furniture and fittings	Motor vehicles	Total
<b>Accumulated impairment losses:</b>				
At 1 January 2017	-	-	-	-
At 31 December 2017 / 1 January 2018 and 31 December 2018	-	-	-	-
<b>Net carrying amount:</b>				
At 1 January 2017	2	3	2	7
At 31 December 2017	2	3	2	7
At 31 December 2018	<b>1</b>	<b>2</b>	<b>3</b>	<b>6</b>

The net book value of property, plant and equipment acquired under finance leases of the Group amounted to RM47 million (31.12.2017: RM84 million, 1.1.2017: RM120 million).

During the financial year, the Group and the Corporation acquired property, plant and equipment with an aggregate cost of RM640 million (31.12.2017: RM1,439 million) and RM3 million (31.12.2017: RM14 million), respectively. The acquisition is settled through the following means:

	Group		Corporation	
	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated
Cash payment	<b>617</b>	1,420	<b>3</b>	14
Finance leases	<b>4</b>	4	-	-
Capitalisation of borrowing cost	<b>19</b>	15	-	-
	<b>640</b>	1,439	<b>3</b>	14

As at 31 December 2018, property, plant and equipment of the Group with net book value of RM1,042 million (31.12.2017: RM1,211 million, 1.1.2017: RM1,173 million) are pledged as security for borrowings.

#### Capitalisation of borrowing cost

During the financial year, borrowing costs capitalised as part of capital work in progress by the Group amounted to RM19 million (2017: RM15 million).

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For The Financial Year Ended 31 December 2018

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### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Revaluation of healthcare properties

Healthcare properties have been revalued on 31 December 2018 based on open market valuations carried out by an independent firm of professional valuers to reflect fair value. The book values of the healthcare properties were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

If the total amounts of healthcare properties had been determined in accordance with the historical cost, they would have been stated as follows:

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
Net book value: Healthcare properties	870	874	878	-	-	-

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
Healthcare properties	Investment method	<p>Term yield (6.00% - 8.25%) (31.12.2017: 6.00% - 8.25%)</p> <p>Reversionary yield (6.25% - 8.50%) (31.12.2017: 6.25% - 8.50%)</p> <p>Reversionary rental (RM psfpm) (1.00% - 7.78%) (31.12.2017: 0.81% - 7.75%)</p> <p>Outgoings (RM psfpm) (0.07% - 0.27%) (31.12.2017: 0.08% - 0.27%)</p> <p>Void rate (2.50% - 7.50%) (31.12.2017: 3.00% - 7.50%)</p>

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## 14. INVENTORIES

		Group			Corporation	
	31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
<b>Inventories included under non-current assets:</b>						
Land held for property development	737	759	392	261	365	73
At 31 December	737	759	392	261	365	73
<b>Inventories included under current assets:</b>						
Property development projects	1,020	1,038	1,032	694	689	457
Shop and houses	232	208	81	26	18	21
Store and materials	33	38	28	-	-	-
Agricultural produce	50	31	12	-	-	-
Finished goods	34	31	46	-	-	-
At 31 December	1,369	1,346	1,199	720	707	478
		Group			Corporation	
	31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
Carrying amount of inventories pledged as security for borrowings	107	108	107	-	-	-



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### 14. INVENTORIES (CONTINUED)

Included in inventories of the Group and the Corporation is borrowing costs capitalised for the financial year of RM2 million (31.12.2017: RM18 million) and RM2 million (31.12.2017: RM17 million), respectively.

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>The status of the land titles are as follows:</b>						
Registered in the name of Corporation	<b>37</b>	37	25	-	-	-
Registered in the name of certain subsidiaries	<b>96</b>	97	98	-	-	-
In the process of being transferred to the name of the subsidiaries	<b>546</b>	554	587	<b>283</b>	283	283

### 15. INVESTMENT PROPERTIES

	At fair value	
Group	31.12.2018	31.12.2017 Restated
At 1 January	<b>3,640</b>	3,609
Effect of MFRS and prior year adjustment	<b>(91)</b>	32
As restated	<b>3,549</b>	3,641
Additions	<b>428</b>	306
Disposals	<b>(1)</b>	(178)
Changes in fair value (Note 5)	<b>65</b>	103
Exchange differences	-	(3)
Transfer:		
from property, plant and equipment (Note 13)	<b>44</b>	21
to property, plant and equipment (Note 13)	<b>(3)</b>	-
from inventories (Note 14)	<b>164</b>	46
Reclassification:		
from/(to) assets held for sale	<b>19</b>	(387)
	<b>4,265</b>	3,549

# Notes To The Financial Statements

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## 15. INVESTMENT PROPERTIES (CONTINUED)

Group	31.12.2018	At fair value 31.12.2017 Restated	1.1.2017 Restated
Included in the above are:			
Land	3,004	2,028	2,385
Buildings	804	1,177	1,007
Construction-in-progress ("CIP")	457	344	249
	4,265	3,549	3,641

Corporation	At fair value 31.12.2018	31.12.2017 Restated
At 1 January	1,499	1,450
Effect of MFRS and prior year adjustments	-	119
As restated	1,499	1,569
Additions	10	-
Disposals	-	(29)
Changes in fair value (Note 5)	183	5
Transfer from inventories	164	5
Reclassification: from/(to) assets held for sale	19	(51)
	1,875	1,499

Corporation	31.12.2018	At fair value 31.12.2017 Restated	1.1.2017 Restated
Included in the above are:			
Land	895	656	724
Buildings	718	724	726
Construction-in-progress ("CIP")	262	119	119
	1,875	1,499	1,569

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### 15. INVESTMENT PROPERTIES (CONTINUED)

	Group			Corporation		
	31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
Rental income from investment properties	216	244	113	45	44	43
Concession fee	-	-	-	22	22	22
Direct operating expenses: From income generating investment properties	31	21	10	12	-	-

The fair value of investment properties is estimated based on valuations carried out by independent firms of professional valuers using the following valuation techniques:

#### Group

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land	Comparison method	RM50-RM819 per square foot (31.12.2017: RM20-RM360 per square foot, 1.1.2017: RM20-RM360 per square foot)	The higher the value per square foot, the higher the valuation
Buildings	Investment method	Term and reversion yield (5% - 8.5%) (31.12.2017: 5% - 8%, 1.1.2017: 5% - 7.5%)	The estimated fair value would increase/ (decrease) if terms and reversion yield were higher/(lower)
		Discount rate (5% - 7.5%) (31.12.2017: 5% - 7.5%, 1.1.2017: 5% - 7.5%)	The estimated fair value, would increase/ (decrease) if discount rate were lower/ (higher)
	Residual method	Average selling price per square foot of RM800 (31.12.2017: RM800, 1.1.2017: RM800)	The estimated fair value would increase/ (decrease) if selling price per square foot were higher/(lower)
	Net income method	Capitalisation rate (6.5% - 7.3%) (31.12.2017: 6% - 7.3%, 1.1.2017: 6.5% - 7.8%)	The estimated fair value would increase/ (decrease) if the capitalisation decrease/(increase)
Construction-in-progress ("CIP")	Cost method	Construction cost per square foot RM300-RM500 (31.12.2017: RM312 - RM522, 1.1.2017: RM522)	The estimated fair value would increase/ (decrease) if construction cost per square foot were higher/(lower)
		Percentage of completion 93% (31.12.2017: 93%, 1.1.2017: 74%)	The estimated fair value would increase/ (decrease) if percentage of completion were higher/(lower)

# Notes To The Financial Statements

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## 15. INVESTMENT PROPERTIES (CONTINUED)

### Corporation

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land	Comparison method	RM35-RM50 per square foot (31.12.2017: RM35 - RM50 per square foot, 1.1.2017: RM20 - RM39 per square foot)	The higher the value per square foot, the higher the valuation
Buildings and Construction-in-progress ("CIP")	Cost method	Land: RM40 - RM55 per square foot (31.12.2017: RM40 - RM55 per square foot, 1.1.2017: RM40 - RM55 per square foot)  Dredging: RM50 - RM60 per cubic metre (31.12.2017: RM50 - RM60 per cubic metre, 1.1.2017: RM25 - RM35 per cubic metre)  Jetty: RM2,500 - RM3,500 per square metre (31.12.2017: RM2,500 - RM3,500 per square metre, 1.1.2017: RM2,500 - RM3,500 per square metre)  Pipeline: RM5 million - RM8.5 million per kilometre (31.12.2017: RM5 million - RM8.5 million per kilometre, 1.1.2017: RM5 million - RM8.5 million per kilometre)	The estimated fair value would increase/ (decrease) if the unobservable inputs disclosed were higher/(lower)

The fair value hierarchy of these investment properties are disclosed in Note 37(e).

As at 31 December 2018, investment properties of the Group with carrying amount of RM1,498 million (31.12.2017: RM1,519 million, 1.1.2017: RM1,378 million) are pledged as security for borrowings. Investment properties of the Corporation with carrying amount of RM909 million (31.12.2017: RM974 million, 1.1.2017: RM907 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 RM5 million (31.12.2017: RM5 million).

## Notes To The Financial Statements

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### 16. BIOLOGICAL ASSETS

Group	Fresh fruit bunches	Livestock	Others	Total
At 1 January 2017	14	19	13	46
Additions	-	8	3	11
Changes in fair value (Note 6)	(6)	-	-	(6)
Disposals	-	(8)	-	(8)
Write off	-	-	(11)	(11)
At 31 December 2017 and 1 January 2018	<b>8</b>	<b>19</b>	<b>5</b>	<b>32</b>
Additions	-	<b>3</b>	<b>1</b>	<b>4</b>
Changes in fair value (Note 6)	<b>(7)</b>	-	-	<b>(7)</b>
Disposals	-	<b>(6)</b>	-	<b>(6)</b>
At 31 December 2018	<b>1</b>	<b>16</b>	<b>6</b>	<b>23</b>

The biological assets are subject to the following maturity period:

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated
<b>Non Current:</b>			
Due later than one year	<b>2</b>	1	1
<b>Current:</b>			
Due no later than one year	<b>21</b>	31	45
	<b>23</b>	32	46

During the financial year, the Group's produced approximately 1,068,341 metric tonnes ("MT") (31.12.2017: 1,159,769 MT) of fresh fruit bunches ("FFB"), 3,208 MT (31.12.2017: 2,176 MT) pineapples and 1,172 heads (31.12.2017: 1,906 heads) of livestock.

As at 31 December 2018, the Group's unharvested FFB, pineapples and unsold livestock used in the fair value were 40,544 MT (31.12.2017: 43,806 MT), 4,295 MT (31.12.2017: 3,208 MT) and 6,479 heads (31.12.2017: 6,930 heads) respectively.

Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on the income approach which considers the net present value of all directly attributable net cashflows including imputed contributory asset charges and the range of FFB prices as at year end of RM380 to RM407 (31.12.2017: RM470 to RM563) per MT.

Growing pineapples represent the standing pineapples prior to harvest. The fair value of growing pineapples depends on the age, sucrose content and condition and is calculated based on expected selling prices as at year end of RM2.22/kg (31.12.2017: RM2.87/kg)



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### 16. BIOLOGICAL ASSETS (CONTINUED)

Fair values of the livestock are based on the Group's assessment of the age, average weights and market values of the livestock, which range from RM2,800 to RM5,800 (31.12.2017: RM2,400 to RM5,000) per livestock.

The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy with the exception of livestock which are on Level 2 as the inputs used are observable indirectly. If the selling price of the FFB, pineapples and livestock changes by 5%, the profit or loss of the Group would have increased or decreased by approximately RM0.7 million (31.12.2017: RM1.06 million), RM0.28 million (31.12.2017: RM0.22 million) and RM1.73 million (31.12.2017: RM0.94 million), respectively.

### 17. INTANGIBLE ASSETS

Group	Goodwill	Software expenditure	Software expenditure under development	Others	Total
<b>Cost:</b>					
At 1 January 2017	250	29	43	7	329
Additions	-	2	8	3	13
Transfer to property, plant and equipment (Note 13)	-	-	(12)	-	(12)
Reclassification	-	10	(10)	-	-
At 31 December 2017 and 1 January 2018	<b>250</b>	<b>41</b>	<b>29</b>	<b>10</b>	<b>330</b>
Additions	-	-	7	4	11
Disposal	-	-	(3)	-	(3)
Transfer to property, plant and equipment (Note 13)	-	-	(2)	-	(2)
Write off	-	-	(1)	-	(1)
Acquisition	2	-	-	-	2
At 31 December 2018	<b>252</b>	<b>41</b>	<b>30</b>	<b>14</b>	<b>337</b>
<b>Accumulated amortisation and impairment:</b>					
At 1 January 2017	63	5	-	-	68
Amortisation (Note 6)	-	4	-	5	9
Impairment (Note 6)	3	-	-	-	3
At 31 December 2017 and 1 January 2018	<b>66</b>	<b>9</b>	<b>-</b>	<b>5</b>	<b>80</b>
Amortisation (Note 6)	-	4	-	-	4
Impairment (Note 6)	-	-	-	1	1
At 31 December 2018	<b>66</b>	<b>13</b>	<b>-</b>	<b>6</b>	<b>85</b>

## Notes To The Financial Statements

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### 17. INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill	Software expenditure	Software expenditure under development	Others	Total
<b>Net carrying amount:</b>					
At 31 December 2017	184	32	29	5	250
At 31 December 2018	<b>186</b>	<b>28</b>	<b>30</b>	<b>8</b>	<b>252</b>

#### 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"):

Group	Goodwill 2018	2017
Healthcare services	<b>168</b>	168
Others	<b>18</b>	16
	<b>186</b>	184

#### Goodwill - Healthcare services

#### Recoverable amount based on fair value less cost to sell

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.

The key assumptions used are as follow:

	2018 %	2017 %
<b>Malaysia</b>		
Revenue <sup>1</sup>	<b>6 - 12</b>	6 - 12
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin <sup>2</sup>	<b>13.3 - 15.7</b>	13.3 - 15.7
Discount rate <sup>3</sup>	<b>12</b>	12
Terminal growth rate <sup>4</sup>	<b>5</b>	5

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## 17. INTANGIBLE ASSETS (CONTINUED)

Assumptions:

- 1 Based on revenue range
- 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 budgeted 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.

### Others

Others relate to goodwill relating to CGUs which are not material individually.

## 18. INVESTMENT IN SUBSIDIARIES

	<b>Corporation</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>
		<b>Restated</b>
Shares, at cost:		
Quoted shares in Malaysia	<b>299</b>	225
Unquoted shares in Malaysia	<b>2,338</b>	2,338
Unsecured preference shares*	<b>1,820</b>	1,863
Amount due from subsidiaries	<b>58</b>	259
As at 31 December	<b>4,515</b>	4,685
Less: Accumulated impairment		
As at 1 January	<b>(1,358)</b>	(1,230)
Reclassification to/(from) trade and other receivables	<b>42</b>	(101)
Charge for the financial year (Note 6)	<b>(98)</b>	(27)
Reversal of impairment (Note 5)	<b>50</b>	-
As at 31 December	<b>(1,364)</b>	(1,358)
	<b>3,151</b>	3,327
Market value for quoted shares	<b>1,608</b>	1,488

## Notes To The Financial Statements

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### 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

\* The unsecured preference shares are issued by different subsidiaries with equity features as follows:

- Convertible and non-convertible
- Cumulative and non-cumulative
- Redeemable and non-redeemable

(a) Carrying amounts of shares pledged as security for borrowings granted to certain subsidiaries amounted to RM131 million (31.12.2017: RM103 million, 1.1.2017: RM44 million).

(b) Impairment loss on investment in a subsidiary

Due to continuing losses over the years in a subsidiary, JCorp Hotels & Resorts Sdn Bhd, an impairment test was performed for the investment. The recoverable amount of the subsidiary is determined based on fair value less cost to sell calculation (Level 3 fair value computation).

As a result of the impairment assessment, an impairment loss of RM112 million had been recorded in other expenses in the financial statements of the Corporation.

(c) Reversal of impairment loss on investment in a subsidiary

The finalisation of an arbitration settlement and revised loan arrangement in a subsidiary, Tanjung Langsat Port Sdn Bhd, were identified as indicators for a reversal of impairment to be performed for the investment. The recoverable amount of the subsidiary is determined based on fair value less cost to sell calculation (Level 2 fair value computation).

As a result of the impairment assessment, a reversal of impairment of RM50 million had been recorded in other income in the financial statements of the Corporation.

(d) Acquisition of additional interest in a subsidiary

The Group acquired an additional 1.77% equity interest in KPJ Healthcare Berhad during the year. This resulted in a decrease in non-controlling interest of RM35 million.

## Notes To The Financial Statements

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### 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (e) Summarised financial information of Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Al-Aqar Healthcare Berhad, Al-Aqar Healthcare REIT and Damansara Assets Sdn Bhd 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 intercompany balances and transactions. The non-controlling interests of the other subsidiaries are individually not material to the Group.

**(i) The Group's subsidiaries that have non-controlling interests ("NCI") are as follows:**

Group	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Other immaterial subsidiaries		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
NCI percentage of ownership voting interest	0.02%	0.02%	61.36%	63.13%	84.69%	85.50%	48.02%	43.64%	-	-	-	-
Carrying amount of NCI	294	188	1,016	912	772	750	310	309	35	94	2,427	2,253
Profit/(Loss) allocated to NCI	-	-	114	105	77	73	-	-	(41)	(117)	150	61



## Notes To The Financial Statements

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### 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (ii) Summarised Statements of Financial Position

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-'Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Non-current assets	5,507	5,706	3,474	3,155	1,486	1,460	1,619	1,490	12,086	11,811
Current assets	981	1,093	1,319	1,079	95	97	516	442	2,911	2,711
Total assets	6,488	6,799	4,793	4,234	1,581	1,557	2,135	1,932	14,997	14,522
Current liabilities	1,194	1,074	1,067	1,069	20	622	275	227	2,556	2,992
Non-current liabilities	1,508	1,660	1,589	1,350	613	11	584	476	4,294	3,497
Total liabilities	2,702	2,734	2,656	2,419	633	633	859	703	6,850	6,489
<b>Net assets</b>	<b>3,786</b>	<b>4,065</b>	<b>2,137</b>	<b>1,815</b>	<b>948</b>	<b>924</b>	<b>1,276</b>	<b>1,229</b>	<b>8,147</b>	<b>8,033</b>
Equity attributable to owners of the Company	3,678	3,949	1,984	1,727	948	924	966	923	7,576	7,523
Non-controlling interests	108	116	153	88	-	-	310	306	571	510
<b>Total equity</b>	<b>3,786</b>	<b>4,065</b>	<b>2,137</b>	<b>1,815</b>	<b>948</b>	<b>924</b>	<b>1,276</b>	<b>1,229</b>	<b>8,147</b>	<b>8,033</b>

# Notes To The Financial Statements

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## 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (iii) Summarised Statements of Comprehensive Income

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-'Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	1,322	1,525	3,308	3,180	103	100	135	127	4,868	4,932
Profit/(Loss) for the financial year	33	(92)	186	167	91	85	64	36	374	196
Profit/(Loss) attributable to owners of the company	33	(92)	72	62	14	12	64	36	183	18
Profit/(Loss) attributable to the non-controlling interests	-	-	114	105	77	73	-	-	191	178
Other comprehensive income/(loss) attributable to owners of the company	(293)	26	36	7	(6)	(2)	-	-	(263)	31
Other comprehensive income/(loss) for the financial year	(293)	26	36	7	(6)	(2)	-	-	(263)	31
Total comprehensive income/(loss)	(173)	(65)	223	174	85	83	64	36	199	228
Total comprehensive income/(loss) attributable to owners of the company	(260)	(65)	86	64	13	12	64	36	(97)	47
Total comprehensive income/(loss) attributable to the non-controlling interests	-	-	137	110	72	71	-	-	209	181
Dividend paid to non-controlling interests	1	1	40	63	29	34	19	15	89	113

## Notes To The Financial Statements

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### 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (iv) Summarised Statements of Cash Flows

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-'Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net cash generated from operating activities	244	399	518	362	58	90	66	12	886	863
Net cash (used in)/generated from investing activities	(181)	(29)	(454)	(419)	(1)	89	(142)	(9)	(778)	(368)
Net cash (used in)/generated from financing activities	(136)	(388)	141	(99)	(52)	(166)	87	(20)	40	(673)
Net change in cash and cash equivalents	(73)	(18)	205	(156)	5	13	11	(17)	148	(178)

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For The Financial Year Ended 31 December 2018  
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## 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (f) Acquisition of subsidiaries in 2018

On 14 November 2018, Damansara Assets Sdn Bhd ("DASB") had acquired 70% of Healthcare Technical Services Sdn. Bhd. ("HTS") for a purchase consideration of RM11 million by way of offsetting the balance due from a third party, making it a 100% owned subsidiary of the Group.

The acquisition had the following effects on the Group's assets and liabilities on the acquisition date:

	Final fair value recognised on acquisition
Property, plant and equipment	1
Cash and cash equivalents	4
Receivables	15
Payables	(7)
Net identifiable assets	13
Less: Non-controlling interest on acquisition	(4)
Less: Previously held carrying amounts as an associate	-
Group's share of net assets acquired	9
Goodwill	2
Total cost of acquisition	11
Cash and cash equivalents acquired	(4)
Net cash outflow	7

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For The Financial Year Ended 31 December 2018

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### 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (g) Disposal of interest in subsidiaries in 2018

- (i) On 23 January 2018, KPJ Healthcare Berhad ("KPJ") announced that Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and KPJSB's wholly owned subsidiary Lablink (M) Sdn Bhd ("Lablink"), entered into a Subscription and Share Purchase Agreement ("SSPA") with KL Kappa Sdn Bhd ("KL Kappa") for the subscription of new shares in Lablink by KL Kappa and for the purchase of certain existing shares in Lablink by KL Kappa from KPJSB.

The SSPA involved the issuance of new shares in Lablink to KL Kappa and the selling of existing Lablink shares by KPJSB to KL Kappa that will collectively result in KL Kappa having a 49% stake in Lablink's enlarged share capital, with the remaining 51% (2017: 100%) held by KPJSB, for a total cash consideration of RM120 million. The disposal was completed on 22 March 2018.

The Group recognised additional non-controlling interest of RM66 million and an increase in equity attributable to owners of the parent of RM54 million. The effect of changes in the ownership interest of Lablink on the equity attributable to owners of the Company during the financial year is summarised as follows:

	<b>Group 2018</b>
Net assets attributable to non-controlling interest	<b>(66)</b>
Consideration received from non-controlling interest	<b>120</b>
Increase in equity attributable to owner of the Company	<b>54</b>

- (ii) During the financial year, PharmaCARE Sdn Bhd, a subsidiary in the KPJ Group had entered into a Share Sale Agreement with Yayasan Islam Terengganu to dispose the Group's entire 100% equity interest in Open Access Sdn Bhd for a total cash consideration of RM10,000, net of transaction costs. The disposal was completed on 8 July 2018. The impact of the disposal to the Group was immaterial.
- (iii) On 31 December 2018, Johor Capital Holdings Sdn Bhd, a direct subsidiary of the Corporation has disposed its entire equity interest in PJB Capital Sdn Bhd to a third party for a cash consideration of RM1. The effect of disposal was immaterial to the Group.
- (iv) On 31 December 2018, Damansara Assets Sdn Bhd, a direct subsidiary of the Corporation has disposed its entire equity interest in Tunjuk Laut Resort Sdn Bhd to a third party for a cash consideration of RM1. The effect of disposal was immaterial to the Group.
- (v) On 31 December 2018, Johor Franchise Development Sdn Bhd, a direct subsidiary of the Corporation has disposed its entire equity interest in Pro Office Services Sdn Bhd to a third party for a cash consideration of RM1. The effect of disposal was immaterial to the Group.



# Notes To The Financial Statements

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## 18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (h) Acquisition of subsidiaries in 2017

Acquisition of Premium Angle Development Sdn Bhd ("PADSB") and Ibrahim International Business District (Johor) Sdn Bhd ("IJSB"). On 15 August 2017, the Corporation acquired 100% equity interest in PADSB comprising 2 ordinary shares of RM1 each for an aggregate cash consideration of RM2.

On 19 June 2017, the Corporation acquired 100% equity interest in IJSB comprising 2 ordinary shares of RM1 each for an aggregate cash consideration of RM2. Subsequently on 6 December 2017, the Corporation subscribed for an additional 599,998 ordinary shares in IJSB representing 60% of the issued and paid-up capital of IJSB for a total purchase consideration of RM599,998, thereby reducing its effective interest to 60% in IJSB.

All these acquisitions did not require any fair value adjustments.

### (i) Disposal of equity interest in subsidiaries in 2017

During the previous financial year, the Group disposed of its equity interests in PT Sawit Sumber Rejo, PT Wahana Semesta Karisma, PT Harapan Barito Sejahtera. The effects of the disposal on the financial position and results of the Group are disclosed in Note 12.

The list of subsidiaries are disclosed on pages 270 to 293.

## Notes To The Financial Statements

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### 19. INVESTMENT IN ASSOCIATES

	Group 2018	2017	Corporation 2018	2017
Unquoted shares in Malaysia, at cost	114	114	4	4
Unquoted shares outside Malaysia	55	55	-	-
Share of post-acquisition retained profits and reserves less losses	113	99	-	-
	282	268	4	4

(a) Details of the Group's associates are as follows:

	Country of incorporation	Principal activities	Percentage of ownership interest held by the Group*		Accounting model applied
			2018	2017	
<b>Held by the Corporation:</b>					
Panca Pesona Sdn Bhd	Malaysia	Industrial land and property developer	40.00%	40.00%	Equity method
<b>Held through the subsidiaries:</b>					
Bertam Properties Sdn Bhd	Malaysia	Property developer	20.00%	20.00%	Equity method
Revertex (Malaysia) Sdn Bhd	Malaysia	Processing of rubber and chemicals	30.07%	30.07%	Equity method
Kedah Medical Centre Sdn Bhd	Malaysia	Operating as a specialist hospital	45.65%	45.65%	Equity method
Healthcare Technical Services Sdn Bhd	Malaysia	Project management and engineering maintenance services for specialist hospital	Refer Note 18(f)	30.00%	Equity method
Vejthani Public Company Limited	Thailand	International specialist hospital	23.37%	23.37%	Equity method
Axiata Digital Innovation Fund Sdn Bhd	Malaysia	Investment holding company	12.44%	12.44%	Equity method

\* Equals to the proportion of voting rights held

These associates have the same reporting period as the Group.

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### 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

	Veithani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Non-current assets	234	195	109	113	59	60	77	33	479	401
Current assets	81	84	146	120	411	374	60	120	698	698
Total assets	315	279	255	233	470	434	137	153	1,177	1,099
Non-current liabilities	59	73	17	17	1	1	2	2	79	93
Current liabilities	79	47	37	9	117	109	19	25	252	190
Total liabilities	138	120	54	26	118	110	21	27	331	283
Net assets	177	159	201	207	352	324	116	126	846	816

## Notes To The Financial Statements

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### 19. INVESTMENT IN ASSOCIATES (CONTINUED)

#### (ii) Summarised Statements of Comprehensive Income

	Veithani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	257	256	80	85	384	444	90	118	811	903
Profit for the financial year from continuing operations	18	19	6	22	53	10	8	10	85	61
Dividend received from the associates during the financial year	-	-	2	4	7	3	4	6	13	13

#### (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Net assets at 1 January	159	123	207	205	324	324	126	118	816	770
Reclassification during the financial year	-	-	-	-	-	-	(16)	-	(16)	-
Profit for the financial year	18	19	6	22	53	10	8	10	85	61
Changes in equity	-	17	-	-	-	-	-	-	-	17
Dividend paid by associates during the financial year	-	-	(12)	(20)	(25)	(10)	(2)	(2)	(39)	(32)
Net assets at 31 December	177	159	201	207	352	324	116	126	846	816
Interest in associates	23.37%	23.37%	20.00%	20.00%	30.07%	30.07%	-	-	-	-
Group share of net assets	41	37	40	41	106	97	50	65	237	240
Goodwill	14	18	4	5	15	15	12	(10)	45	28
Carrying value of group's interest in associates	55	55	44	46	121	112	62	55	282	268

## Notes To The Financial Statements

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### 20. INVESTMENT IN JOINT VENTURES

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated
<b>At cost</b>			
Shares unquoted in Malaysia	1,478	1,272	1,272
Share of post-acquisition reserves	9	111	62
Accumulated impairment	(3)	(3)	(3)
	<b>1,484</b>	<b>1,380</b>	<b>1,331</b>

The Group has voting rights of its joint ventures ranging from 51.00% to 65.62% (2017: 51.00% to 63.04%). 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.

On 23 July 2018, Johor Corporation via Business Chronicles Sdn Bhd ("BCSB") entered into a Sale Shares Agreement ("SSA") to acquire an additional 5% equity interest in Massive Equity Sdn Bhd ("MESB") for a purchase consideration of RM205 million. This was settled as a non-cash transaction via utilisation of dividends declared by MESB. Currently, MESB owns 100% of QSR Brands (M) Holdings Bhd ("QSR"). Upon fulfilment of the Condition Precedents on 23 July 2018, the current shareholding held by the Group increased from 51% to 56%.

(a) Details of the Group's joint ventures are as follows:

Name	Country of incorporation	Percentage of ownership interest*		Principal activities	Accounting model applied
		2018	2017		
QSR Brands (M) Holdings Bhd	Malaysia	56.00%	51.00%	Note (i)	Equity method
Tepak Marketing Sdn Bhd	Malaysia	65.62%	63.04%	Note (ii)	Equity method
Johor Concrete Products Sdn Bhd	Malaysia	51.00%	51.00%	Note (iii)	Equity method
PT Padang Industrial Park	Indonesia	55.00%	55.00%	Note (iv)	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 mainly involved in the business of quick service restaurants.
- (ii) The principal activities consist of contract packing of tea and tea trading.
- (iii) The principal activities are manufacturing and marketing of concrete drains and piles. The Company ceased operations in February 2003.
- (iv) The principal activities consist of construction, development and sale of industrial estate.



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### 20. INVESTMENT IN JOINT VENTURES (CONTINUED)

- (b) Summarised financial information of QSR Brands (M) Holdings Bhd ("QSR") 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

	<b>QSR Brands (M) Holdings Bhd</b>		<b>Others</b>		<b>Total</b>	
	<b>2018</b>	<b>2017 Restated</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017 Restated</b>
Non-current assets	<b>3,814</b>	3,818	<b>8</b>	8	<b>3,822</b>	3,826
Cash and cash equivalents	<b>459</b>	486	<b>2</b>	2	<b>461</b>	488
Other current assets	<b>724</b>	655	<b>22</b>	24	<b>746</b>	679
Total current assets	<b>1,183</b>	1,141	<b>24</b>	26	<b>1,207</b>	1,167
Total assets	<b>4,997</b>	4,959	<b>32</b>	34	<b>5,029</b>	4,993
Current liabilities (excluding trade and other payables and provisions)	<b>299</b>	182	-	-	<b>299</b>	182
Trade and other payables and provisions	<b>814</b>	734	<b>16</b>	20	<b>830</b>	754
Total current liabilities	<b>1,113</b>	916	<b>16</b>	20	<b>1,129</b>	936
Non-current liabilities (excluding trade and other payables and provisions)	<b>1,407</b>	1,366	-	-	<b>1,407</b>	1,366
Trade and other payables and provisions	<b>3</b>	3	-	-	<b>3</b>	3
Total non-current liabilities	<b>1,410</b>	1,369	-	-	<b>1,410</b>	1,369
Total liabilities	<b>2,523</b>	2,285	<b>16</b>	20	<b>2,539</b>	2,305
Net assets	<b>2,474</b>	2,674	<b>16</b>	14	<b>2,490</b>	2,688

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## 20. INVESTMENT IN JOINT VENTURES (CONTINUED)

- (b) Summarised financial information of QSR Brands (M) Holdings Bhd ("QSR") 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

	<b>QSR Brands (M) Holdings Bhd</b>		<b>Others</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>Restated</b>				<b>Restated</b>
Revenue	<b>4,607</b>	4,560	<b>41</b>	42	<b>4,648</b>	4,602
Depreciation and amortisation	<b>219</b>	214	-	-	<b>219</b>	214
Interest income	<b>6</b>	9	-	-	<b>6</b>	9
Interest expense	<b>66</b>	72	-	-	<b>66</b>	72
Profit before tax	<b>319</b>	275	<b>2</b>	2	<b>321</b>	277
Income tax expense	<b>126</b>	105	-	1	<b>126</b>	106
Profit/(loss) after tax	<b>193</b>	170	<b>2</b>	1	<b>195</b>	171
Other comprehensive income	<b>(1)</b>	1	-	-	<b>(1)</b>	1
Total comprehensive income/ (loss)	<b>192</b>	171	<b>2</b>	1	<b>194</b>	172

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### 20. INVESTMENT IN JOINT VENTURES (CONTINUED)

- (c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures.

	<b>QSR Brands (M)</b>		<b>Others</b>		<b>Total</b>	
	<b>Holdings Bhd</b>					
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>Restated</b>				<b>Restated</b>
Net assets at 1 January	<b>2,674</b>	2,617	<b>14</b>	13	<b>2,688</b>	2,630
Effect of MFRS and prior year adjustment	<b>6</b>	(40)	-	-	<b>6</b>	(40)
As restated	<b>2,680</b>	2,577	<b>14</b>	13	<b>2,694</b>	2,590
Profit for the financial year	<b>193</b>	170	<b>2</b>	1	<b>195</b>	171
Other comprehensive income	<b>(1)</b>	1	-	-	<b>(1)</b>	1
Change in ownership interest	<b>3</b>	1	-	-	<b>3</b>	1
Dividend declared by joint venture	<b>(400)</b>	-	-	-	<b>(400)</b>	-
Dividend paid	<b>(1)</b>	(75)	-	-	<b>(1)</b>	(75)
Net assets at 31 December	<b>2,474</b>	2,674	<b>16</b>	14	<b>2,490</b>	2,688
Interest in joint ventures	<b>56.00%</b>	51.00%	<b>57.21%</b>	56.35%	-	-
Group's share of net assets	<b>1,385</b>	1,364	<b>10</b>	9	<b>1,395</b>	1,373
Goodwill	<b>93</b>	11	<b>(4)</b>	(4)	<b>89</b>	7
Carrying value of Group's interest in joint ventures	<b>1,478</b>	1,375	<b>6</b>	5	<b>1,484</b>	1,380

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### 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:

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>Subject to income tax:</b>						
Deferred tax assets	291	290	220	204	156	119
Deferred tax liabilities	(482)	(439)	(409)	-	-	-
<b>Subject to real property gain tax:</b>						
Deferred tax assets	-	-	-	-	-	-
Deferred tax liabilities	(326)	(333)	(323)	(206)	(164)	(128)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

	Group 31.12.2018	31.12.2017 Restated	Corporation 31.12.2018	31.12.2017 Restated
At 1 January	(482)	(512)	(8)	(9)
Credited/(Charged) to profit or loss:				
Property, plant and equipment	(43)	(30)	(42)	(36)
Investment properties	7	(10)	14	14
Unutilised tax losses	56	37	34	24
Provisions	(11)	(8)	-	(1)
Receivables	7	(3)	-	-
Foreign exchange adjustments	3	-	-	-
Others	(54)	44	-	-
	(35)	30	6	1
As at 31 December	(517)	(482)	(2)	(8)

## Notes To The Financial Statements

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### 21. DEFERRED TAX (CONTINUED)

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>Deferred tax assets</b>						
Provisions	66	77	85	3	3	4
Unutilised tax losses	269	213	176	234	200	176
Foreign exchange adjustments	3	-	-	-	-	-
Others	95	149	103	-	-	-
Amount before offsetting	433	439	364	237	203	180
Offsetting	(142)	(149)	(144)	(33)	(47)	(61)
As at 31 December	291	290	220	204	156	119
<b>Deferred tax liabilities</b>						
Property, plant and equipment	(651)	(608)	(578)	(206)	(164)	(128)
Investment properties	(280)	(287)	(277)	(33)	(47)	(61)
Receivables	(12)	(19)	(16)	-	-	-
Others	(7)	(7)	(5)	-	-	-
Amount before offsetting	(950)	(921)	(876)	(239)	(211)	(189)
Offsetting	142	149	144	33	47	61
As at 31 December	(808)	(772)	(732)	(206)	(164)	(128)

The Directors are of the view that there is sufficient taxable profit available which allow the deferred tax assets to be utilised in the future.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to the expiry of the unabsorbed tax losses in 2025, all available evidences are considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. No reasonably possible change in any of the key assumptions would result in a reduction in forecast headroom of taxable profits such that the deferred tax asset would not be realised.



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## 21. DEFERRED TAX (CONTINUED)

### Unrecognised deferred tax assets

The amount of unused tax losses that will expire in year 2025 and deductible temporary differences 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			Corporation		
	31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
Deductible temporary differences	397	358	445	-	-	-
Unutilised tax losses	509	469	569	-	-	-
	906	827	1,014	-	-	-

The deductible temporary differences in a current year can be carried forward to be deducted from the adjusted income of the subsequent years of assessment indefinitely until it is fully utilised.

## 22 (a). FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Shares In Malaysia		Shares Outside Malaysia	Warrant In Malaysia		
Group 2018	Unquoted	Quoted	Unquoted	Fund Investment	Quoted	Total
Non-current: Financial assets at fair value through other comprehensive income	9	10	-	-	1	20
	9	10	-	-	1	20
Group 2017						
Non-current: Available-for-sale financial assets	12	22	173	5	3	215
	12	22	173	5	3	215

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### 22 (b). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group 2018	Shares In Malaysia	Debt Instrument Outside Malaysia	Total
	Quoted	Unquoted	
Current:			
Financial assets at fair value through profit or loss	5	259	264
	5	259	264
<b>Group 2017</b>			
Current:			
Financial assets at fair value through profit or loss	5	-	5
	5	-	5
Corporation 2018	Shares In Malaysia	Warrant In Malaysia	Total
	Quoted	Quoted	
Current:			
Financial assets at fair value through profit or loss	20	-	20
	20	-	20
<b>Corporation 2017</b>			
Current:			
Financial assets at fair value through profit or loss	24	32	56
	24	32	56

### 23. CONTRACT COSTS

	31.12.2018	Group 31.12.2017	01.01.2017
Assets recognised from costs incurred to fulfil a contract	2	4	9
	2	4	9

Land and related development cost that are attributable to units sold are capitalised as contract cost. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised.

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## 24. TRADE AND OTHER RECEIVABLES

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>Non current</b>						
Other receivables*	<b>23</b>	65	51	-	-	-
Amount due from related parties	-	-	-	-	-	196
Less: Allowance for impairment	-	-	-	-	-	(42)
	<b>23</b>	65	51	-	-	154
<b>Current</b>						
Trade receivables	<b>714</b>	820	952	<b>18</b>	28	19
Less: Allowance for impairment	<b>(59)</b>	(54)	(77)	<b>(2)</b>	-	-
	<b>655</b>	766	875	<b>16</b>	28	19
Other receivables*	<b>465</b>	693	956	<b>32</b>	24	396
Less: Allowance for impairment	<b>(46)</b>	(34)	(24)	<b>(13)</b>	(6)	(4)
	<b>419</b>	659	932	<b>19</b>	18	392
Amount due from related parties	-	-	-	<b>449</b>	266	464
Less: Allowance for impairment	-	-	-	<b>(194)</b>	(169)	(243)
	-	-	-	<b>255</b>	97	221
Amount due from associates	<b>4</b>	2	37	-	-	-
	<b>1,078</b>	1,427	1,844	<b>290</b>	143	632
	<b>1,101</b>	1,492	1,895	<b>290</b>	143	786

\* Included in other receivables (current in 2018 and non-current in 2017) is an amount of RM56 million which is due in December 2019. This amount is secured against certain shares of PT Citra Sarana Energy.

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### 24. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (a) Reconciliation of loss allowance

##### (i) Trade receivables using simplified approach

The loss allowance for trade receivables as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

Group	Trade receivables	
	2018	2017*
<b>At 1 January before restatement - calculated under FRS 139</b>	<b>54</b>	77
Amounts restated through opening retained earnings (Note 2.14)	<b>5</b>	-
<b>Opening loss allowance as at 1 January 2018 - calculated under MFRS 9</b>	<b>59</b>	77
Changes recognised in profit or loss during the year	<b>15</b>	18
Receivables written off	<b>(9)</b>	(2)
Unused amount reversed	<b>(6)</b>	(39)
At 31 December	<b>59</b>	54

Corporation	Trade receivables	
	2018	2017
<b>At 1 January before restatement - calculated under FRS 139</b>	<b>-</b>	-
Amounts restated through opening retained earnings (Note 2.14)	<b>2</b>	-
<b>Opening loss allowance as at 1 January 2018 - calculated under MFRS 9</b>	<b>2</b>	-
Changes recognised in profit or loss during the year	<b>-</b>	-
Receivables written off	<b>-</b>	-
Unused amount reversed	<b>-</b>	-
At 31 December	<b>2</b>	-

\* Loss allowance disclosed in comparative period is based on FRS 139's incurred loss model.

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## 24. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Reconciliation of loss allowance (continued)

#### (ii) Other receivables using general 3 stage approach

The loss allowance for other receivables as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

Group	Performing	Under-performing	Non-performing	Total
<b>At 1 January 2018 before restatement - calculated under FRS 139</b>	-	-	34	34
Amounts restated through opening retained earnings (Note 2.14)	-	-	-	-
<b>Opening loss allowance as at 1 January 2018 - calculated under MFRS 9</b>	-	-	34	34
Individual financial assets transferred to under-performing (lifetime expected credit losses)	-	-	12	12
<b>Closing loss allowance as at 31 December 2018 - calculated under MFRS 9</b>	-	-	46	46

Corporation	Performing	Under-performing	Non-performing	Total
<b>At 1 January 2018 before restatement - calculated under FRS 139</b>	-	-	6	6
Amounts restated through opening retained earnings (Note 2.14)	-	-	-	-
<b>Opening loss allowance as at 1 January 2018 - calculated under MFRS 9</b>	-	-	6	6
Individual financial assets transferred to under-performing (lifetime expected credit losses)	-	-	7	7
<b>Closing loss allowance as at 31 December 2018 - calculated under MFRS 9</b>	-	-	13	13



## Notes To The Financial Statements

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### 24. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (b) Maximum exposure to credit risk

##### (i) Trade receivables using simplified approach

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

<b>Group</b>					
<b>31 December 2018</b>	<b>Current</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>More than 91 days past due</b>	<b>Total</b>
Expected loss rate	-	-	-	32.50%	
Gross carrying amount - trade receivables	338	148	47	181	714
Loss allowance	-	-	-	(59)	(59)
<b>Carrying amount (net of loss allowance)</b>	<b>338</b>	<b>148</b>	<b>47</b>	<b>122</b>	<b>655</b>

<b>Coporation</b>					
<b>31 December 2018</b>	<b>Current</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>More than 91 days past due</b>	<b>Total</b>
Expected loss rate	-	-	-	30.66%	
Gross carrying amount - trade receivables	1	1	3	13	18
Loss allowance	-	-	-	(2)	(2)
<b>Carrying amount (net of loss allowance)</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>11</b>	<b>16</b>

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## 24. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (c) Ageing analysis of receivables

Ageing and history of default analysis of trade receivables of the previous financial year were as follows:

	<b>Group</b> <b>31.12.2017</b>	<b>Corporation</b> <b>31.12.2017</b>
Neither past due nor impaired	261	16
1 to 30 days past due not impaired	196	3
31 to 60 days past due not impaired	85	-
61 to 90 days past due not impaired	46	-
91 to 120 days past due not impaired	46	5
More than 121 days past due not impaired	132	4
	766	28
Impaired	54	-
	820	28

### Receivables that are neither past due nor impaired

In the previous financial year, receivables that were neither past due nor impaired were mainly from regular customers that had been transacting with the Group, where there is no expectation of default.

### Receivables that are past due but not impaired

In the previous financial year, the Group and the Corporation had trade receivables amounting to RM505 million and RM12 million respectively, that were 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 were not secured.

## Notes To The Financial Statements

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### 24. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (c) Ageing analysis of receivables (continued)

##### Ageing analysis of other receivables

Ageing and history of default analysis of other receivables of the Group and the Corporation in previous financial year were as follows:

	Group 31.12.2017	Corporation 31.12.2017
Neither past due nor impaired	510	17
1 to 30 days past due not impaired	18	1
31 to 60 days past due not impaired	3	-
61 to 90 days past due not impaired	10	-
91 to 120 days past due not impaired	49	-
More than 121 days past due not impaired	69	-
	659	18
Impaired	34	6
	693	24

##### Other receivables that are impaired

At the previous reporting date, the Group and the Corporation have provided an allowance of RM34 million and RM6 million, respectively for impairment of other receivables.

#### (d) Reconciliation of loss allowance of amount due from related parties

##### (i) Using simplified approach

The loss allowance for amount due from related parties (trade) as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

Corporation	Trade 2018	2017
<b>At 1 January before restatement - calculated under FRS 139</b>	<b>62</b>	-
Amounts restated through opening retained earnings (Note 2.14)	<b>16</b>	-
<b>Opening loss allowance as at 1 January 2018 - calculated under MFRS 9</b>	<b>78</b>	-
Changes recognised in profit or loss during the year	<b>(22)</b>	-
At 31 December	<b>56</b>	-

# Notes To The Financial Statements

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## 24. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (d) Reconciliation of loss allowance on amount due from related parties (continued)

#### (ii) Using general 3 stage approach

The loss allowance for amount due from related parties (non-trade) as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

Corporation	Performing	Under-performing	Non-performing	Total
<b>At 1 January 2018 before restatement - calculated under FRS 139</b>	-	107	-	107
Amounts restated through opening retained earnings (Note 2.14)	-	7	-	7
<b>Opening loss allowance as at 1 January 2018 - calculated under MFRS 9</b>	-	114	-	114
Changes recognised in profit or loss during the year	-	(18)	-	(18)
<b>Closing loss allowance as at 31 December 2018 - calculated under MFRS 9</b>	-	96	-	96

### (e) Offsetting of amount due from related parties

	Corporation 2018	2017
Amount before offsetting	613	456
Offsetting (amount due to subsidiaries)	(164)	(190)
Amount after offsetting	449	266

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### 25. CONTRACT ASSETS AND LIABILITIES

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>Contract assets</b>						
<b>Current</b>						
Construction contracts	41	12	155	35	-	-
Property development projects	47	49	7	-	-	-
<b>Total current contract assets</b>	<b>88</b>	61	162	<b>35</b>	-	-
<b>Total contract assets</b>	<b>88</b>	61	162	<b>35</b>	-	-
<b>Contract liabilities</b>						
<b>Current</b>						
Construction contracts	5	-	-	-	-	-
Property development projects	3	20	38	-	-	-
Customer deposits	61	-	-	-	-	-
Others	9	-	-	-	-	-
<b>Total current contract liabilities</b>	<b>78</b>	20	38	<b>-</b>	-	-
<b>Total contract liabilities</b>	<b>78</b>	20	38	<b>-</b>	-	-

(i) Contract assets

	Group		Corporation	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
<b>At 1 January</b>	<b>61</b>	162	<b>-</b>	-
Transfer from contract assets recognised at the beginning of the financial period to receivables	<b>(26)</b>	(162)	<b>35</b>	-
Other significant movement	<b>53</b>	61	<b>-</b>	-
<b>At 31 December</b>	<b>88</b>	61	<b>35</b>	-



## Notes To The Financial Statements

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### 25. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

(i) Contract assets (continued)

**Maximum exposure to credit risk**

The following table contains an analysis of the credit risk exposure of contract assets for which an ECL allowance is recognised and the gross carrying amount also represents the Group's maximum exposure to credit risk:

<b>Group</b> <b>31 December 2018</b>	<b>Current</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	-	-	-	-	-
Gross carrying amount - contract assets	88	-	-	-	88
Loss allowance	-	-	-	-	-
<b>Carrying amount (net of loss allowance)</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88</b>

<b>Corporation</b> <b>31 December 2018</b>	<b>Current</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	-	-	-	-	-
Gross carrying amount - contract assets	35	-	-	-	35
Loss allowance	-	-	-	-	-
<b>Carrying amount (net of loss allowance)</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>

(ii) Contract liabilities

	<b>Group</b>		<b>Corporation</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>At 1 January</b>	<b>20</b>	38	-	-
Revenue recognised that was included in the contract liabilities balance at the beginning of financial period	(20)	(38)	-	-
Cash received	58	-	-	-
Other significant movement	20	20	-	-
<b>At 31 December</b>	<b>78</b>	20	-	-

Contract assets consist of unbilled amount resulting from sales of properties under development when the revenue recognised exceeds the amount billed to the customers. Contract assets are transferred to receivables when the right to economic benefits become unconditional.

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### 25. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

#### (ii) Contract liabilities (continued)

Contract liabilities represent the obligation of the Group to transfer goods or services to customers for which considerations have been received (or the amount is due) from the customers.

The Group issue billings to purchasers based on the billing schedule as stipulated in the contracts.

All contract liabilities at the beginning of period have been fully recognised as revenue during the respective financial period.

### 26. DERIVATIVE FINANCIAL INSTRUMENT

	31.12.2018	Group Notional amount 31.12.2017 Restated	1.1.2017 Restated
<b>Cash flow hedges:</b>			
Notional amount			
Interest rate swap	400	455	210
	400	455	210
Fair value			
Interest rate swap	2	2	-
	2	2	-

The Group has entered into interest rate swap contracts that is designed to convert its floating rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rate on its borrowings.

Under the interest rate swap contract, the Group pays a fixed rate of interest of 3.89% (31.12.2017: 4.18%, 1.1.2017: 4.18%) per annum and receives a variable rate based on one month KLIBOR on the amortised notional amount.

The above interest rate swap is not designated as a cash flow or fair value hedge and is entered into for a period consistent with the transaction exposure, which is up to the financial year ending 2021.

### 27. CASH AND BANK BALANCES

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
Cash at banks and in hand	834	584	777	27	21	75
Fixed deposits	405	293	485	92	9	2
Cash and bank balances	1,239	877	1,262	119	30	77

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### 27. CASH AND BANK BALANCES (CONTINUED)

Included in fixed deposits are the following amounts subject to restriction:

	<b>31.12.2018</b>	<b>Group 31.12.2017 Restated</b>	<b>1.1.2017 Restated</b>	<b>31.12.2018</b>	<b>Corporation 31.12.2017 Restated</b>	<b>1.1.2017 Restated</b>
Pledged with licensed banks for bank guarantee facilities provided to subsidiaries/third parties	<b>19</b>	19	61	-	-	-
Restricted usage under SUKUK	-	-	17	-	-	-
Restricted usage under Government Grant	-	-	19	-	-	19
Restricted usage - others	<b>19</b>	26	-	-	-	-
	<b>38</b>	45	97	-	-	19

The currency profile of cash and bank balances is as follows:

	<b>31.12.2018</b>	<b>Group 31.12.2017 Restated</b>	<b>1.1.2017 Restated</b>	<b>31.12.2018</b>	<b>Corporation 31.12.2017 Restated</b>	<b>1.1.2017 Restated</b>
Malaysian Ringgit	<b>1,203</b>	845	1,201	<b>119</b>	30	77
Indonesian Rupiah	<b>15</b>	24	26	-	-	-
Australian Dollar	<b>21</b>	8	35	-	-	-
	<b>1,239</b>	877	1,262	<b>119</b>	30	77

The weighted average interest rates of fixed deposits that were effective at the reporting date were as follows:

	<b>31.12.2018</b>	<b>Group 31.12.2017 Restated</b>	<b>1.1.2017 Restated</b>	<b>31.12.2018</b>	<b>Corporation 31.12.2017 Restated</b>	<b>1.1.2017 Restated</b>
Fixed deposits	<b>3.34%</b>	3.64%	3.70%	<b>3.45%</b>	3.30%	3.40%

Deposits of the Group and of the Corporation have an average maturity of 105 days (31.12.2017: 50 days, 1.1.2017: 50 days) and 31 days (31.12.2017: 30 days, 1.1.2017: 30 days) respectively.

Included in the cash and bank balances of the Group is an amount of RM30 million (31.12.2017: RM87 million, 1.1.2017: RM42 million) of which the utilisation is subject to the Housing Developers Regulations 2002 (Housing Development Account).

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### 28. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
Assets of disposal group classified as held for sale:						
Property, plant and equipment (Note 28(a)(iii),(c))	206	230	148	80	82	-
Inventory (Note 28(a)(ii)(iii))	31	67	-	31	29	-
Investment properties (Note 28(a)(ii)(iii),(c))	440	426	109	91	206	155
Equity instruments classified as Fair Value through Other Comprehensive Income (Note 28(c))	14	18	70	-	-	-
Investment in subsidiary (Note 28(b))	-	-	-	43	-	-
Other investment	-	-	-	-	-	37
Trade and other receivables (Note 28a(iv),(c))	75	12	-	-	-	-
Cash and bank balances (Note 28(c))	22	28	-	-	-	-
Deferred tax assets (Note 28(c))	2	14	-	-	-	-
	790	795	327	245	317	192
Liabilities directly associated with disposal group classified as held for sale:						
Loans and borrowings (Note 28(c))	23	34	-	-	-	-
Trade and other payables (Note 28(c))	157	156	-	-	-	-
Deferred tax liabilities (Note 28(c))	-	13	-	-	-	-
	180	203	-	-	-	-

Below are the significant assets of disposal group classified as held for sale, all of which are expected to be completed in 2019:

#### (a) Investment properties, property, plant and equipment, inventory and receivables

##### Group and Corporation

- (i) On 17 March 2017, the Corporation entered into Sale and Purchase Agreement with Larkin Sentral Property Berhad ("LSPB") in relation to sale of land for a total consideration of RM18.5 million. The process is yet to be completed and expected to be completed in 2019.
- (ii) On 2 April 2018, the Group and the Corporation entered into Sale and Purchase Agreement with Ramuan Arif Sdn Bhd in relation to sale of certain investment properties for a total consideration of RM117 million.
- (iii) On 31 July 2018, the Group and the Corporation entered into a development agreement with the State Government to surrender certain investment properties, property, plant and equipment and inventory for a development project in exchange for neighbouring land after the completion of the Arena Larkin development project under the term of "Serah Balik Kurnia Semula" ("SBKS").

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### 28. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Below are the significant assets of disposal group classified as held for sale, all of which are expected to be completed in 2019 (continued):

#### (a) Investment properties, property, plant and equipment, inventory and receivables (continued)

##### Group and Corporation (continued)

(iv) Damansara Pavillion will be sold in 2019 as part of a plan to monetise certain assets.

#### (b) Investment in subsidiary

Upon the Initial Public Offering ("IPO"), which will materialise in 2019, Business Chronicle Sdn Bhd ("BCSB") will redeem its' preference shares by giving QSR Brands (M) Holdings Bhd ("QSR") Shares in exchange and the Corporation has agreed to sell an estimated 5% of the shares to the public. Therefore, RM43 million was reclassified as Assets Held For Sale.

#### (c) Jeta Gardens (Qld) Pty Ltd, Al-'Aqar Australia Pty Ltd and Medical Supplies (Sarawak) Sdn Bhd

In relation to disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries, as of 31 December 2018, the divestment process yet to be completed and management has confirmed that the planned disposal is still on track and is expected to be completed in 2019.

The disposal group includes Medical Supplies (Sarawak) Sdn Bhd, to a third party which has been identified as at year end. The parties involved are currently finalising the terms in the share sale agreements.

Assets and liabilities of disposal groups classified as assets held for sale are as follows:

	Group 2018	2017
<b>Assets held for sale:</b>		
Property, plant and equipment	106	103
Investment properties	153	153
Equity instruments classified as Fair Value through Other Comprehensive Income	14	18
Trade and other receivables	19	12
Cash and bank balances	22	28
Deferred tax assets	2	14
	<b>316</b>	328
<b>Liabilities associated with assets held for sale:</b>		
Trade and other payables	157	156
Borrowings	23	34
Deferred tax liabilities	-	13
	<b>180</b>	203



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### 28. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Below are the significant assets of disposal group classified as held for sale, all of which were completed in 2018:

#### (a) Property, plant and equipment

##### Group and Corporation

On 10 November 2017, a Sale of Facilities Agreement ("SFA") was entered between the Corporation ("the vendor") and DIALOG Terminal Sdn Bhd ("the purchaser") in relation to the disposal of a tank terminal facility consisting of equipment, machinery and assets for the handling, storing, separating, blending and distributing petroleum by vessel and petroleum related products, petrochemical products and such chemical products and other substances of blending components approximately 100,000 cubic metre ("cbm") in storage capacity for a total sale consideration amounting to RM91 million.

#### (b) Land held for property development

##### Corporation

On 1 October 2017, the Corporation has agreed to sell commercial lands measuring 5.861 acres to Johor Land Berhad ("JLand") for the development of B5 Johor Street Market project for a total consideration of RM38 million.

#### (c) Investment properties, property, plant and equipment and property development cost

##### Group

Bandar Baru Majidee Sdn Bhd, a subsidiary of JLand entered into a Joint Development Right, Supplementary Agreement and Second Supplementary Agreement on 23 November 2014, 7 April 2016 and 14 December 2017, respectively for a total consideration of RM130 million for sales of development rights to certain property, plant and equipment together with completed infrastructure and amenities.

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## 29. LOANS AND BORROWINGS

	Group			Corporation		
	31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
<b>Non-current</b>						
Secured:						
Finance lease	28	37	27	-	-	-
Term loans	1,672	1,430	2,304	-	-	-
Islamic Debt Securities	230	270	-	-	-	-
Islamic Medium Term Notes ("IMTNs")	3,595	2,562	3,350	1,762	2,562	2,556
Federal Government loans	118	116	121	-	-	-
Unsecured:						
Islamic Medium Term Notes ("IMTNs")	-	900	900	-	-	-
Term loans	897	952	55	-	-	-
Federal Government loans	102	120	89	46	47	54
Redeemable Preference Shares	-	-	312	-	-	-
	<b>6,642</b>	6,387	7,158	<b>1,808</b>	2,609	2,610
<b>Current</b>						
Secured:						
Bank overdrafts	86	99	95	-	-	-
Revolving credits	356	289	97	-	-	-
Bankers' acceptance	5	3	-	-	-	-
Finance lease	16	23	45	-	-	-
Term loans	353	390	525	-	-	-
Bridging loans	97	98	98	-	-	-
Islamic Debt Securities	-	55	-	-	-	-
Islamic Medium Term Notes ("IMTNs")	800	574	413	800	-	400
Federal Government loans	6	-	-	-	-	-
Unsecured:						
Bank overdrafts	43	37	45	-	-	-
Revolving credits	800	599	702	-	-	-
Term loans	49	118	313	-	-	-
Federal Government loans	24	22	16	7	11	6
	<b>2,635</b>	2,307	2,349	<b>807</b>	11	406
Total loans and borrowings	<b>9,277</b>	8,694	9,507	<b>2,615</b>	2,620	3,016

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### 29. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Group's loans and borrowings:

<b>At 31 December 2018</b>	<b>Year of maturity</b>	<b>Carrying amount</b>	<b>Under 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
<b>Secured:</b>						
Bank overdrafts	<b>On demand</b>	<b>86</b>	<b>86</b>	-	-	-
Revolving credits	<b>Upon rollover</b>	<b>356</b>	<b>356</b>	-	-	-
Bankers' acceptances	<b>On demand</b>	<b>5</b>	<b>5</b>	-	-	-
Finance lease	<b>2018 - 2023</b>	<b>44</b>	<b>16</b>	<b>1</b>	<b>27</b>	-
Term loans	<b>2018 - 2030</b>	<b>2,025</b>	<b>353</b>	<b>146</b>	<b>1,486</b>	<b>40</b>
Bridging loans	<b>On demand</b>	<b>97</b>	<b>97</b>	-	-	-
Islamic Debt Securities	<b>2018 - 2023</b>	<b>230</b>	-	-	<b>230</b>	-
Islamic Medium Term Notes ("IMTNs")	<b>2018 - 2024</b>	<b>4,395</b>	<b>800</b>	-	<b>3,145</b>	<b>450</b>
Federal Government loans	<b>2018 - 2041</b>	<b>124</b>	<b>6</b>	-	-	<b>118</b>
<b>Unsecured:</b>						
Bank overdrafts	<b>On demand</b>	<b>43</b>	<b>43</b>	-	-	-
Revolving credits	<b>Upon rollover</b>	<b>800</b>	<b>800</b>	-	-	-
Term loans	<b>2018 - 2030</b>	<b>946</b>	<b>49</b>	<b>97</b>	<b>311</b>	<b>489</b>
Federal Government loans	<b>2018 - 2029</b>	<b>126</b>	<b>24</b>	<b>11</b>	<b>71</b>	<b>20</b>
<b>Total</b>		<b>9,277</b>	<b>2,635</b>	<b>255</b>	<b>5,270</b>	<b>1,117</b>

#### **At 31 December 2017**

<b>Secured:</b>						
Bank overdrafts	On demand	99	99	-	-	-
Revolving credits	Upon rollover	289	289	-	-	-
Bankers' acceptances	On demand	3	3	-	-	-
Finance lease	2017-2022	60	23	11	26	-
Term loans	2017-2030	1,820	390	159	743	528
Bridging loans	On demand	98	98	-	-	-
Islamic Debt Securities	2017-2023	325	55	250	-	20
Islamic Medium Term Notes ("IMTNs")	2017-2022	3,136	574	800	1,762	-
Federal Government loans	2017-2034	116	-	-	28	88
<b>Unsecured:</b>						
Bank overdrafts	On demand	37	37	-	-	-
Revolving credits	Upon rollover	599	599	-	-	-
Term loans	2017-2030	1,070	118	107	292	553
Islamic Medium Term Notes ("IMTNs")	2017-2022	900	-	-	900	-
Federal Government loans	2017-2029	142	22	-	-	120
<b>Total</b>		<b>8,694</b>	<b>2,307</b>	<b>1,327</b>	<b>3,751</b>	<b>1,309</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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 (continued):

<b>At 1 January 2017</b>	<b>Year of maturity</b>	<b>Carrying amount</b>	<b>Under 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
Secured:						
Bank overdrafts	On demand	95	95	-	-	-
Revolving credits	Upon rollover	97	97	-	-	-
Finance lease	2016-2019	72	45	15	12	-
Term loans	2016-2029	2,829	525	571	1,282	451
Islamic Medium Term Notes ("IMTNs")	2017-2022	3,763	413	-	1,571	1,779
Bridging loans	On demand	98	98	-	-	-
Federal Government loans	2016-2034	121	-	-	8	113
Unsecured:						
Bank overdrafts	On demand	45	45	-	-	-
Revolving credits	Upon rollover	702	702	-	-	-
Term loans	2016-2019	368	313	55	-	-
Islamic Medium Term Notes ("IMTNs")	2017-2022	900	-	-	-	900
Federal Government loans	2016-2022	105	16	-	-	89
Redeemable Preference Shares	2018	312	-	312	-	-
<b>Total</b>		<b>9,507</b>	<b>2,349</b>	<b>953</b>	<b>2,873</b>	<b>3,332</b>

The table below summarises the repayment terms of the Corporation's loans and borrowings:

<b>At 31 December 2018</b>	<b>Year of maturity</b>	<b>Carrying amount</b>	<b>Under 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>
Secured:						
Islamic Medium Term Notes ("IMTNs")	<b>2018-2022</b>	<b>2,562</b>	<b>800</b>	<b>-</b>	<b>1,762</b>	<b>-</b>
Unsecured:						
Federal Government loans	<b>2018-2029</b>	<b>53</b>	<b>7</b>	<b>11</b>	<b>15</b>	<b>20</b>
<b>Total</b>		<b>2,615</b>	<b>807</b>	<b>11</b>	<b>1,777</b>	<b>20</b>

#### At 31 December 2017

Secured:						
Islamic Medium Term Notes ("IMTNs")	2017-2022	2,562	-	800	1,762	-
Unsecured:						
Federal Government loans	2017-2029	58	11	-	-	47
<b>Total</b>		<b>2,620</b>	<b>11</b>	<b>800</b>	<b>1,762</b>	<b>47</b>

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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### 29. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Corporation's loans and borrowings (continued):

At 1 January 2017	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	2016-2029	60	6	-	-	54
Total		3,016	406	-	-	2,610

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated
<b>Finance lease liabilities</b>			
Minimum lease payments:			
Not later than 1 year	17	24	45
Later than 1 year and not later than 2 years	1	12	17
Later than 2 years and not later than 5 years	28	26	12
Future finance charges on finance leases	46 (2)	62 (2)	74 (2)
Carrying amount of finance lease liabilities	44	60	72
Non-current	28	37	27
Current	16	23	45
Total	44	60	72



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For The Financial Year Ended 31 December 2018

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## 29. LOANS AND BORROWINGS (CONTINUED)

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>Weighted average effective interest rates of borrowings at the reporting date:</b>						
Bank overdrafts	<b>7.48</b>	7.76	7.54	-	-	-
Revolving credits	<b>5.16</b>	5.10	3.28	-	-	-
Term loans	<b>6.15</b>	5.95	5.75	-	-	-
Federal Government loans	<b>4.25</b>	4.19	3.42	<b>4.00</b>	4.00	4.83
Bankers' acceptance	<b>4.98</b>	4.70	2.48	-	-	-
Bridging loans	<b>7.75</b>	7.75	6.13	-	-	-
Finance lease	<b>4.18</b>	3.14	2.95	-	-	-
Islamic Debt Securities	<b>6.10</b>	1.75	-	-	-	-
Islamic Medium Term Notes ("IMTNs")	<b>4.80</b>	5.71	4.29	<b>3.67</b>	3.67	3.67
Redeemable Preference Shares	-	-	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
<b>As at 31 December 2018</b>					
Fixed	2,050	11	3,473	588	6,122
Floating	585	244	1,797	529	3,155
Total	2,635	255	5,270	1,117	9,277
<b>As at 31 December 2017</b>					
Fixed	1,604	1,060	2,716	229	5,609
Floating	703	267	1,035	1,080	3,085
Total	2,307	1,327	3,751	1,309	8,694
<b>As at 1 January 2017</b>					
Fixed	919	392	2,468	2,165	5,944
Floating	1,430	561	405	1,167	3,563
Total	2,349	953	2,873	3,332	9,507

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 29. LOANS AND BORROWINGS (CONTINUED)

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
<b>As at 31 December 2018</b>					
Fixed	807	11	1,777	20	2,615
<b>As at 31 December 2017</b>					
Fixed	11	800	1,762	47	2,620
<b>As at 1 January 2017</b>					
Fixed	406	-	-	2,610	3,016

#### Estimated fair values

Except as disclosed below the carrying amounts of all borrowings at the reporting date approximate their fair values:

	Group Carrying amount	Fair value	Corporation Carrying amount	Fair value
<b>As at 31 December 2018</b>				
Term loans - floating	2,971	2,785	-	-
Islamic Medium Term Notes ("IMTNs")	4,395	4,169	2,562	2,600
<b>As at 31 December 2017</b>				
Term loans - floating	2,891	3,174	-	-
Islamic Medium Term Notes ("IMTNs")	4,036	3,853	2,562	2,600
Federal Government loans	258	255	58	58
<b>As at 1 January 2017</b>				
Term loans - floating	3,190	2,924	-	-
Islamic Medium Term Notes ("IMTNs")	4,663	3,845	2,956	3,004
Federal Government loans	226	222	60	60

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018  
Amounts in RM Million Unless Otherwise Stated

### 29. LOANS AND BORROWINGS (CONTINUED)

#### Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Group and the Corporation liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and the Corporation statement of cash flows as cash flows from financing activities.

	Group			Corporation		
	31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
<b>Loans and borrowings</b>						
At 1 January	<b>8,694</b>	9,507	8,017	<b>2,620</b>	3,016	3,025
Net cash changes (i)	<b>138</b>	(891)	1,016	<b>(157)</b>	(518)	(109)
Interest accretion (Note 7)	<b>451</b>	432	433	<b>152</b>	122	100
Other changes (ii)	<b>(6)</b>	(354)	41	<b>-</b>	-	-
At 31 December	<b>9,277</b>	8,694	9,507	<b>2,615</b>	2,620	3,016

(i) The net changes from borrowings represent the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include payments of transaction cost.

#### Significant covenants and security

#### 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 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 2018

Amounts in RM Million Unless Otherwise Stated

### 29. LOANS AND BORROWINGS (CONTINUED)

#### Significant covenants and security (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 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 (inclusive of outstanding interest) to the Ministry of Finance. The agreement for the restructuring scheme amounting to RM58 million was finalised on 13 April 2017 with the following terms:

- (i) Period of repayment is revised to 15 years, starting from 2015 with semi annual repayments on 1 June and 1 December;
- (ii) Interest rate of 4% per annum;
- (iii) Late payment interest of 2% per annum will be imposed if the payment is not accordance to the schedule; and
- (iv) Exemption on previous interest accrued of RM17 million will be only approved if the repayment is in accordance to the schedule. If there is any failure to comply with the payment schedule, the interest accrued shall be paid in a lump sum on 31 December 2030.

There is no others specific financial covenant associated with the Federal Government loans.

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

## 29. LOANS AND BORROWINGS (CONTINUED)

### Significant covenants and security (continued)

#### Subsidiaries

#### (a) Kulim (Malaysia) Berhad ("KMB")

##### (i) Islamic financing facilities

In connection with term loan facilities granted to KMB and its subsidiaries, the following significant financial covenants have been agreed:

1. the ratio of the consolidated total borrowings to the consolidated shareholders' funds will not exceed 1.25 times at all times; and
2. KMB's gearing ratio is below 1.5 times and finance service coverage ratio is more than 1.25 times; and
3. a minimum of Tangible Net Worth ("TNW") of RM600 million on an unconsolidated basis and total liabilities to TNW on an unconsolidated basis shall not exceed 2.0 times to 1.0 time for a subsidiary, Mahamurni Plantations Sdn Bhd Group, and maintain TNW of least RM350 million on consolidated basis and total liabilities to TNW on consolidated basis shall not exceed 1.5 times to 1.0 time for KMB Group.

The borrowings are secured by charges over certain fixed deposits and property, plant and equipment, and corporate guarantee from KMB.

##### (ii) Oil and gas segment

1. E.A. Technique (M) Berhad ("EAT") total financing to tangible net worth ("Gearing ratio") will not exceed 3.0 times at all times as per the following formula:

$$\frac{\text{Total Financing}}{\text{Tangible Net Worth + Subordination of Shareholders and Directors Advances}}$$

2. The Group's debt to equity ratio will not exceed 10.0 times at all times.

#### (b) Tanjung Langsat Port Sdn Bhd ("TLP")

##### (i) Islamic Debt Securities – Tawarruq Revolving Credit-i

TLP has been granted a Working Capital Facility ("WCF") of up to RM10 million which forms part of a syndicated blanket borrowing facilities totaling RM429 million granted by a consortium of lending banks to a related company and TLP. The WCF is a revolving credit facility for a period of 1 to 3 months and subject to yearly review. The facility is subject to a profit rate of Islamic Cost of Fund ("i-COF") plus 2.25% per annum. The outstanding amount of this facility is secured, on pari passu basis in proportion to the total outstanding amount of the aforesaid blanket facilities, by a fixed and floating charge by way of a debenture over all present and future assets (excluding Berths 8 and 9) of the Company and an assignment of portion of the Company's revenue by way placement of security deposit.

There is no outstanding balance of the facility as at the end of the previous financial year.



## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 29. LOANS AND BORROWINGS (CONTINUED)

#### Significant covenants and security (continued)

#### Subsidiaries (continued)

#### (b) Tanjung Langsat Port Sdn Bhd ("TLP") (continued)

- (ii) Soft loan from the Government of Malaysia

On 13 February 2013, TLP was granted a soft loan from the Government of Malaysia amounting to RM111 million for the construction of Berth 8 and Berth 9. The soft loan bears interest at 4% (2017: 4%) per annum and has a tenure of 20 years.

On 7 December 2018, TLP received a letter from the Government of Malaysia varying a term in the approval letter dated 11 May 2017. The Government of Malaysia will charge interest at a rate of 2% per annum until 2023. Subsequently, the interest rate of the soft loan is revised to 4% per annum until the full repayment of the soft loan in 2041. The soft loan is repayable semi-annually on 8 March and 8 September.

The soft loan facility is secured by:

- (i) The Deed of Assignment by the Corporation in respect of two (2) plots vacant Commercial Lands 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.
- (ii) Third party first legal charged over Lot H and Lot I upon the issuance of the individual documents of title;
- (iii) A first fixed charge by way of a debenture in respect of the Berth 8 and 9;
- (iv) An assignment of all rights interest and title and charge in respect of the Special Loan Account and Designated Collection Amount;
- (v) A letter of comfort by the Corporation;
- (vi) Letter of undertaking by TLP to remit all revenue from the operations of Berth 8 and Berth 9 into the Designated Collection Amount;
- (vii) Letter of subordination by the Corporation in respect of all advances made by the Corporation to TLP amounting to RM5 million only; and
- (viii) Letter of negative pledge by TLP not to incur any indebtedness with any financial institution other than those disclosed prior to the date of the Loan Agreement by TLP to the Government and other indebtedness made by TLP in ordinary course of its business.

There is no specific financial covenant associated with the soft loan facility other than in the event of default, the entire bridging loan become immediately due and repayable.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018  
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### 29. LOANS AND BORROWINGS (CONTINUED)

#### Significant covenants and security (continued)

#### Subsidiaries (continued)

#### (c) JCorp Capital Solutions Sdn Bhd ("JCSSB")

Bridging loan

- (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, to part finance the acquisition of quoted shares and warrants in KPJ. The facility was secured over 17.5 million of KPJ Healthcare Berhad ("KPJ") quoted shares. On 21 July 2014, the Margin Trading Facility Agreement dated 21 November 2013 with a licensed bank was revised and increased to a maximum aggregate sum from RM26 million to RM99 million to finance the conversion of 23 million units of KPJ warrants into new KPJ shares of a 1 for 1 basis at a conversion price of RM3.13 per share. The facility is secured over the same securities.

There is no specific financial covenant associated with the bridging loan issued by JCSSB other than in the event of default, the entire bridging loan become immediately due and repayable.

- (ii) On 4 May 2017, JCSSB entered into a Short Term Revolving Credit-i ("STRC-i") for a maximum aggregate amount of RM300 million to refinance the existing Margin Trading Facility above and/or to finance general working capital requirement of JCSSB and its related company. The facility is secured against KPJ shares and/or other quoted listed shares in Bursa Saham Malaysia and a Letter of Awareness from the Corporation.

There is no specific financial covenant associated with the STRC-i issued by JCSSB other than in the event of default, the entire bridging loan become immediately due and repayable.

#### (d) Business Chronicles Sdn Bhd ("BCSB")

Redeemable Preference Shares ("RPS-i")

During 2017, the Group entered into settlement agreements with the remaining shareholders of RPS-i. The compensation amounted to:

- (i) RM58 million of which RM28 million was paid in 2017 and RM2 million had been paid as preference dividends in prior year. The balance RM22 million (on a discounted basis) shall be paid over the next 5 years and is recorded in other payables (Note 30b(iii));
- (ii) RM182 million due (on a discounted basis) shall be paid over the next 5 years and is recorded in other payables (Note 30b(ii)).

The outstanding accrued interest together with the remaining borrowings amounting to RM92 million were reversed and recognised in the income statement during the financial year.

#### (e) Efinite Structure Sdn Bhd ("ESSB")

Sukuk Ijarah, Islamic term financing

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 in 2013 to obtain Sukuk Ijarah and Islamic term financing amounting to RM353 million.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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### 29. LOANS AND BORROWINGS (CONTINUED)

#### Significant covenants and security (continued)

#### Subsidiaries (continued)

##### (e) Efinite Structure Sdn Bhd ("ESSB") (continued)

During the financial year, ESSB refinanced the existing borrowings in full by entering into a Syndicated Islamic Financing Facility ("SIFF") of up to RM325 million. The SIFF is secured against certain assets of the Corporation and TLP and a Letter of Awareness from the Corporation.

ESSB shall maintain a Finance Service Coverage Ratio ("FSCR") of not less than 1.25 times at all times and a Security Cover Ratio of not less than 1.5 times.

##### (f) KPJ Healthcare Berhad ("KPJ")

Term loans - Syariah compliant

The term loan amounting to RM428 million is secured over certain investment properties. Other borrowings are secured by certain assets of KPJ.

KPJ has to comply with the following significant covenants:

- (i) Gearing ratio being not more than 1.5 times (Islamic Medium Term Notes);
- (ii) Gearing ratio to exceed 1.25 times (Revolving Credit);
- (iii) Debt service coverage ratio not more than 2.0 times;
- (iv) EBIT/Interest ratio to fall below 3.0 times;
- (v) A subsidiary's dividends declared or paid being not more than fifty percent (50%) of profit after tax;
- (vi) A subsidiary's debt service current ratio not more than 4.0 times;
- (vii) A subsidiary's gearing ratio of not more than 1.5 times;
- (viii) A subsidiary's gearing ratio to exceed 1.5 times; and
- (ix) A subsidiary's gearing ratio to exceed 2.5 times.

##### (g) TPM Technopark Sdn Bhd ("TPM")

Islamic term financing, Revolving credit facility

- (i) The Revolving Credit facility-I ("RC-i") of RM20 million under Bai'Inah Facility Agreement is secured by the related Development Rights Agreement ("DRA").
- (ii) The Islamic term financing and revolving credit facilities amounting to RM123 million is secured by certain assets and a Letter of awareness from the Corporation.

There is no specific financial covenant associated with Islamic term financing and RC-i issued by TPM other than in the event of default, the entire Islamic term financing and RC-i become immediately due and repayable.

## Notes To The Financial Statements

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### 29. LOANS AND BORROWINGS (CONTINUED)

#### Significant covenants and security (continued)

#### Subsidiaries (continued)

#### (h) BDO Assets Management Sdn Bhd ("BDO")

The Commodity Murabahah Term Financing-I ("CMTF-i") of RM245 million is secured over certain shares and assets.

There is no specific financial covenant associated with the CMTF-i issued by BDO other than in the event of default, the entire CMTF-i become immediately due and repayable.

During the financial year, BDO agreed to accept a financing facility from another local financial institution with regards to restructuring of its financing facility which bears an interest rate of 6.20% per annum with the new terms and conditions as stipulated in the letter of offer dated 9 November 2018.

The new terms and conditions as stated below:

- (i) Deed of assignment (Third Party) on Sales and Purchase Agreement ("SPA") dated 10 May 2013 in relation to certain properties belonging to other subsidiary of a Corporation;
- (ii) Pledge of all shares held by BDO in the related company;
- (iii) Third party first legal charge over certain properties belonging to a subsidiary of the Corporation with Open Market Value ("OMV") not less than RM153.0 million upon disposal;
- (iv) Third party first legal charge over Real Estate Investment Trust ("REIT") units held by related companies and Deed of Assignment on the net sale proceeds of the said units;
- (v) Charge over the Finance Service Reserve Account ("FSRA") and Sinking Fund Account ("SFA") of BDO; and
- (vi) Put Option Agreement by related companies to honour any obligation in relation to borrowing.

#### (i) Al-Aqar Capital Sdn Bhd ("AACSB")

Sukuk Ijarah

In 2013, AACSB undertook an Islamic financing facility comprising IMTNs of up to RM1 billion in nominal value and issued RM655 million in nominal value of IMTNs. On 20 July 2017, AACSB made a partial early one-off redemption of RM80 million. The remaining Sukuk Ijarah Programme of RM575 million is due in May 2018.

On 4 May 2018, AACSB redeemed the outstanding IMTNs of RM575 million in nominal value of Issue 1 together with the outstanding profit due on maturity and refinanced the IMTNs via an issuance of IMTNs of RM575 million in nominal value ("Issue 2").

On 20 December 2018, AACSB re-rated the unrated Class C IMTNs of RM112 million in nominal value of Issue 2. The re-rating exercise had led to an early redemption of the Class C IMTNs of Issue 2 and an additional issuance of rated Class A IMTNs of RM75 million in nominal value of Issue 2 and rated Class B IMTNs of RM37 million in nominal value of Issue 2.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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### 29. LOANS AND BORROWINGS (CONTINUED)

#### Significant covenants and security (continued)

#### Subsidiaries (continued)

##### (i) Al-'Aqar Capital Sdn Bhd ("AACSB") (continued)

The financing facility is secured against the investment properties totalling RM1.24 billion (2017: RM1.20 billion).

AACSB has to maintain and build up the Finance Service Reserve Account ("FSRA") an amount equivalent to 6 months periodic payments payable under the relevant tranche of Sukuk Ijarah (12 months period payments upon the occurrence of a Trigger Event defined under the Sukuk Ijarah Trust Deed dated 29 April 2013). The funds in the FSRA may be invested in permitted investments but are not available for general use.

AACSB shall at all times maintain and/or caused to be maintained the following Finance Service Cover Ratio ("FSCR"):

- (i) FSCR at AACSB level of not less than 1.5 times;
- (ii) FSCR at Al-'Aqar Healthcare REIT level of not less than 1.5 times;
- (iii) such other financial covenant(s) as may be determined by RAM Rating Services Berhad ("RAM") and to be mutually agreed to by AACSB.

##### (j) Damansara Assets Sdn Bhd ("DASB")

The term loans amounting to RM391 million are secured by way of legal charges over certain investment properties of DASB and the assignment of shares.

On 24 August 2018, a subsidiary of DASB, ALSREIT Capital Sdn Bhd ("ALSREIT") established a Sukuk Ijarah Programme comprising Islamic Medium Term Notes ("IMTNs") of up to RM1.5 billion in nominal value and issued RM163 million in nominal value of IMTNs ("Issue 1") with transaction cost of RM3 million.

The Islamic Financing facility is secured against investment properties.

There is no specific financial covenant associated with the term loan and IMTNs issued by DASB and ALSREIT other than in the event of default, the entire term loan become immediately due and repayable.

##### (k) JCorp Capital Excellence Sdn Bhd ("JCE")

JCE was granted a RM150 million Islamic Commodity Murabahah Term Financing ("CMTF-I") by pledge of vacant lands owned by the Corporation.

There is no specific financial covenant associated with the borrowing other than in the event of default, the entire term loan become immediately due and repayable.

##### (l) Johor Land Berhad ("JLand")

Government loans

Loans were received from Johor State Government for the purposes of financing the construction of affordable houses. The loans are unsecured, interest free and payable via five instalments over a period of 5 years.

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## 29. LOANS AND BORROWINGS (CONTINUED)

### (l) Johor Land Berhad ("JLand") (continued)

A term loan of a subsidiary of JLand of RM189 million is secured by a piece of land registered under the name of the Corporation.

There is no specific financial covenant associated with the borrowing other than in the event of default, the entire term loan become immediately due and repayable.

## 30. TRADE AND OTHER PAYABLES

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
<b>Current</b>						
Trade payables	581	769	809	24	28	13
Trade accruals	424	275	185	2	2	3
Other payables	654	712	630	247	218	282
Provision for foreseeable losses	-	130	-	-	-	-
Amount due to associates	1	4	-	-	-	-
Amount due to non-controlling interest of subsidiaries	120	125	15	-	-	-
Amount due to subsidiaries	-	-	-	118	810	618
Arbitration settlement	8	7	10	-	-	-
	1,788	2,022	1,649	391	1,058	916
<b>Non-current</b>						
Amount due to subsidiaries	-	-	-	789	295	368
Arbitration settlement	60	67	82	-	-	-
Other payables	379	204	5	311	83	-
	439	271	87	1,100	378	368
<b>Total</b>	<b>2,227</b>	<b>2,293</b>	<b>1,736</b>	<b>1,491</b>	<b>1,436</b>	<b>1,284</b>

### (a) Trade payables and trade accruals

These amounts are non-interest bearing. Trade payables and trade accruals are normally settled on 60 days (31.12.2017: 60 days, 1.1.2017: 60 days) terms.



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### 30. TRADE AND OTHER PAYABLES (CONTINUED)

#### (b) Other payables

These amounts are non-interest bearing and are normally settled on an average term of six months (31.12.2017: average term of six months, 1.1.2017: average term of six months). Included in other payables (non-current) are:

- (i) an amount of RM83 million for additional land acquisition payable in 2020;
- (ii) amount payable to State Government of Johor and State Heritage Trust Fund amounting to RM66 million (31.12.2017: RM182 million, 1.1.2017: RM nil) over the next 4 years (2017:5 years) at a discounted rate of 6.60% (31.12.2017: 6.60%, 1.1.2017: nil);
- (iii) amount payable to a previous shareholder of RPS-i amounting to RM22 million (31.12.2017: RM22 million, 1.1.2017: nil) over the next 4 years (2017:5 years) discounted at a rate of 6.60% (31.12.2017: 6.60%, 1.1.2017: nil); and
- (iv) borrowing of RM200 million (principal) from a related party repayable in a lump sum in 2021, that is unsecured, with interest charged at an effective interest rate of 11% per annum.

#### (c) Amounts owing to associates and non-controlling interest of subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

#### (d) Amount owing to subsidiaries

This amount is unsecured, non-interest bearing and repayable on demand except for a subsidiary bearing interest between 6.50% to 6.75% (31.12.2017: 6.50% to 6.75%, 1.1.2017: 6.55% to 6.77%) per annum. The amount due to that subsidiary of RM259 million is repayable between 2013 and 2023 pursuant to Ijarah Agreement entered into between the subsidiary and the Corporation on 24 June 2013. The non-current amount due to subsidiaries of RM530 million that has been reclassified during the year is at an annual interest rate of 3.51% and repayable between 2020 and 2022.

	<b>Corporation 2018</b>	<b>2017</b>
Amount before offsetting	<b>1,071</b>	1,295
Offsetting (amount due from subsidiaries)	<b>(164)</b>	(190)
Amount after offsetting	<b>907</b>	1,105

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### 30. TRADE AND OTHER PAYABLES (CONTINUED)

#### (d) Amount owing to subsidiaries (continued)

##### Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Corporation liabilities arising from financing activities with subsidiaries including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Corporation statement of cash flows as cash flows from financing activities.

	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
At 1 January	1,105	986	728
Net cash changes	(264)	213	229
Interest accretion	40	32	31
Other changes	26	(126)	(2)
At 31 December	907	1,105	986

#### (e) Arbitration settlement

On 11 November 2016, Tanjung Langsat Port Sdn Bhd ("TLP") entered into a Settlement Agreement with a claimant in respect of an arbitration award for a settlement sum of USD30 million payable to the claimant.

The settlement sum shall be settled by TLP in the following manner:

- (i) An initial payment of USD4 million made during the year upon execution of agreement;
- (ii) A second payment of USD4 million within 14 days from the date TLP secures the letter of undertaking from its holding corporation to perform TLP's payment obligations under the agreement in the event TLP fails to do so, a condition precedent in the settlement agreement;
- (iii) A third payment of USD3 million one year after the date TLP secures the letter of undertaking from its holding corporation to perform TLP's payment obligations under the agreement in the event TLP fails to do so, a condition precedent in the settlement agreement; and
- (iv) The balance of USD20 million shall be paid by five annual instalments with the first instalment due within a year from the date of fulfilment of the condition precedent stated above. The first instalment amounts to USD3 million and the second to fifth instalments amount to USD4 million each. The letter of undertaking by the holding corporation has been secured on 3 February 2017.

The balance of settlement sum of USD20 million, after deducting of the third 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.

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### 30. TRADE AND OTHER PAYABLES (CONTINUED)

#### (e) Arbitration settlement (continued)

The amount outstanding are as follows:

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated
Balance outstanding	68	74	92
Maturity profile:			
Within 12 months	8	7	10
Later than 1 year and not later than 5 years	60	51	47
Later than 5 years	-	16	35
Total outstanding balance	68	74	92
Repayable within 12 months (under current liabilities)	(8)	(7)	(10)
Repayable after 12 months (under non-current liabilities)	60	67	82
Carrying value	68	74	92
Fair value	68	74	92

The movement in provision for arbitration is as follows:

	Group 31.12.2018	31.12.2017 Restated
At 1 January	74	92
Loss/(Gain) on unrealised foreign exchange	2	(8)
Settlement of arbitration	(12)	(16)
Interest on arbitration settlement	4	6
At 31 December	68	74

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## 31. OTHER LONG TERM LIABILITIES

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
Government grant (Note (a))	<b>294</b>	295	315	<b>246</b>	243	258
Land lease rental received in advance (Note (b))	<b>825</b>	682	580	<b>674</b>	527	436
Other long term payables (Note (c))	<b>37</b>	38	39	-	-	-
Deposits (Note (d))	<b>35</b>	28	27	-	-	-
Others	<b>44</b>	13	9	<b>14</b>	13	-
	<b>1,235</b>	1,056	970	<b>934</b>	783	694

### (a) Government Grant

	Group 31.12.2018	31.12.2017 Restated	Corporation 31.12.2018	31.12.2017 Restated
<b>At cost:</b>				
At 1 January	<b>333</b>	340	<b>253</b>	265
Grant received during the financial year	<b>15</b>	12	<b>10</b>	7
Reversal	-	(19)	-	(19)
At 31 December	<b>348</b>	333	<b>263</b>	253
<b>Accumulated amortisation:</b>				
At 1 January	<b>38</b>	25	<b>10</b>	7
Amortisation (Note 5)	<b>16</b>	13	<b>7</b>	3
At 31 December	<b>54</b>	38	<b>17</b>	10
Balance as at 31 December	<b>294</b>	295	<b>246</b>	243

## Notes To The Financial Statements

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### 31. OTHER LONG TERM LIABILITIES (CONTINUED)

#### (b) Land lease rental received in advance

	Group		Corporation	
	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated
<b>At cost:</b>				
At 1 January	752	632	554	451
Additions	157	120	158	103
At 31 December	909	752	712	554
<b>Accumulated amortisation:</b>				
At 1 January	70	52	27	15
Recognition of income for the financial year	14	18	11	12
At 31 December	84	70	38	27
Carrying amount as at 31 December	825	682	674	527

This represents money received in advance from sub leases for periods between 30 to 60 years which will be recognized in the Statement of Comprehensive Income as follows:

	Group		Corporation	
	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated
Under 1 year	14	14	11	9
1 to 2 years	23	15	10	10
2 to 3 years	23	16	10	10
Over 3 years	765	637	643	498
At 31 December	825	682	674	527

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### 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		
	31.12.2018	31.12.2017 Restated	1.1.2017 Restated	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
Under 1 year	1	1	1	-	-	-
1 to 2 years	1	1	1	-	-	-
2 to 3 years	1	1	1	-	-	-
Over 3 years	34	35	36	-	-	-
At 31 December	37	38	39	-	-	-

#### (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 KPJ's Board of Directors is obtained.

Deposits previously measured at cost, are now measured at fair value initially and subsequently at amortised costs using effective interest method. The differences between the fair value and cash value are recognised as deferred consultancy income and recognised as income over the remaining service period to retirement (at age 65) of the medical 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.

#### (c) Currency fluctuation reserve

The currency fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.



## Notes To The Financial Statements

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### 32. RESERVES (CONTINUED)

#### (d) Fair value through other comprehensive income ("FVOCI") reserve

The fair value through other comprehensive income reserve comprises the cumulative net change in the equity instrument classified as fair value through other comprehensive income ("FVOCI") until the investments are derecognised or impaired.

#### (e) Revenue reserve

The revenue reserve comprise of the portion of business profit retained by the Group and the Corporation for investment in future growth and differences between the share of non-controlling interest in subsidiaries acquired/disposed without loss of control, and the consideration paid/received.

### 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.

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 MFRS 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;
- (ii) Business license and rental paid to state government-related entities; and
- (iii) Land conversion premium paid to 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

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### 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:

	<b>Group</b>		<b>Corporation</b>	
	<b>31.12.2018</b>	<b>31.12.2017 Restated</b>	<b>31.12.2018</b>	<b>31.12.2017 Restated</b>
Paid/Payable to subsidiaries and related parties:				
Management fees	-	-	<b>18</b>	3
Rental expenses	-	-	<b>8</b>	7
Interest expenses	<b>18</b>	-	<b>58</b>	34
Marketing expenses	-	-	-	3
Paid/Payable to government related entity:				
Land premium	-	-	-	6
Receipt/Receivable from subsidiaries:				
Sale of goods	-	-	<b>87</b>	36
Interest income	-	-	-	2
Dividend	-	-	<b>212</b>	111
Management fee income	-	4	<b>3</b>	40
Rental income	-	-	<b>6</b>	7
Concession fee	-	-	<b>22</b>	22
Sales of property, plant and equipment	-	-	-	32
Sales of investment properties	-	147	-	37
Sales of financial assets at fair value through profit and loss	-	67	<b>52</b>	67

## Notes To The Financial Statements

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### 34. COMMITMENTS

#### (a) Capital commitments

	Group		Corporation	
	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	402	182	142	46
Not contracted for	225	427	-	-
	627	609	142	46
Analysed as follows:				
Property, plant and equipment	423	460	-	-
Inventory (non-current)	142	58	142	46
Investment properties	62	91	-	-
	627	609	142	46

#### (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 rental payables under non-cancellable operating leases at the reporting date are as follows:

	Group	
	31.12.2018	31.12.2017 Restated
The future minimum lease payments:		
Not later than 1 year	3	2
Later than 1 year and not later than 5 years	1	4
More than 5 years	-	-
	4	6

## Notes To The Financial Statements

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### 35. CONTINGENCIES

#### (a) Corporation

##### (i) Land Acquisition of Kem Tebrau

The acquisition has been completed and Form K was issued on 15 February 2017.

The Corporation is subject to various litigations relating to the land acquisition as follows:

- (a) claims by certain third parties that they were allegedly excluded from participating in the land enquiry;
- (b) claims by landowners for RM2 billion compensation compared to actual compensation paid by the Corporation of RM329 million; and
- (c) judicial review that the decision of the State Government and the Corporation is in bad faith and/or unlawful and thus null and void.

The claims are currently progressing in various courts and all decisions to date have been in favour of the Corporation.

##### (ii) Land Acquisition at Pengerang

The Corporation has undertaken the compulsory land acquisition proceeding ("Acquisition") through Pentadbir Tanah Daerah Kota Tinggi over the land held under PTD 2083 HSD 7849, Mukim of Pengerang, District of Kota Tinggi, Johor ("Land"). The Acquisition has been completed via the issuance of Form K on 7 October 2018.

The landowner and the lessees/tenants had filed Land Reference proceedings at High Court of Johor Bahru as they were dissatisfied with the award granted by the Land Administrator over the Acquisition of the Land ("Land References"). The Corporation's application for leave to intervene in the Land References proceeding has been allowed with no order as to cost, while the Land Reference proceedings are currently in progress.

#### (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

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### 35. CONTINGENCIES (CONTINUED)

#### (c) Kulim (Malaysia) Berhad ("KMB")

Notice of Arbitration to Asian International Arbitration Centre ("AIAC") to claim from Malaysia Marine and Heavy Engineering Holdings Berhad ("MMHE").

##### Arbitration Proceedings

On 27 September 2018, E.A. Technique (M) Berhad ("EAT") filed a Notice of Arbitration to AIAC to claim from MMHE amounts paid on behalf by HESS Exploration and Production Malaysia B.V., deletion of MMHE's additional work order ("AWO") scope as well as back charges with a total aggregate amount of USD22 million.

On 15 February 2019, EAT served its Statement of Claim to MMHE amounting to USD22 million. MMHE filed a counterclaim against EAT in the AIAC Arbitration amounting to USD49 million and filed its Defence for Counterclaim on 15 March 2019.

EAT shall file reply to aforesaid Defence for Counterclaim latest by 5 April 2019.

##### Adjudication Proceedings

On 5 October 2018, MMHE served EAT with a Notice of Adjudication under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") claiming USD30 million for invoices issued to EAT relating to the EPCIC project after taking into consideration the amounts paid on behalf by HESS and deletion of some AWO scopes.

On 14 February 2019, MMHE has served its adjudication claim on EAT amounting to USD30 million. EAT made a counterclaim against MMHE in the CIPAA Adjudication amounting to USD21 million and filed its adjudication response on 7 March 2019.

The adjudicator shall deliver the decision by 13 May 2019.

The Group will vigorously defend the claims made by MMHE and pursue its counterclaims.

The Directors are in the view that there could be no conclusion that can be drawn out as at the date of this report as the CIPAA proceedings have just commenced.

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### 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	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
Financial assets measured at amortised cost:			
Trade and other receivables (Note 24)	1,101	1,492	1,895
Cash and bank balances (Note 27)	1,239	877	1,262
	2,340	2,369	3,157
Financial assets at fair value through profit or loss (Note 22(b))	264	5	16
	264	5	16
Financial assets at fair value through other comprehensive income (Note 22(a))	20	-	-
Available-for-sale financial assets (Note 22(a))	-	215	221
	20	215	221
Financial liabilities measured at amortised cost:			
Trade and other payables (Note 30)	2,227	2,293	1,736
Loans and borrowings (Note 29)	9,277	8,694	9,507
	11,504	10,987	11,243
Corporation	31.12.2018	31.12.2017 Restated	1.1.2017 Restated
Financial assets measured at amortised cost:			
Trade and other receivables (Note 24)	290	143	786
Cash and bank balances (Note 27)	119	30	77
	409	173	863
Financial assets at fair value through profit or loss (Note 22(b))	20	56	48
	20	56	48
Financial liabilities measured at amortised cost:			
Trade and other payables (Note 30)	1,491	1,436	1,284
Loans and borrowings (Note 29)	2,615	2,620	3,016
	4,106	4,056	4,300



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### 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 Board of Governance and Business Ecosystem 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 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 contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVTPL"), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures primarily from outstanding trade and other receivables.

The Group and the Corporation adopt the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. 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 profitability and buys insurance to protect itself against insurable risk in this regard, counterparties are assessed for credit limits that are set to minimise any potential losses. 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 given by the Corporation have not been recognised in the financial statements as the fair value on initial recognition was not material. The Group monitors on an ongoing basis the results of the subsidiaries and the repayment made by the subsidiaries.

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### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (a) Credit risk (continued)

##### Credit risk concentration profile

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.

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.

##### Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, contract assets and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

#### (i) Trade receivables using simplified approach

The Group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

#### (ii) Other receivables using general 3-stage approach

The Group uses three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories.

#### (iii) Amount due from related parties, subsidiaries and associates

The Group uses three categories for amount due from related parties, subsidiaries and associates which reflect their credit risk and how the loss allowance is determined for each of those categories.

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### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (a) Credit risk (continued)

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flow	12 months ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL incorporating the methodology below:

- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group considers historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group has identified the industry and geographical area which the debtor operates in, to be the most relevant factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period. For financial guarantee contracts, in deriving the PD, the Corporation considered the maximum contractual period over which the debtor has a present contractual obligation to extend credit in measuring the expected credit losses.

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

Included in the Group's and the Corporation's loans and borrowings is an amount of RM800 million SUKUK that is due in June 2019. The Directors have assessed that there are sufficient sources of funding that is or will be made available to pay this amount.

#### Analysis of financial instruments by remaining contractual maturities

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

<b>At 31 December 2018</b>	<b>On demand or within 1 year</b>	<b>More than 1 year to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Group</b>				
Financial liabilities:				
Trade and other payables	1,788	439	-	2,227
Other long term liabilities	1	51	-	52
Loans and borrowings	2,635	5,525	1,117	9,277
Total undiscounted financial liabilities	4,424	6,015	1,117	11,556
<b>Corporation</b>				
Financial liabilities:				
Trade and other payables	391	1,100	-	1,491
Loans and borrowings	807	1,787	21	2,615
Total undiscounted financial liabilities	1,198	2,887	21	4,106

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### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (b) Liquidity risk (continued)

##### Analysis of financial instruments by remaining contractual maturities (continued)

At 31 December 2017 Group	On demand or within 1 year	More than 1 year to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	2,022	271	-	2,293
Other long term liabilities	1	37	-	38
Loans and borrowings	2,307	5,078	1,309	8,694
Total undiscounted financial liabilities	4,330	5,386	1,309	11,025
<b>Corporation</b>				
Financial liabilities:				
Trade and other payables	1,058	378	-	1,436
Loans and borrowings	11	2,562	47	2,620
Total undiscounted financial liabilities	1,069	2,940	47	4,056

#### (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, and entering into interest rate swaps.

##### Sensitivity analysis for interest rate risk

At the reporting date, a change of 50 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	
	2018	2017	2018	2017
Interest rate:				
50 bp increase in interest rates	(9)	(8)	(3)	(3)
50 bp decrease in interest rates	9	8	3	3

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For The Financial Year Ended 31 December 2018  
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### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (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 USD foreign currency risk, based on carrying amounts as at the end of the reporting date was:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
Trade and other receivables	<b>25</b>	43
Cash and bank balances	<b>48</b>	82
Trade and other payables	<b>(59)</b>	(221)
Loans and borrowings	<b>(277)</b>	(315)
Convertible notes	<b>-</b>	(46)
Net exposure in the statement of financial position	<b>(263)</b>	(457)

#### 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.

	<b>Profit net of tax</b>		<b>Other comprehensive</b>	
	<b>2018</b>	<b>2017</b>	<b>income net of tax</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>USD</b>				
Strengthened 5%	<b>(13)</b>	(23)	-	1
Weakened 5%	<b>13</b>	23	-	(1)



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### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (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 investments 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 fair value through other comprehensive income 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.

#### 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:

	<b>Note</b>
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

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.

# Notes To The Financial Statements

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## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Market price risk (continued)

#### Fair value (continued)

The fair value 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.

#### 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 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Fair value through other comprehensive income	20	-	-	20
Fair value through profit or loss	5	-	259	264
Non-financial assets measured at fair value:				
Investment properties	-	-	4,265	4,265
Property, plant and equipment				
- Healthcare properties	-	-	1,897	1,897
Biological assets	-	-	23	23
Financial liabilities not measured at fair value but fair value is disclosed:				
Term loans - floating	-	-	2,785	2,785
Islamic Medium Term Notes ("IMTNs")	-	-	4,169	4,169
	25	-	13,398	13,423

The Level 3 fair value estimate relating to the financial assets measured at fair value through profit or loss was derived based on estimates of the available gas reserves (384 bcf), gas price (USD 5/MMBTU), condensate price (USD 65/Bbl), estimated timing of production (17.89MMBTU/day) and timing of recovery of deposits paid.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (e) Market price risk (continued)

##### Fair value hierarchy (continued)

Group At 31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Available-for-sale financial assets	30	-	185	215
Fair value through profit or loss	5	-	-	5
Non-financial assets measured at fair value:				
Investment properties	-	-	3,687	3,687
Property, plant and equipment				
- Healthcare properties	-	-	1,861	1,861
Biological assets	-	-	32	32
Financial liabilities not measured at fair value but fair value is disclosed:				
Term loans - floating	-	-	3,174	3,174
Islamic Medium Term Notes ("IMTNs")	-	-	3,853	3,853
	35	-	12,792	12,827

# Notes To The Financial Statements

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## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Market price risk (continued)

#### Fair value hierarchy (continued)

##### Corporation

##### At 31 December 2018

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Fair value through other comprehensive income	-	-	-	-
Fair value through profit or loss	20	-	-	20
Investment properties	-	-	1,875	1,875
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ("IMTNs")	-	-	2,600	2,600
Federal Government Loan	-	-	54	54
	20	-	4,529	4,549

##### Corporation

##### At 31 December 2017

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Fair value through other comprehensive income	-	-	-	-
Fair value through profit or loss	56	-	-	56
Investment properties	-	-	1,637	1,637
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ("IMTNs")	-	-	2,600	2,600
Federal Government Loan	-	-	58	58
	56	-	4,295	4,351

During the reporting period ended 31 December 2018 and 2017, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

## Notes To The Financial Statements

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### 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 financial 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.

	31.12.2018	Group 31.12.2017 Restated	1.1.2017 Restated	31.12.2018	Corporation 31.12.2017 Restated	1.1.2017 Restated
Loans and borrowings (Note 29)	<b>9,277</b>	8,694	9,507	<b>2,615</b>	2,620	3,016
Less: Cash and bank balances (Note 27)	<b>(1,239)</b>	(877)	(1,262)	<b>(119)</b>	(30)	(77)
Net debt	<b>8,038</b>	7,817	8,245	<b>2,496</b>	2,590	2,939
Total equity	<b>9,060</b>	8,857	8,509	<b>2,278</b>	2,133	2,045
Debt-to-equity ratios	<b>0.89</b>	0.88	0.97	<b>1.10</b>	1.21	1.44

There were no changes in the Group's approach to capital management during the financial year.

As at 31 December 2018, the Group and the Corporation had complied with all external financial covenants as disclosed in Note 29.

## Notes To The Financial Statements

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### 39. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective chief operating decision maker responsible for the performance of the respective segments under their charge. The chief operating decision maker of the Group is the Group Top Management Committee who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

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, investment properties and land held for property development.

#### Reportable segments

The Group comprises the following reportable segments:

- Palm oil                               – Oil palm plantation, crude palm oil processing, plantation management services and consultancy.
- Healthcare                           – Hospitals and healthcare services.
- Property                             – Property development, housing development, property management service, property investment and real estate investment trust.
- Industrial                           – Development and sale of industrial land, project management, promote, develop, operate and manage a port.
- Quick service restaurant       – Kentucky Fried Chicken, Pizza Hut and Ayamas outlets.
- Intrapreneur ventures           – Parking management, sales of wood-based products and bulk mailing and printing.

Other operations of the Group are not of sufficient size to be reported separately.

Reconciliation to the Statement of Comprehensive Income mainly relates to the elimination of QSR Brands (M) Holdings Bhd, a joint venture of the Group, which is included within the reportable segment.



## Notes To The Financial Statements

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### 39. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2018	Palm oil	Healthcare	Property	Industrial	Quick service restaurant	Intrapreneur ventures	Subtotal
External revenue	921	3,308	608	189	4,722	48	9,796
Inter-segment revenue	(77)	-	(117)	(20)	-	(16)	(230)
Total revenue	844	3,308	491	169	4,722	32	9,566
<b>Results</b>							
Segment results	78	311	268	39	380	(11)	1,065
Unallocated income							
Unallocated costs							
Profit from operations							
Finance costs							
Share of results of associates							
Share of results of joint ventures							
Profit before tax							
Tax							
Profit after tax							

# Notes To The Financial Statements

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## 39. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2018	Others	Grand Total	Reconciliation	Continuing operations	Discontinued operation	Group
External revenue	1,129	10,925	(4,607)	6,318	57	6,375
Inter-segment revenue	(472)	(702)	-	(702)	-	(702)
Total revenue	657	10,223	(4,607)	5,616	57	5,673
<b>Results</b>						
Segment results	34	1,099	(385)	714	(3)	711
Unallocated income		82	-	82	-	82
Unallocated costs		(61)	-	(61)	-	(61)
Profit from operations		1,120	(385)	735	(3)	732
Finance costs		(517)	66	(451)	(2)	(453)
Share of results of associates		27	-	27	-	27
Share of results of joint ventures		104	-	104	-	104
Profit before tax		734	(319)	415	(5)	410
Tax		(288)	126	(162)	1	(161)
Profit after tax		446	(193)	253	(4)	249

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### 39. SEGMENT INFORMATION (CONTINUED)

Group	As at 31 December 2018	Palm oil	Healthcare	Property	Industrial	Quick			Total	Reconciliation	Group
						service restaurant	Intrapreneur ventures	Others			
<b>Other information</b>											
Segment assets	<b>839</b>	<b>3,980</b>	<b>4,095</b>	<b>7,645</b>	<b>5,028</b>	-	-	<b>4,535</b>	<b>26,122</b>	<b>(4,997)</b>	<b>21,125</b>
Associates	-	<b>465</b>	<b>196</b>	-	-	-	-	<b>(379)</b>	<b>282</b>	-	<b>282</b>
Joint ventures	-	-	-	-	-	-	-	<b>1,484</b>	<b>1,484</b>	-	<b>1,484</b>
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-
Consolidated total assets									<b>27,888</b>	<b>(4,997)</b>	<b>22,891</b>
Segment liabilities	<b>3,869</b>	<b>2,622</b>	<b>2,157</b>	<b>377</b>	<b>2,578</b>	-	-	<b>4,696</b>	<b>16,299</b>	<b>(2,523)</b>	<b>13,776</b>
Unallocated liabilities	-	-	-	-	-	-	-	-	<b>55</b>	-	<b>55</b>
Consolidated total liabilities									<b>16,354</b>	<b>(2,523)</b>	<b>13,831</b>
Capital expenditure	<b>202</b>	<b>388</b>	<b>251</b>	<b>1</b>	<b>231</b>	-	-	<b>329</b>	<b>1,402</b>	<b>(230)</b>	<b>1,172</b>
Depreciation and amortisation	<b>184</b>	<b>155</b>	<b>8</b>	<b>1</b>	<b>226</b>	-	-	<b>71</b>	<b>645</b>	<b>(219)</b>	<b>426</b>

# Notes To The Financial Statements

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## 39. SEGMENT INFORMATION (CONTINUED)

Group	As at 31 December 2017 (Restated)	Palm oil	Healthcare	Property	Industrial	Quick service restaurant	Intrapreneur ventures	Subtotal
External revenue		1,136	3,178	713	106	4,644	56	9,833
Inter-segment revenue		(109)	-	(136)	(6)	-	(7)	(258)
Total revenue		1,027	3,178	577	100	4,644	49	9,575
<b>Results</b>								
Segment results		380	237	428	18	377	(9)	1,431
Unallocated income								
Unallocated costs								
Profit from operations								
Finance costs								
Share of results of associates								
Share of results of joint ventures								
Profit before tax								
Tax								
Profit after tax								

## Notes To The Financial Statements

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### 39. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2017 (Restated)	Others	Grand Total	Reconciliation	Continued operation	Discontinued operation	Group
External revenue	786	10,619	(4,560)	6,059	55	6,114
Inter-segment revenue	(237)	(495)	-	(495)	-	(495)
Total revenue	549	10,124	(4,560)	5,564	55	5,619
<b>Results</b>						
Segment results	(240)	1,191	(380)	811	(83)	728
Unallocated income		14	-	14	-	14
Unallocated costs		88	-	88	-	88
Profit from operations		1,293	(380)	913	(83)	830
Finance costs		(512)	80	(432)	(1)	(433)
Share of results of associates		14	-	14	-	14
Share of results of joint ventures		-	88	88	-	88
Profit before tax		795	(212)	583	(84)	499
Tax		(217)	105	(112)	1	(111)
Profit after tax		578	(107)	471	(83)	388

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## 39. SEGMENT INFORMATION (CONTINUED)

Group	Quick service					Intrapreneur ventures		Others	Total	Reconciliation	Group
As at 31 December 2017 (Restated)	Palm oil	Healthcare	Property	Industrial	restaurant	ventures					
<b>Other information</b>											
Segment assets	5,780	3,479	3,477	1,528	4,982	43		5,981	25,270	(4,958)	20,312
Associates	-	463	214	-	-	-		(409)	268	-	268
Joint ventures	-	-	-	-	-	-		-	-	1,380	1,380
Unallocated assets	-	-	-	-	-	-		-	-	-	-
Consolidated total assets									25,538	(3,578)	21,960
Segment liabilities	2,908	2,381	1,981	965	2,326	42		4,692	15,295	(2,284)	13,011
Unallocated liabilities	-	-	-	-	-	-		-	92	-	92
Consolidated total liabilities									15,387	(2,284)	13,103
Capital expenditure	325	467	501	3	238	-		240	1,774	(237)	1,537
Depreciation and amortisation	180	215	7	10	236	-		100	748	(229)	519



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### 39. SEGMENT INFORMATION (CONTINUED)

Group	Sales (External)		Total Assets		Capital Expenditure	
	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated	31.12.2018	31.12.2017 Restated
Malaysia	9,225	9,126	25,288	24,436	1,394	1,766
Singapore	811	811	277	277	-	-
Australia	70	70	337	337	4	4
Indonesia	49	49	182	182	4	4
Brunei	35	35	24	24	-	-
Cambodia	21	21	11	11	-	-
Bangladesh	12	12	3	3	-	-
Total	10,223	10,124	26,122	25,270	1,402	1,774
Reconciliation	(4,607)	(4,560)	(4,997)	(4,958)	(230)	(237)
Group	5,616	5,564	21,125	20,312	1,172	1,537
Associates						
Joint ventures			282	268		259
Unallocated assets			1,484	1,380		1,331
			-	-		-
Total assets			22,891	21,960		21,547

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### 40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO FINANCIAL YEAR END

#### 1. Johor Corporation ("the Corporation")

- (a) On 18 April 2018, the Group and the Corporation entered into a Sales and Purchase Agreement with Ramuan Arif Sdn Bhd in relation to the disposal of 3 pieces of land of HS (D) 500384 PTD 23359, also known as Parcel C, PTD 18321, also known as Parcel E and Grant 468051 Lot 224413, also known as Parcel F for a total consideration of RM117 million.
- (b) On 31 July 2018, the Corporation has entered into the Development Agreement in relation to Arena Larkin's development cost with the State Government, Majlis Bandaraya Johor Bahru, Johor Land Berhad & Johor Foods Sdn Bhd amounting to RM357 million. One of the components agreed for the development is that the Corporation and its subsidiaries to surrender certain lands to the State Government in exchange of neighbouring lands, cash and other monetary consideration.

#### 2. Kulim (Malaysia) Berhad ("KMB")

Proposed investment in PT Citra Sarana Energy ("PT CSE")

On 10 December 2014, KMB Group via Kulim Energy Nusantara Sdn Bhd ("KENSBN") entered into a Conditional Subscription and Share Purchase Agreement ("CSSPA") with PT CSE and its existing shareholders, namely PT Wisesa Inspirasi Sumatera ("PT WIS") and PT Inti Energi Sejahtera ("PT IES"), to acquire a 60% equity interest in PT 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 USD134 million (approximately RM535 million).

On 7 February 2016, KMB Group via KENSBN entered into a Supplemental Agreement of CSSPA ("SA CSSPA") to revise the total cash consideration from USD134 million (approximately RM535 million) to USD80 million (approximately RM318 million).

On 6 December 2017, KMB Group via KENSBN, PT WIS and PT CSE (collectively referred to as the "Parties") have agreed that the SA CSSPA dated 7 February 2016 be varied and amended which affected the mode of payment of the balance purchase price for the Sale Shares of USD11 million (approximately RM47 million), among others. PT WIS plans to sell its shares in PT CSE to potential investors (hereinafter referred to "PT CSE Divestment"). The Parties agreed that the balance purchase price for the Sale Shares amounting to USD11 million (approximately RM47 million) shall be paid by KENSBN to PT WIS by way of set off from KENSBN's entitlement to the proceeds of the PT CSE Divestment. This is by virtue of the CSSPA dated 10 December 2014 and SA CSSPA dated 7 February 2016 entered into between PT WIS, PT IES, PT CSE and KENSBN that 60% of the shares in PT CSE is held by PT WIS for the benefit of KENSBN. Therefore, KENSBN is entitled to the proceeds from the PT CSE Divestment as the beneficial owner of the shares.

On 22 June 2018, Indonesian Government has approved the first Plan of Development ("POD") for Sinamar area of South West Bukit Barisan PSC ("SWBB PSC"), with a projected gross revenue of USD938 million (approximately RM3,894 million). Following the POD approval, PT Radiant Bukit Barisan Energy ("PT RBBE") shall comply with the provisions regulated by the Indonesian Government and SKK MIGAS to;

- (i) Complete development work at Sinamar area; and
- (ii) Continue exploration program at SWBB PSC

## Notes To The Financial Statements

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### 40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

#### 2. Kulim (Malaysia) Berhad ("KMB") (continued)

Proposed investment in PT Citra Sarana Energy ("PT CSE") (continued)

As at 31 December 2018, KENSB has paid a total of USD65 million (approximately RM257 million) representing:

- (i) USD13 million (approximately RM47 million) as deposit for acquisition of shares;
- (ii) USD41 million (approximately RM162 million) as prepayment for subscription of shares; and
- (iii) USD12 million (approximately RM48 million) as part of the further investment of USD15 million in accordance with the CSSPA and SA CSSPA.

The completion date of the CSSPA and SA CSSPA has been further extended to 31 December 2019 due to the pending approval by the Indonesian Government and Special Task Force in respect of the change of control ("COC") of the SWBB PSC.

The Directors are currently evaluating several proposals in relation to this investment and have approved for the full divestment.

#### 3. QSR Brands (M) Holdings Bhd ("QSR")

Proposed rationalisation of equity holding in Massive Equity Sdn Bhd and relisting of QSR Brands (M) Holdings Bhd.

On 7 October 2018, the Board of Directors of Johor Corporation has agreed to re-list QSR Brands (M) Holdings Bhd ("QSR") in the first quarter of 2019 at the earliest after obtaining approval from the Securities Commission Malaysia ("SC") as well as other relevant approvals, and to implement the scheme for Initial Public Offering of QSR ("QSR IPO") as proposed.

Being the promoters to the QSR IPO, Johor Corporation ("JCorp") and its subsidiaries, Business Chronicles Sdn Bhd ("BCSB"), BDO Assets Management Sdn Bhd ("BDO Assets") and JCorp Capital Excellence Sdn Bhd ("JCE"), have provided a modified moratorium undertaking to the SC to undertake an approved restructuring exercise within the moratorium period. The restructuring exercise which also involves Massive Equity Sdn Bhd ("MESB"), the joint-control company of JCorp, is aimed to ensure the transfer of the then listed QSR shares to the ultimate recipients, i.e. JCorp, BDO Assets and JCE, will be implemented in accordance with the relevant regulatory requirements, whereby upon the completion, JCorp, BDO Assets and JCE will respectively become the direct shareholders of QSR, and collectively emerge as the majority shareholder of QSR.

## Notes To The Financial Statements

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### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT

#### (a) Effects of transition to Malaysian Financial Reporting Standards ("MFRSs")

Adoption of MFRS 1 allows the Group and the Corporation to elect and measure an item of property, plant and equipment (MFRS 116) at the date of transition at its fair value and use that fair value as its deemed cost. Prior to 1 January 2017, estate lands were measured using the revaluation model.

The Group elected the following exemptions as permitted by MFRS 1 in the first set of MFRS financial statements:

##### Borrowing cost

MFRS 1 permits the application of the requirement of MFRS 123 'Borrowing cost' from the transition date or from a date earlier than the effective date of MFRS 123. The Group elected to apply this exemption from 1 January 2017. Accordingly, the Group:

- (i) had not restate the borrowing cost components that were capitalised under FRS and that were included in the carrying amount of assets at that date; and
- (ii) accounts for borrowing costs incurred on or after that date in accordance with MFRS 123, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

#### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs")

The financial statements of the Group and of the Corporation for the financial year ended 31 December 2018 are the first sets of the financial statements prepared in accordance with MFRSs.

The Corporation, in its consolidated financial statements, measured the assets and liabilities of subsidiaries at the same carrying amounts as in the financial statements of those subsidiaries that have adopted the MFRS framework or IFRS earlier than the Corporation, after adjusting for consolidation adjustments. Aside from the short-term exemption on first-time application of MFRS 9 'Financial Instruments' and certain transition elections disclosed below, the Group and the Corporation have consistently applied the same accounting policies in its opening MFRS statement of financial position at the date of transition, 1 January 2017, and throughout all periods presented, as if these policies had always been in effect. These policies comply with each MFRS effective as at 31 December 2018, including MFRS 15 'Revenue from Contracts with Customers'. The financial statements for financial year 2017 were prepared in accordance with Financial Reporting Standards ("FRSs"). Accordingly, the comparative figures for 2017 in these financial statements have been restated to give effect to these changes.

## Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

Amounts in RM Million Unless Otherwise Stated

### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

#### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs") (continued)

##### Adoption of MFRS 1

As provided in MFRS 1, first-time adoption of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected to apply MFRS 3 – Business Combinations prospectively from the date FRS 3 – Business Combinations was adopted and to deem the carrying amount of investment in each subsidiary, joint venture and associate to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs. The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs are disclosed in Note 41(a).

##### (i) Business combinations

MFRS 1 provides the option to apply MFRS 3 "Business combinations" prospectively for business combinations (including acquisition of interests in associates, joint ventures and joint operations that constitute businesses) that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combinations that occurred after 1 January 2017. Business combinations that occurred prior to 1 January 2017 have not been restated. The Group has also applied MFRS 127 "Consolidated and separate financial statements" from the same date.

##### (ii) Previous FRS carrying amounts as deemed cost – Investment in subsidiaries, joint ventures and associates

The Group and the Corporation elected to use the previous FRS carrying amounts as deemed cost as at the date of transition. Accordingly, the carrying amounts of these investment in subsidiaries, joint ventures and associates have not been restated.

##### (iii) Currency fluctuation reserve

The Group and the Corporation have elected to not restate the currency fluctuation to zero.

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## 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs") (continued)

The Group and the Corporation have applied the following mandatory exceptions as required by MFRS 1:

#### (i) Estimates

MFRS estimates as at transition date are consistent with the estimates as at the same date made in conformity with FRS.

#### (ii) Classification and measurement of financial assets

For financial assets that exist at the beginning of the first MFRS reporting period, at 1 January 2018, an assessment was performed as to whether a financial asset meets the condition to be classified and measured as financial asset measured at amortised cost or financial asset measured at fair value through other comprehensive income in accordance with MFRS 9 on the basis of the facts and circumstances that exist at the beginning of the first MFRS reporting period.

#### (iii) Impairment of financial assets

Impairment requirements in MFRS 9 are applied retrospectively for debt instruments measured at amortised cost or fair value through other comprehensive income, lease receivable, contract asset or loan commitment and a financial guarantee contract. The requirements are applied using reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the initial recognition of financial instrument and compare that to the credit risk at the beginning of the first MFRS reporting period, at 1 January 2018, to determine if there has been a significant increase in credit risk.

### **Adoption of MFRS 15**

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

- for completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- for completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and
- for all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised are not disclosed.
- No restatement for completed contract as at transition date;
- No restatement of contract modifications that occurred before transition date



## Notes To The Financial Statements

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### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

#### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs") (continued)

##### Adoption of MFRS 141

As at 1 January 2017, the biological assets are measured at fair value less costs of disposal. Changes in fair value less costs of disposal are recognised in profit or loss. Harvested fresh fruit bunches are transferred to inventories at fair value less cost of disposal when harvested.

The effects of the above are as follows:

##### **Group**

(a) Impact on the Group's Statement of Comprehensive Income :

Financial year ended 31 December 2017						
	As previously reported	MFRS 1	MFRS 15	MFRS 141	Prior year adjustment	As restated
Revenue	5,579	-	-	-	(15)	5,564
Cost of sales	(3,786)	-	-	-	(37)	(3,823)
Other income	498	-	-	-	(8)	490
Distribution expenses	(36)	-	-	-	2	(34)
Administrative expenses	(1,213)	(13)	-	-	-	(1,226)
Other expenses	(63)	-	-	5	-	(58)
Finance costs	(423)	-	-	-	(9)	(432)
Share of results of joint ventures, net of tax	95	-	-	-	(7)	88
Profit before tax from continuing operations	665	(13)	-	5	(74)	583
Tax	(123)	-	-	(1)	12	(112)
Profit net of tax	459	(13)	-	4	(62)	388
Net surplus from revaluation of property, plant and equipment	478	(420)	-	-	-	58
Other comprehensive income	523	(420)	-	-	-	103
Total comprehensive income	982	(433)	-	4	(62)	491

# Notes To The Financial Statements

For The Financial Year Ended 31 December 2018

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## 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs") (continued)

#### Group (continued)

(b) Impact on the Group's Statement of Financial Position:

As at 31 December 2017						
	As previously reported	MFRS 1	MFRS 15	MFRS 141	Prior year adjustment	As restated
<b>Non-current assets</b>						
Property, plant and equipment	10,330	(420)	-	11	648	10,569
Land held for property development	469	(469)	-	-	-	-
Inventories	-	460	-	-	299	759
Investment properties	3,640	(5)	-	-	(86)	3,549
Biological assets	-	-	-	1	-	1
Investment in associates	258	-	-	-	10	268
Investment in joint ventures	1,408	-	-	-	(28)	1,380
Deferred tax assets	306	(27)	-	-	11	290
<b>Current assets</b>						
Property development costs	1,332	(1,332)	-	-	-	-
Inventories	324	1,322	-	(20)	(280)	1,346
Biological assets	-	-	-	11	20	31
Contract costs assets	-	-	-	-	4	4
Trade and other receivables	1,440	(7)	-	-	(6)	1,427
Other current assets	8	(8)	-	-	-	-
Contract assets	-	-	-	-	61	61
Cash and bank balances	882	-	-	-	(5)	877
<b>Current liabilities</b>						
Current tax liabilities	64	8	-	-	(9)	63
Trade and other payables	1,944	6	-	-	72	2,022
Contract liabilities	-	-	-	-	20	20
<b>Non-current liabilities</b>						
Deferred tax liabilities	935	(56)	-	(2)	(105)	772
<b>Equity</b>						
Capital reserves	471	-	-	-	(79)	392
Asset revaluation reserve	1,540	(1,966)	-	-	549	123
Currency fluctuation reserve	(64)	4	-	-	17	(43)
Equity transaction reserve	(66)	6	-	-	60	-
Revenue reserve	4,460	1,511	-	5	87	6,063
Non-controlling interest	2,216	1	-	-	36	2,253

## Notes To The Financial Statements

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### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

#### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs") (continued)

##### Group (continued)

(b) Impact on the Group's Statement of Financial Position (continued):

		As at 1 January 2017				
	As previously reported	MFRS 1	MFRS 15	MFRS 141	Prior year adjustment	As restated
<b>Non-current assets</b>						
Property, plant and equipment	9,731	-	-	(13)	535	10,253
Land held for property development	137	(137)	-	-	-	-
Inventories	-	137	-	-	255	392
Investment properties	3,609	-	-	-	32	3,641
Biological assets	-	-	-	1	-	1
Investment in associates	249	-	-	-	10	259
Investment in joint ventures	1,351	-	-	-	(20)	1,331
Deferred tax assets	280	-	-	-	(60)	220
<b>Current assets</b>						
Property development costs	1,245	(1,245)	-	-	-	-
Inventories	183	1,245	-	(17)	(212)	1,199
Biological assets	-	-	-	45	-	45
Contract costs assets	-	-	-	-	9	9
Trade and other receivables	1,575	-	369	-	(100)	1,844
Other current assets	523	-	(523)	-	-	-
Contract assets	-	-	154	-	8	162
Cash and bank balances	1,268	-	-	-	(6)	1,262
<b>Current liabilities</b>						
Trade and other payables	1,817	-	-	-	(168)	1,649
Contract liabilities	-	-	-	-	38	38
<b>Non-current liabilities</b>						
Deferred tax liabilities	857	-	-	4	(129)	732

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## 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs") (continued)

#### Group (continued)

(b) Impact on the Group's Statement of Financial Position (continued):

	As previously reported	As at 1 January 2017				As restated
		MFRS 1	MFRS 15	MFRS 141	Prior year adjustment	
<b>Equity</b>						
Capital reserves	443	-	-	-	7	450
Asset revaluation reserve	1,152	(1,512)	-	-	517	157
Currency fluctuation reserve	(80)	-	-	-	21	(59)
Equity transaction reserve	(61)	-	-	-	61	-
Revenue reserve	4,074	1,512	-	12	67	5,665
Non-controlling interest	2,204	-	-	-	37	2,241

The prior year adjustments relate to unprovided taxes related to a joint venture and unrealised gains from intra-group transactions that were not recognised upon disposal to third parties outside the Group.

#### Corporation

(a) Impact on the Corporation's Statement of Comprehensive Income:

	As previously reported	Financial year ended 31 December 2017				As restated
		MFRS 1	MFRS 15	MFRS 141	Prior year adjustment	
Other income	173	-	-	-	-	173
Administrative expenses	(113)	(15)	-	-	-	(128)
Profit before tax	108	(15)	-	-	-	93
Profit net of tax	109	(15)	-	-	-	94
Net surplus from revaluation of property, plant and equipment	(84)	84	-	-	-	-
Other comprehensive income	25	69	-	-	-	94
Total comprehensive income	25	69	-	-	-	94

## Notes To The Financial Statements

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### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

#### (b) Transition from Financial Reporting Standards Framework ("FRSs") to Malaysian Financial Reporting Standards ("MFRSs") (continued)

##### Corporation (continued)

(b) Impact on the Corporation's Statement of Financial Position:

As at 31 December 2017						
	As previously reported	MFRS 1	MFRS 15	MFRS 141	Prior year adjustment	As restated
Property, plant and equipment	414	100	-	-	15	529
Land held for property development	365	(365)	-	-	-	-
Inventories (Non-current)	-	365	-	-	-	365
Deferred tax asset	262	-	-	-	(106)	156
Property development cost	690	(690)	-	-	-	-
Inventories (Current)	18	690	-	-	(1)	707
Deferred tax liabilities	302	26	-	-	(164)	164
Asset revaluation reserve	118	(118)	-	-	-	-
Revenue reserve	1,814	192	-	-	72	2,078

As at 1 January 2017						
	As previously reported	MFRS 1	MFRS 15	MFRS 141	Prior year adjustment	As restated
Property, plant and equipment	608	-	-	-	15	623
Land held for property development	73	(73)	-	-	-	-
Inventories (Non-current)	-	73	-	-	-	73
Investment properties	1,450	-	-	-	119	1,569
Deferred tax asset	209	-	-	-	(90)	119
Property development cost	457	(457)	-	-	-	-
Inventories (Current)	21	457	-	-	-	478
Trade and other receivable	752	-	-	-	(120)	632
Deferred tax liabilities	280	-	-	-	(152)	128
Asset revaluation reserve	202	(202)	-	-	-	-
Revenue reserve	1,712	202	-	-	76	1,990

## Notes To The Financial Statements

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### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

#### (c) Change in accounting policy upon application of MFRS 9

The accounting policies were changed to reflect the application of MFRS 9 from the beginning of the first MFRS reporting period. MFRS 9 replaces the provisions of FRS 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. MFRS 9 also significantly amends other standards dealing with financial instruments such as MFRS 7 'Financial Instruments: Disclosures'. The cumulative effects of the changes are recognised in the statements of financial position as at the beginning of the first MFRS reporting period, which is on 1 January 2018.

The nature of adjustments made to the statements of financial position of the Group and the Corporation as at 1 January 2018 in respect of items within the scope of MFRS 9 are described as follows:

#### (i) Classification and measurement of financial assets

Until 31 December 2017, financial assets were classified in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS") financial assets. Note 2.14 sets out the details of accounting policies for classification and measurement of financial instruments under FRS 139.

From 1 January 2018, the Group and the Corporation applies the following MFRS 9's classification approach to all types of financial assets, including those that contain embedded derivative features:

- Investments in debt instruments: There are 3 subsequent measurement categories: amortised cost, fair value with changes either recognised through other comprehensive income ("FVOCI") or through profit or loss ("FVTPL").
- Investments in equity instruments: These instruments are always measured at fair value with changes in fair value presented in profit or loss unless the Group and the Corporation have made an irrevocable choice to present changes in fair value in other comprehensive income ("OCI") for investments that are not held for trading.
- Embedded derivatives in financial asset host contracts: The Group and the Corporation apply the classification and measurement of financial assets to the entire hybrid instrument for financial assets with embedded derivatives.

The new accounting policies for classification and measurement of financial instruments under MFRS 9 are set out in Note 2.14.

To reflect this change in accounting policies, the Group and the Corporation have made the following reclassification of financial assets upon application of MFRS 9:

#### (i) Reclassification of investment in non-trading equity securities from AFS to FVOCI

The Group and the Corporation elected to present in OCI changes in the fair value of all its investments in equity securities previously classified as AFS, because these investments are not held for trading or arise from contingent consideration recognised by acquirer in business combination. As a result, investments in these equity securities were reclassified from AFS financial assets to financial assets at FVOCI. Related AFS reserves were reclassified to FVOCI reserve on 1 January 2018.



## Notes To The Financial Statements

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### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

#### (c) Change in accounting policy upon application of MFRS 9 (continued)

##### (ii) Impairment of financial assets

Until 31 December 2017, the Group assessed the impairment of loans and receivables and AFS financial assets based on the incurred impairment loss model. Note 2.14 sets out the details of accounting policies for impairment of financial assets under FRS 139.

From 1 January 2018, the Group and the Corporation apply expected credit loss ("ECL") model to determine impairment on investment in debt instruments that are measured at amortised cost and at FVOCI and financial guarantee contracts. The new accounting policies for impairment under MFRS 9 are set out in Note 2.14.

##### (i) Trade receivables that do not contain significant financing components

For all trade receivables that do not contain significant financing components, the Group and the Corporation apply the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. This resulted in the recognition of additional loss allowances for trade receivables on 1 January 2018.

##### (ii) Loans to subsidiaries

Loans to subsidiaries that are repayable on demand and interest-free are classified as amortised cost in the Corporation's financial statements because the Corporation's business model is to hold and collect the contractual cash flows and those cash flows represent SPPI. The Corporation applied the general 3-stage approach when determining ECL for these loans to subsidiaries.

##### (iii) Financial guarantee contracts

Until 31 December 2017, financial guarantee contracts issued to subsidiaries by the Corporation were assessed to be nil at initial recognition and were subsequently measured at the higher of amount determined based on FRS 137 or amount initially recognised less cumulative amortisation in accordance with FRS 118. The Corporation had assessed that it was not probable that the subsidiaries would default their obligations to the bank and had not recognised any provision amount under FRS 137.

From 1 January 2018, financial guarantee contracts are required to be subsequently measured at the higher of ECL determined using general 3-stage approach or amount initially recognised less cumulative amount of income recognised in accordance with MFRS 15.

# Notes To The Financial Statements

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## 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

### (c) Change in accounting policy upon application of MFRS 9 (continued)

- (iv) The total impact of adjustments made to the Group's and the Corporation's retained earnings as at 1 January 2018 in respect of items within the scope of MFRS 9 are as follows:

	Retained earnings	
	Group	Corporation
<b>Balance as at 1 January 2018</b>	<b>6,063</b>	<b>2,078</b>
<b>Change in accounting policy based on MFRS 1 short-term exemption applied on items within scope of MFRS 9 (net of tax effects):</b>		
Increase in loss allowance for receivables and contract assets that do not contain significant financing components	4	(28)
Adjustment to retained earnings upon application of MFRS 9	4	(28)
<b>As restated at 1 January 2018</b>	<b>6,067</b>	<b>2,050</b>

The impacts of these changes on the Group's reserves are as follows:

<b>FVOCI reserves</b>	<b>Group</b>
<b>Balance as at 1 January 2018</b>	<b>-</b>
<b>Change in accounting policy based on MFRS 1 short-term exemption applied on items within scope of MFRS 9</b>	
Reclassify non-trading equity securities from AFS to FVOCI	69
<b>As restated at 1 January 2018</b>	<b>69</b>
<b>Fair value adjustment reserves</b>	<b>Group</b>
<b>Balance as at 1 January 2018</b>	<b>69</b>
<b>Change in accounting policy based on MFRS 1 short-term exemption applied on items within scope of MFRS 9</b>	
Reclassify non-trading equity securities from AFS to FVOCI	(69)
<b>As restated at 1 January 2018</b>	<b>-</b>

## Notes To The Financial Statements

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### 41. FIRST-TIME ADOPTION OF MFRS FRAMEWORK, ADOPTION OF MFRS 9, MFRS 15 AND MFRS 141 AND PRIOR YEAR ADJUSTMENT (CONTINUED)

#### (c) Change in accounting policy upon application of MFRS 9 (continued)

- (v) The adjustments made to the statements of financial position of the Group and the Corporation as at 31 December 2017 in respect of items within the scope of MFRS 9 are as follows:

	Measurement category		Carrying amount		
	Previous GAAP (FRS 139)	New (MFRS 9)	Previous GAAP (FRS 139)	Reclassification	Remeasurements New (MFRS 9)
<b>GROUP</b>					
<b>Non-current financial assets</b>					
Investment in equity securities	AFS	-	215	(215)	-
Investment in equity securities	-	FVOCI	-	215	215
<b>Total non-current assets</b>			215	-	215
<b>Current financial assets</b>					
Trade and other receivables	Amortised cost	Amortised cost	1,427	(233)	1,194
Contract assets	-	-	4	-	4
Investment in equity securities	FVTPL	FVTPL	5	-	5
Investment in equity securities	-	FVTPL	-	233	233
<b>Total current assets</b>			1,436	-	1,436
<b>Non-current liabilities</b>					
Borrowings	Amortised cost	Amortised cost	6,387	-	6,387
<b>Total non-current liabilities</b>			6,387	-	6,387

### 42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2018 were authorised for issue on 28 March 2019 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	
				2018 %	2017 %
<b>1</b>	<b>CORE BUSINESS</b>				
<b>A</b>	<b>PALM OIL</b>				
	Danamin (M) Sdn Bhd	Construction of oil and gas equipment	Malaysia	<b>74.99</b>	74.99
	DQ-IN Sdn Bhd	Dormant	Malaysia	<b>74.99</b>	74.99
	E.A. Technique (M) Berhad#^	Provision of sea transportation and related services	Malaysia	<b>53.15</b>	53.33
	Edaran Badang Sdn Bhd	Dealer in agricultural machinery and parts	Malaysia	<b>99.98</b>	99.98
	EPA Management Sdn Bhd	Dormant	Malaysia	<b>99.98</b>	99.98
	Epasa Shipping Agency Sdn Bhd	Shipping and forwarding agent	Malaysia	<b>99.98</b>	99.98
	Extreme Edge Sdn Bhd	Computer equipment supplier and services	Malaysia	<b>74.99</b>	74.99
	Johor Shipyard & Engineering Sdn Bhd^	Shipbuilding, fabrication of steel structures, engineering services and consultancy	Malaysia	<b>53.15</b>	53.33
	Kulim (Malaysia) Berhad	Oil palm plantation, investment holding and property investment	Malaysia	<b>99.98</b>	99.98
	Kulim Civilworks Sdn Bhd	Dormant	Malaysia	<b>99.98</b>	99.98
	Kulim Energy Nusantara Sdn Bhd	Investment holding	Malaysia	<b>99.98</b>	99.98
	Kulim Energy Sdn Bhd^	Investment holding	Malaysia	<b>79.98</b>	79.98
	Kulim Livestock Sdn Bhd	Breeding and sales of cattle	Malaysia	<b>99.98</b>	99.98
	Kulim Nursery Sdn Bhd	Oil palm nursery and other related services	Malaysia	<b>99.98</b>	99.98
	Kulim Plantations (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	<b>99.98</b>	99.98

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>A PALM OIL (CONTINUED)</b>				
Kulim Safety Training and Services Sdn Bhd	Provision of training services and any other services related to occupational safety, health, environmental and security systems	Malaysia	<b>74.99</b>	75.00
Kulim Smart Technologies Sdn Bhd	Researching and developing cutting edge solutions for oil and gas, healthcare and industrial automation	Malaysia	<b>99.98</b>	99.98
Kulim Topplant Sdn Bhd	Production of oil palm clones	Malaysia	<b>99.98</b>	99.98
Kumpulan Bertam Plantations Berhad	Oil palm plantation	Malaysia	<b>95.55</b>	95.51
Libra Perfex Precision Sdn Bhd <sup>^</sup>	Hiring and chartering of vessel, supplying and installation of chemical equipment, chemical preparation and cleaning services	Malaysia	<b>53.15</b>	53.33
Mahamurni Plantations Sdn Bhd	Oil palm plantation	Malaysia	<b>99.98</b>	99.98
MIT Captive Ltd	Licensed to carry Labuan Captive takaful business	Malaysia	<b>74.99</b>	74.99
MIT Insurance Brokers Sdn Bhd	Insurance broking and consultancy	Malaysia	<b>74.99</b>	74.99
Optimum Status Sdn Bhd	Ceased operations in November 2018	Malaysia	<b>74.99</b>	74.99
Pembangunan Mahamurni Sdn Bhd <sup>^</sup>	Investment holding	Malaysia	<b>99.98</b>	99.98
Perfect Synergy Trading Sdn Bhd	Fertilizer supplier	Malaysia	<b>74.99</b>	74.99
Pinnacle Platform Sdn Bhd	Software maintenance and supplier	Malaysia	<b>74.99</b>	94.88
Pristine Bay Sdn Bhd <sup>^</sup>	Investment holding	Malaysia	<b>50.99</b>	51.00

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>A PALM OIL (CONTINUED)</b>				
PT Kulim Agro Persada^	Management service	Indonesia	<b>99.98</b>	99.98
PT Rambang Agro Jaya^	Oil palm plantation	Indonesia	<b>70.29</b>	70.29
PT Tempirai Palm Resources^	Oil palm plantation	Indonesia	<b>70.29</b>	70.29
PT Wisesa Inspirasi Nusantara^	Investment holding	Indonesia	<b>73.99</b>	73.99
Renown Value Sdn Bhd	Cultivation of pineapples and other agricultural produce	Malaysia	<b>74.99</b>	74.99
Selai Sdn Bhd	Oil palm plantation	Malaysia	<b>99.98</b>	99.98
Sindora Berhad	Investment holding operations of oil palm million and rubber estates	Malaysia	<b>99.98</b>	99.98
Sovereign Multimedia Resources Sdn Bhd	Information and communication technology business	Malaysia	<b>74.99</b>	74.99
Special Appearance Sdn Bhd	Replanting of oil palm and other related services	Malaysia	<b>99.54</b>	99.54
Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	<b>99.98</b>	99.98
United Malayan Agricultural Corp Berhad	Oil palm plantation	Malaysia	<b>99.98</b>	99.98
Akli Resources Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
Cita Tani Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
EPA Futures Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
Exquisite Livestock Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
Jejak Juara Sdn Bhd^	Dormant	Malaysia	<b>82.01</b>	82.01



## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>A PALM OIL (CONTINUED)</b>				
JTP Montel Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
JTP Trading Sdn Bhd	Dormant	Malaysia	<b>99.98</b>	99.98
KCW Electrical Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
KCW Hardware Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
KCW Kulim Marine Services Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
Kulim Technology Ideas Sdn Bhd (formerly known as KCW Roadworks Sdn Bhd)^	Dormant	Malaysia	<b>99.98</b>	99.98
Microwell Bio Solutions Sdn Bhd	Ceased operations in September 2018	Malaysia	<b>59.99</b>	59.99
Microwell Trading Sdn Bhd^	Dormant	Malaysia	<b>59.99</b>	59.99
Panquest Ventures Limited^	Dormant	British Virgin Island	<b>99.98</b>	99.98
SG Lifestyles Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
SIM Manufacturing Sdn Bhd^	Dormant	Malaysia	<b>89.98</b>	90.00
Sindora Development Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
Sindora Marketing Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
Sindora Timber Products Sdn Bhd^	Dormant	Malaysia	<b>99.98</b>	99.98
Sindora Timber Sdn Bhd	Dormant	Malaysia	<b>82.01</b>	82.01

## List Of Subsidiaries, Associates And Joint Ventures

			Group	
			Effective Interest	
Name of Company	Principal Activities	Country of Incorporation	2018 %	2017 %
1	CORE BUSINESS (CONTINUED)			
A	PALM OIL (CONTINUED)			
	Sindora Trading Sdn Bhd^	Dormant	Malaysia	99.98
	Sindora Wood Products Sdn Bhd^	Dormant	Malaysia	99.98
	Skellerup Foam Products (Malaysia) Sdn Bhd^	Dormant	Malaysia	99.98
	Skellerup Industries (Malaysia) Sdn Bhd^	Dormant	Malaysia	99.98
	Skellerup Latex Products (M) Sdn Bhd^	Dormant	Malaysia	99.98
	Tiram Fresh Sdn Bhd^	Dormant	Malaysia	82.01
	Xcot Tech Sdn Bhd^	Dormant	Malaysia	74.99
	Yayasan Ansar^	Corporate Social Responsibility	Malaysia	@

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>B FOOD AND RESTAURANTS</b>				
Ayamas Food Corporation Sdn Bhd^	Poultry processing and further processing plants and investment holding	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity
Ayamas Integrated Poultry Industry Sdn Bhd^	Breeder and broiler farms/hatchery, feedmill and investment holding	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity
Ayamas Shoppe Sdn Bhd^	Investment holdings and operation of a convenience foodstore chain	Malaysia	<b>100.00</b>	100.00
Business Chronicles Sdn Bhd^	Investment holding company	Malaysia	<b>100.00</b>	100.00
Efinite Value Sdn Bhd^	Customer service call centre	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity
Integrated Poultry Industry Sdn Bhd^	Primary poultry processing	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity
Kampuchea Food Corporation Co. Ltd^	Restaurants	Cambodia	<b>Joint-controlled entity</b>	Joint-controlled entity
Kara Holdings Sdn Bhd^	Investment holding	Malaysia	<b>100.00</b>	100.00
Kentucky Fried Chicken (Malaysia) Sendirian Berhad^	Human resource management	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity
Kentucky Fried Chicken Management Pte Ltd^	Restaurants	Singapore	<b>Joint-controlled entity</b>	Joint-controlled entity
KFC (B) Sdn Bhd^	Restaurants	Brunei	<b>Joint-controlled entity</b>	Joint-controlled entity
KFC (Peninsular Malaysia) Sdn Bhd^	Biodiesel Property holding Investment holding	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity
KFC (Sabah) Sdn Bhd^	Property holding	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity
KFC Holdings (Malaysia) Bhd^	Property holding	Malaysia	<b>Joint-controlled entity</b>	Joint-controlled entity

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>B FOOD AND RESTAURANTS (CONTINUED)</b>				
KFCIC Assets Sdn Bhd^	Property holding	Malaysia	Joint-controlled entity	Joint-controlled entity
Ladang Ternakan Putihekhar (N.S) Sdn Bhd^	Poultry breeder farm	Malaysia	Joint-controlled entity	Joint-controlled entity
Massive Equity Sdn Bhd^	Investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity
MH Integrated Farm Berhad^	Property holding	Malaysia	Joint-controlled entity	Joint-controlled entity
Multibrand QSR Holdings Pte Ltd^	Investment holding	Singapore	Joint-controlled entity	Joint-controlled entity
PHD Delivery Sdn Bhd^	Pizza delivery Restaurants	Malaysia	Joint-controlled entity	Joint-controlled entity
Pintas Tiara Sdn Bhd^	Property holding	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
QSR Brands (M) Holdings Bhd^	Investment holding and provision of management service	Malaysia	Joint-controlled entity	Joint-controlled entity
QSR Captive Insurance Limited^	Captive insuror	Malaysia	Joint-controlled entity	Joint-controlled entity
QSR Manufacturing Sdn Bhd^	Bakery Commissary Investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity
QSR Stores Sdn Bhd^	Restaurants and trading in consumables	Malaysia	Joint-controlled entity	Joint-controlled entity
QSR Trading Sdn Bhd^	Sales and marketing of food products	Malaysia	55.70	55.70

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>B FOOD AND RESTAURANTS (CONTINUED)</b>				
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^	Property holding	Malaysia	Joint-controlled entity	Joint-controlled entity
Tepak Marketing Sdn Bhd^	Contract packing tea and tea trading	Malaysia	Joint-controlled entity	Joint-controlled entity
Usahawan Bistari Ayamas Sdn Bhd^	Operation of "Sudut Ayamas"	Malaysia	Joint-controlled entity	Joint-controlled entity
Virtualflex Sdn Bhd^	Operation of KASH card	Malaysia	100.00	100.00
WQSR Holdings (S) Pte Ltd^	Investment holding	Singapore	Joint-controlled entity	Joint-controlled entity
Ayamas Shoppe (Sabah) Sdn Bhd^	Convenience food store	Malaysia	65.00	65.00
Efinite Revenue Sdn Bhd^	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
KFC (Sarawak) Sdn Bhd^	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
KFC India Holdings Sdn Bhd^	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
QSR Delivery Sdn Bhd (formerly known as KFC Events Sdn Bhd)	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
QSR Technology Sdn Bhd^	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity

## List Of Subsidiaries, Associates And Joint Ventures

			Group	
			Effective Interest	
Name of Company	Principal Activities	Country of Incorporation	2018 %	2017 %
1	CORE BUSINESS (CONTINUED)			
B	FOOD AND RESTAURANTS (CONTINUED)			
	Rasamas Tebrau Sdn Bhd^	Restaurants	Malaysia	89.23
	Yes Gelato Sdn Bhd^	Dormant	Malaysia	Joint-controlled entity
	Pizza (Kampuchea) Private Limited^	Dormant	Cambodia	Joint-controlled entity
	Felda Ayamas Ventures Sdn Bhd^	Dormant	Malaysia	Joint-controlled entity
	Rasamas Sdn Bhd (Brunei Darussalam)^	Dormant	Brunei	Joint-controlled entity



## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>C HEALTHCARE</b>				
Advanced Health Care Solutions Sdn Bhd^	Providing healthcare information system service	Malaysia	<b>38.64</b>	36.87
Ampang Puteri Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>36.87</b>	36.87
Bandar Baru Klang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>36.87</b>	36.87
Bandar Dato Onn Specialist Hospital Sdn Bhd	To be operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
BDC Specialist Hospital Sdn Bhd^	To be operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Crossborder Aim (M) Sdn Bhd^	Investment holding company	Malaysia	<b>38.64</b>	36.87
Crossborder Hall (M) Sdn Bhd^	Investment holding company	Malaysia	<b>38.64</b>	36.87
Diaper Technology Industries Sdn Bhd	Providing information technology related services software	Malaysia	<b>36.22</b>	34.56
Fabricare Laundry Sdn Bhd^	Providing laundry services	Malaysia	<b>36.71</b>	35.03
Healthcare IT Solutions Sdn Bhd^	Providing healthcare information technology services	Malaysia	<b>27.05</b>	25.81
Pusrawi SMC Sdn Bhd (formerly known as Hospital Pusrawi SMC Sdn Bhd)^	Operating as a polyclinic	Malaysia	<b>12.50</b>	11.50
Ipoh Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.04</b>	36.29
Jeta Gardens (Qld) Pty Ltd^	Providing retirement village and aged care services	Australia	<b>22.09</b>	21.07
Johor Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Kajang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>C HEALTHCARE (CONTINUED)</b>				
Kedah Medical Centre Sdn Bhd^	Operating as a specialist hospital	Malaysia	<b>17.64</b>	16.83
KFCH Education (M) Sdn Bhd^	Dormant	Malaysia	<b>38.64</b>	36.87
Kota Kinabalu Wellness Sdn Bhd (formerly known as Kota Kinabalu Specialist Hospital Sdn Bhd)	Operating as an aged-care centre	Malaysia	<b>37.48</b>	35.76
KPJ Dhaka Pte Ltd^	Providing management services to a specialist hospital	Bangladesh	<b>38.64</b>	36.87
KPJ Eyecare Specialist Sdn Bhd^	Providing medical and consultancy services	Malaysia	<b>38.64</b>	36.87
KPJ Healthcare Berhad#	Investment holding and provision of management services to subsidiaries	Malaysia	<b>38.64</b>	36.87
KPJ Healthcare University College Sdn Bhd	Operating as a private university college of nursing and allied health	Malaysia	<b>38.64</b>	36.87
KPJ Healthshoppe Sdn Bhd^	Operating as pharmacy retail outlet	Malaysia	<b>38.64</b>	36.87
KPJ Medik TV Sdn Bhd^	To be operating as medical service provider	Malaysia	<b>38.64</b>	36.87
Kuantan Wellness Center Sdn Bhd (formerly known as Kuantan Specialist Hospital Sdn Bhd)	Operating as a dialysis and aged-care centre	Malaysia	<b>38.64</b>	36.87
Kuching Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>27.05</b>	25.81
Kumpulan Perubatan (Johor) Sdn Bhd	Managing and investment holding company for medical sector	Malaysia	<b>38.64</b>	36.87
Lablink (M) Sdn Bhd	Providing laboratory and pathology services	Malaysia	<b>19.71</b>	36.87

## List Of Subsidiaries, Associates And Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
				2018 %	2017 %
<b>1</b>	<b>CORE BUSINESS (CONTINUED)</b>				
<b>C</b>	<b>HEALTHCARE (CONTINUED)</b>				
	Maharani Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
	Medical Supplies (Sarawak) Sdn Bhd	Marketing and distributing medical pharmaceutical products	Malaysia	<b>28.98</b>	27.65
	Miri Specialist Hospital Sdn Bhd^	To be operating as a specialist hospital	Malaysia	<b>27.05</b>	25.81
	Pahang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>27.05</b>	25.81
	Pasir Gudang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
	Penang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
	Perdana Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>23.40</b>	22.33
	Perlis Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	<b>23.18</b>	22.12
	PharmaCARE Sdn Bhd^	Providing human resource, training services and rental of human resource information system	Malaysia	<b>38.64</b>	36.87
	Pharmaserv Alliances Sdn Bhd	Marketing and distributing medical and pharmaceutical products	Malaysia	<b>38.64</b>	36.87
	Point Zone (M) Sdn Bhd	Providing treasury management services to the companies within the group	Malaysia	<b>38.64</b>	36.87
	Pride Outlet Sdn Bhd^	Providing maintenance service for medical equipment	Malaysia	<b>32.84</b>	31.34
	PT Al-Aqar Bumi Serpong Damai^	Operating as building management company	Indonesia	<b>38.64</b>	36.87

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>C HEALTHCARE (CONTINUED)</b>				
PT Al-Aqar Permata Hijau <sup>^</sup>	Operating as building management company	Indonesia	<b>38.64</b>	36.87
PT Khasanah Putera Jakarta Medica	Operating as a specialist hospital	Indonesia	<b>28.98</b>	27.65
PT Khidmat Perawatan Jasa Medika <sup>^</sup>	Operating as a specialist hospital	Indonesia	<b>30.91</b>	29.50
Pusat Pakar Kluang Utama Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Pusat Pakar Tawakal Sdn Bhd <sup>^</sup>	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Rawang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Selangor Specialist Hospital Sdn Bhd <sup>^</sup>	Operating as a specialist hospital	Malaysia	<b>23.18</b>	22.12
Sentosa Medical Centre Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Sibu Geriatric Health & Nursing Centre Sdn Bhd	Operating and managing an aged care facilities	Malaysia	<b>38.64</b>	36.87
Sibu Medical Centre Corporation Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Skop Yakin (M) Sdn Bhd <sup>^</sup>	Marketing and distributing general merchandise	Malaysia	<b>27.05</b>	25.81
SMC Healthcare Sdn Bhd	Operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Sri Manjung Specialist Centre Sdn Bhd <sup>^</sup>	Operating as a specialist hospital	Malaysia	<b>38.04</b>	36.29
Sterile Services Sdn Bhd <sup>^</sup>	Providing sterile services	Malaysia	<b>38.64</b>	36.87
Tawakal Holdings Sdn Bhd <sup>^</sup>	Investment holding company	Malaysia	<b>38.64</b>	36.87

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>C HEALTHCARE (CONTINUED)</b>				
Teraju Farma Sdn Bhd	Marketing and distributing medical and pharmaceutical products	Malaysia	<b>25.12</b>	23.97
Total Meal Solution Sdn Bhd^	Provide central kitchen services	Malaysia	<b>27.05</b>	25.81
UTM KPJ Specialist Hospital Sdn Bhd^	To be operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Vejthani Public Company Limited^	Specialist hospital	Thailand	<b>9.03</b>	8.62
Amity Development Sdn Bhd	Dormant	Malaysia	<b>27.05</b>	36.87
Bayan Baru Specialist Hospital Sdn Bhd^	Dormant	Malaysia	<b>38.64</b>	20.28
Damansara Specialist Hospital Sdn Bhd	Dormant	Malaysia	<b>38.64</b>	36.87
Energy Excellent Sdn Bhd^	Dormant	Malaysia	<b>38.64</b>	36.87
FP Marketing (S) Pte Ltd^	Dormant	Singapore	<b>38.64</b>	36.87
Freewell Sdn Bhd^	Dormant	Malaysia	<b>30.91</b>	29.50
KPJ Education Services Sdn Bhd^	Dormant	Malaysia	<b>38.64</b>	36.87
Malaysian Institute of Healthcare Management Sdn Bhd^	Dormant	Malaysia	<b>28.98</b>	27.65
Massive Hybrid Sdn Bhd^	To be operating as a specialist hospital	Malaysia	<b>38.64</b>	36.87
Pharmacare Surgical Technologies (M) Sdn Bhd^	Dormant	Malaysia	<b>38.64</b>	36.87

## List Of Subsidiaries, Associates And Joint Ventures

			Group		
			Effective Interest		
Name of Company	Principal Activities	Country of Incorporation	2018 %	2017 %	
1	CORE BUSINESS (CONTINUED)				
C	HEALTHCARE (CONTINUED)				
	Puteri Specialist Hospital (Johor) Sdn Bhd	Dormant	Malaysia	38.64	36.87
	Seremban Specialist Hospital Sdn Bhd	Dormant	Malaysia	38.64	36.87
	Taiping Medical Centre Sdn Bhd	Dormant	Malaysia	38.64	36.87
	Open Access Sdn Bhd^	Dormant	Malaysia	Disposed on 01.08.2018	36.87
	Hospital Penawar Sdn Bhd^	Operating as a specialist hospital	Malaysia	Disposed on 31.12.2018	11.06



## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>D PROPERTY</b>				
Advance Development Sdn Bhd^	Property development	Malaysia	<b>100.00</b>	100.00
Bandar Baru Majidee Development Sdn Bhd^	Property development	Malaysia	<b>100.00</b>	100.00
Bertam Properties Sdn Bhd^	Property development	Malaysia	<b>20.00</b>	20.00
BP Plantations Sdn Bhd^	Plantation	Malaysia	<b>20.00</b>	20.00
Bukit Damansara Development Sdn Bhd^	Property investment and holding	Malaysia	<b>100.00</b>	100.00
Damansara Assets Sdn Bhd^	Investment and property holding, property development, project and property management and collection agent	Malaysia	<b>100.00</b>	100.00
Damansara Reit Managers Sdn Berhad^	Real estate investment management	Malaysia	<b>100.00</b>	100.00
DHealthcare Centre Sdn Bhd^	Healthcare service provider	Malaysia	<b>49.00</b>	49.00
Healthcare Technical Services Sdn Bhd^	Project management, engineering maintenance and related consultancy services	Malaysia	<b>81.59</b>	11.06
Ibrahim International Business District (Johor) Sdn Bhd^	Consists of developing, managing and promoting investment for Ibrahim International Business District area	Malaysia	<b>60.00</b>	60.00
Johor City Development Sdn Bhd^	Property development	Malaysia	<b>100.00</b>	100.00
Johor Land Berhad^	Property development, construction and investment holding	Malaysia	<b>100.00</b>	100.00
Johor Silica Industries Sdn Bhd^	Selling of silica sand	Malaysia	<b>100.00</b>	100.00

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>D PROPERTY (CONTINUED)</b>				
Pembinaan Prefab Sdn Bhd^	Property development	Malaysia	<b>100.00</b>	100.00
Penang Golf Resort Bhd^	Management of golf course	Malaysia	<b>20.00</b>	20.00
Premier Revenue Sdn Bhd^	Provision of insurance agency services	Malaysia	<b>100.00</b>	100.00
Pro Biz Solution Sdn Bhd^	Fully equipped service office	Malaysia	<b>100.00</b>	100.00
Revertex (Malaysia) Sdn Bhd	Manufacture and sale of concentrated natural rubber latex, compounds, synthetic resin emulsions, alkyd resins, polyester resins and plasticisers	Malaysia	<b>30.07</b>	30.07
Synergy Mall Management Sdn Bhd^	Property management	Malaysia	<b>100.00</b>	100.00
AB Theme Park Sdn Bhd^	Indoor theme park operator	Malaysia	<b>100.00</b>	100.00
Bertam Golf Management and Services Sdn Bhd^	Nursery operation	Malaysia	<b>20.00</b>	20.00
Harta Consult Sendirian Berhad^	Property management and collection agent	Malaysia	<b>100.00</b>	100.00
Mutiara Golf Properties Sdn Bhd^	Golf course management	Malaysia	<b>20.00</b>	20.00
Premium Angle Development Sdn Bhd^	Has not commenced operations since its incorporation	Malaysia	<b>100.00</b>	100.00
Tanjung Leman Theme Park Sdn Bhd^	Dormant	Malaysia	<b>100.00</b>	100.00
Tunjuk Laut Resort Sdn Bhd^	Dormant	Malaysia	<b>Disposed on 31.12.2018</b>	100.00

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>1 CORE BUSINESS (CONTINUED)</b>				
<b>E INDUSTRIAL DEVELOPMENT</b>				
Damai Ecotech Sdn Bhd	Marketing and managing orchards	Malaysia	<b>100.00</b>	100.00
Johor Skills Development Centre Sdn Bhd^	Technical skills development and training centre	Malaysia	<b>75.00</b>	75.00
Langsat Marine Base Sdn Bhd^	Provide marine base services which includes handling and storage of high value oil and gas equipment	Malaysia	<b>100.00</b>	100.00
Langsat Marine Terminal Sdn Bhd^	Engaged in leasing of warehousing and logistics facilities	Malaysia	<b>100.00</b>	100.00
Langsat OSC Sdn Bhd	Construct, manage and operate on offshore and a marine logistics base	Malaysia	<b>51.00</b>	51.00
MC-JTP Concept Sdn Bhd	Letting of factory lots and providing property management services	Malaysia	<b>100.00</b>	100.00
Pagoh Highland Resorts Sdn Bhd	Property investment	Malaysia	<b>60.00</b>	60.00
Panca Pesona Sdn Bhd^	Industrial land and housing projects development	Malaysia	<b>40.00</b>	40.00
PT Padang Industrial Park^	Industrial land development	Indonesia	<b>55.00</b>	55.00
Sri Gading Land Sdn Bhd^	Industrial land development	Malaysia	<b>51.00</b>	51.00
Tanjung Langsat Port Sdn Bhd	To lease its port operating assets and facilities to a fellow subsidiary which has been granted the license to operate the port	Malaysia	<b>100.00</b>	100.00
Techno SCP Sdn Bhd	Industrial land development	Malaysia	<b>60.00</b>	60.00
Tg. Langsat Development Sdn Bhd	Contractors for earthwork and road construction	Malaysia	<b>100.00</b>	100.00

## List Of Subsidiaries, Associates And Joint Ventures

			Group	
			Effective Interest	
Name of Company	Principal Activities	Country of Incorporation	2018 %	2017 %
1	CORE BUSINESS (CONTINUED)			
E	INDUSTRIAL DEVELOPMENT (CONTINUED)			
	TLP Terminal Sdn Bhd	Promote, develop, operate, manage and maintain Tanjung Langsat Port	Malaysia	100.00
	Total Project Management Sdn Bhd	Architectural and project management services	Malaysia	100.00
	TPM Technopark Sdn Bhd	Consist of development and sale of industrial land and project management services	Malaysia	100.00
	Johor Concrete Products Sdn Bhd^	Trading in construction material	Malaysia	51.00
F	LIST OF FUNDS			
	Al-Aqar Healthcare REIT#^	Management of real estate investment trust	Malaysia	14.85
	Al-Salam Investment Trust#^	Management of real estate investment trust	Malaysia	56.40

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>2 NON-CORE BUSINESS</b>				
<b>SME/NON-SME</b>				
Absolute Ambient Sdn Bhd^	Cultivation of agricultural products, other cash crops and agricultural products	Malaysia	<b>100.00</b>	100.00
Aiman Lifestyle Sdn Bhd^	Food and beverages outlet	Malaysia	<b>51.00</b>	51.00
Aquabuilt Sdn Bhd^	Letting of hatcheries	Malaysia	<b>100.00</b>	100.00
Asia Economic Development Fund Limited^	Investment holding	Hong Kong	<b>100.00</b>	99.99
Asia Logistics Council Sdn Bhd^	E-commerce	Malaysia	<b>80.00</b>	79.99
BDO Assets Management Sdn Bhd^	Investment holding and other related activities	Malaysia	<b>100.00</b>	100.00
Classruum Technologies Sdn Bhd^	Business of information communication technologies, providing online learning class and other related activities	Malaysia	<b>76.00</b>	76.00
Convenue Marketing Sdn Bhd^	Events management and promotion	Malaysia	<b>75.00</b>	75.00
Efinite Structure Sdn Bhd^	Engaged as the Special Purpose Vehicle company ("SPV") to acquire certain assets under the Asset Rationalisation programme involving Tanjung Langsat Port Sdn Bhd	Malaysia	<b>100.00</b>	100.00
Ihsan Permata Sdn Bhd^	Company ceased its operation in August 2017	Malaysia	<b>100.00</b>	100.00
Intrapreneur Development Sdn Bhd^	Investment holding	Malaysia	<b>100.00</b>	100.00
Intrapreneur Value Creation Sdn Bhd	Provide financing to companies within Johor Corporation Group based on Shariah principles and to subscribe, acquire, hold, dispose shares or other securities of any other company which are Shariah compliant	Malaysia	<b>79.67</b>	78.43

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
2 NON-CORE BUSINESS (CONTINUED)				
SME/NON-SME (CONTINUED)				
IPPJ Sdn Bhd^	Investment holding, conducting entrepreneurial training programs and seminars, sub-letting its rented premises and other activities relating thereto	Malaysia	75.00	75.00
JCorp Capital Excellence Sdn Bhd^	Investment holding company	Malaysia	100.00	100.00
JCorp Capital Solutions Sdn Bhd^	Investment holding	Malaysia	100.00	100.00
JCorp Hotels and Resorts Sdn Bhd^	Investment holding and hospitality services	Malaysia	100.00	100.00
Johor Capital Holdings Sdn Bhd^	Investment holding	Malaysia	100.00	100.00
Johor Foods Sdn Bhd^	Investment holding	Malaysia	100.00	100.00
Johor Franchise Development Sdn Bhd^	Investment holding and oil palm cultivation	Malaysia	100.00	100.00
Johor Logistics Sdn Bhd^	Renting out building and container yards and rendering of related services	Malaysia	100.00	100.00
Johor Paper and Publishing Sdn Bhd^	Investment holding	Malaysia	100.00	100.00
Johor Ventures Sdn Bhd^	Investment holding	Malaysia	100.00	100.00
Le Petite Gourmet Sdn Bhd^	Food and beverages outlet	Malaysia	51.00	51.00
Maruah Emas Sdn Bhd^	Pawn broking	Malaysia	100.00	100.00
N2W Corporation Sdn Bhd^	Rental of motor vehicles to the holding corporation and related company and has commenced operations in innovating business technology and developing software application	Malaysia	100.00	100.00
Penawar Express Line Berhad^	Public bus and express bus services	Malaysia	77.62	77.62



## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>2 NON-CORE BUSINESS (CONTINUED)</b>				
<b>SME/NON-SME (CONTINUED)</b>				
Permodalan Teras Sdn Bhd^	Investment holding	Malaysia	<b>100.00</b>	100.00
Pro Corporate Management Services Sdn Bhd^	Share register	Malaysia	<b>100.00</b>	100.00
Puteri Hotels Sdn Bhd^	Operation as hotel owners and managers and operation of a convention centre	Malaysia	<b>100.00</b>	100.00
Rajaudang Aquaculture Sdn Bhd^	Prawn and fish farming	Malaysia	<b>75.00</b>	75.00
Rajaudang Sdn Bhd^	Investment holding and rental of marine livestocks ponds and related activities	Malaysia	<b>100.00</b>	100.00
Rajaudang Trading Sdn Bhd^	Trading of household agricultural products	Malaysia	<b>69.46</b>	69.46
Selasih Catering Services Sdn Bhd^	Operating as catering services and restaurant	Malaysia	<b>100.00</b>	100.00
SPMB Holdings Sdn Bhd^	Investment holding	Malaysia	<b>100.00</b>	100.00
Syarikat Pengangkutan Maju Berhad^	Public bus service according to itinerary travel and vehicle rental	Malaysia	<b>77.62</b>	77.62
Tenaga Utama (Johor) Bhd^	Investment holding	Malaysia	<b>69.76</b>	69.76
Teraju Fokus Sdn Bhd^	Security services	Malaysia	<b>30.00</b>	30.00
Timeless Commitment Sdn Bhd^	Manage and operate a master licensee agreement to develop, open and operate licensed outlet	Malaysia	<b>51.00</b>	51.00

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>2 NON-CORE BUSINESS (CONTINUED)</b>				
<b>SME/NON-SME (CONTINUED)</b>				
Hotel Selesa (JB) Sdn Bhd^	Ceased operation on 15 April 2017	Malaysia	<b>100.00</b>	100.00
Hotel Selesa Sdn Bhd^	Ceased operation on 15 March 2017	Malaysia	<b>100.00</b>	100.00
Johor Aluminium Processing Sdn Bhd^	Aluminium products	Malaysia	<b>35.00</b>	35.00
Johor Heavy Industries Sdn Bhd^	Ceased operations since 2001	Malaysia	<b>100.00</b>	100.00
JSEDC Properties Sdn Bhd^	Investment holding company	Malaysia	<b>100.00</b>	100.00
Kilang Airbatu Perintis Sdn Bhd^	Rental of land and cold room facilities	Malaysia	<b>88.22</b>	88.22
Kok Lian Marketing Sdn Bhd^	Book publisher	Malaysia	<b>51.19</b>	51.19
Larkin Sentral Management Sdn Bhd^	Special purpose vehicle for repurchase of unit trusts	Malaysia	<b>100.00</b>	100.00
Larkin Sentral Sdn Bhd^	Business of a contractor and developer	Malaysia	<b>100.00</b>	100.00
Paper Automation Sdn Bhd^	Dormant	Malaysia	<b>93.58</b>	93.58
Pelaburan Johor Berhad^	Dormant	Malaysia	<b>100.00</b>	100.00
Sergam Berhad^	Ceased operation since 2001	Malaysia	<b>96.78</b>	96.78
Sibu Island Resorts Sdn Bhd^	Ceased operation on 31 December 2015	Malaysia	<b>100.00</b>	100.00
Tanjung Tuan Hotel Sdn Bhd^	Ceased operation on 31 October 2014	Malaysia	<b>100.00</b>	100.00
Trapezoid Web Profile Sdn Bhd^	Ceased operation since 2006	Malaysia	<b>81.74</b>	81.74
Eden Arajaya Sdn Bhd	Dormant	Malaysia	<b>79.73</b>	-

## List Of Subsidiaries, Associates And Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest	
			2018 %	2017 %
<b>2 NON-CORE BUSINESS (CONTINUED)</b>				
<b>SME/NON-SME (CONTINUED)</b>				
Westbury Tubular (M) Sdn Bhd^	Dormant	Malaysia	<b>41.69</b>	41.69
Makmuran Veneer & Plywood Sdn Bhd^	Subcontracting of its operating facilities to a third party.	Malaysia	<b>&amp;</b>	&
Sindora Ventures Sdn Bhd^	Investment holding company	Malaysia	<b>&amp;</b>	&
PharmaCare Medicine Shoppe Sdn Bhd^	Dormant	Malaysia	<b>&amp;</b>	&
Waqaf An-Nur Berhad^	Dormant	Malaysia	<b>@</b>	@
Intrapreneur Development Capital Sdn Bhd^	Investment holding	Malaysia	<b>100.00</b>	100.00
Buat Niaga Sdn Bhd^	Investment holding	Malaysia	<b>100.00</b>	100.00
Palley Investment Limited^	Investment holding	British Virgin Island	<b>Struck off on 01.11.2018</b>	100.00
PJB Capital Sdn Bhd^	Dormant	Malaysia	<b>Disposed on 31.12.2018</b>	100.00
Pro Office Services Sdn Bhd^	Dormant	Malaysia	<b>Disposed on 31.12.2018</b>	100.00
Yakin Tea Sdn Bhd^	In process of being winding up	Malaysia	<b>62.24</b>	62.24

# Listed on the Main Board of Bursa Malaysia Securities Berhad

@ Limited by Guarantee

^ Subsidiaries not audited by PricewaterhouseCoopers PLT

&amp; Subsidiaries of Waqaf An-Nur Berhad





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