JOHOR CORPORATION

Annual Report 2015

ڤربادنن جوهر

Perbadanan Johor

Membina dan Membela

CORE/STRATEGIC BUSINESSES

KULIM

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

SPECIALIST HEALTHCARE

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

FOOD AND RESTAURANT SERVICES

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

STRATEGIC INVESTMENT INTRAPRENEUR AND O&G BUSINESSES

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

PROPERTY

Spearheaded by Johor Land Berhad since 1972 involving residential property and commercial developments with 1,214 hectares of land bank at strategic locations within Iskandar Malaysia. Current and future development projects are Bandar Dato' Onn, Bandar Tiram, Taman Seroja, Taman Damansara Aliff, Bandar Baru Majidee, Larkin Central Park, Kempas, Bandar Baru Tampoi, Pasir Gudang and Sri Gading in Batu Pahat. Implementing sustainable development concepts through provision of quality housing as well as neighbourhoods of exclusive identity for the residents of its township as well as providing strategic commercial spaces and business locations. Realising the policy of *Dasar Perumahan Rakyat Johor* through construction of 8,000 units of Johor Affordable Housing (RMMJ) beginning 2013 until 2020.

PROPERTY INVESTMENT

DAMANSARA ASSETS SDN BHD

Implementing commercial property investment and building management activities particularly shopping malls, office buildings, transport terminal, bazaars, sports complex and resorts.

AL-'AQAR HEALTHCARE REIT

The world's first Islamic REIT and the first healthcare-related Islamic REIT in Asia.

AL-SALĀM REIT

The second Islamic REIT launched by Johor Corporation.

INDUSTRIAL COMPLEX DEVELOPMENT

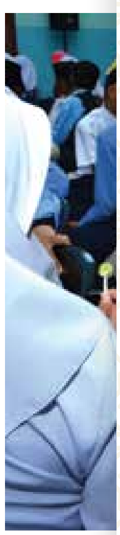
TPM TECHNOPARK SDN BHD

Developing industrial areas and playing the vital role as Johor Corporation's project manager. Involved in management services of commercial projects and developments of infrastructure. Represents as the marketing agent and developer of industrial areas owned by Johor Corporation.

TANJUNG LANGSAT PORT

Stretched on a 405-hectare area, Tanjung Langsat Port is the gateway and backbone of Tanjung Langsat Industrial Complex (TLIC).


MAS
54604



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i-nova

FACTS AT A GLANCE

COMMERCIAL ENTITY ROLE

Total Hectarage of **PLANTED OIL PALM** (Domestic & Abroad)
56,302

Total Number of **PATIENTS TREATED** (Domestic & Abroad)
At KPJ Hospitals
2,814,530

Total Number of **RESTAURANTS** (Domestic & Abroad)
748 KFC | **449** PIZZA HUT

Total Unit of **DEVELOPED HOUSES**
31,062

DEVELOPMENTAL ROLE

Number of **INDUSTRIAL AREAS**
31

Number of **OPERATING COMPANIES**
1,228

Total **ACCUMULATED INVESTMENTS**
RM63 Billion

187,361
Employment **OPPORTUNITIES CREATED**

CORPORATE RESPONSIBILITY ROLE

Total Fund Channelled to **CORPORATE RESPONSIBILITY PROGRAMMES**
>RM 112 Million

Total Number of **MOSQUES**
6
18,000 Congregational Members

Total Number of **PATIENTS TREATED AT WAQAF AN-NUR CLINICS & HOSPITAL**
1.13 Million Patients

VISION

“Membina dan Membela”

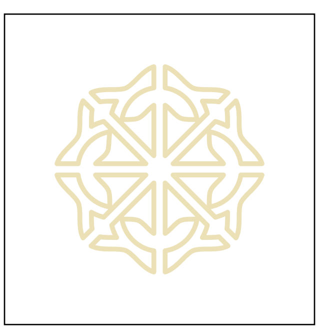
MISSION

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

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

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

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



FRONT COVER MOTIVE RATIONALE

The motive is a combination of three popular illustrations representing the craftsmanship of the Malays, Chinese and Indians blended harmoniously and upheld as among the symbols and cores of the amalgamation of Bangsa Johor solidarity that is robust, amicable and advanced.

CONTENTS

OUR NEW FEATURES IN THIS ANNUAL REPORT

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

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

i-nova

What is i-Nova? i-Nova is a feature within The JCorp Mobile App. It combines image recognition and Augmented Reality (AR) technology to deliver messages that go beyond print. i-Nova this page to find out how you can get the most out of this amazing technology.

Six easy steps to view more information from Johor Corporation Annual Report 2015:

i. Search for i-Nova App from Apple App Store or Google Play on your smartphone.

ii. Click the app and install. (Please check your device compatibility before installing).

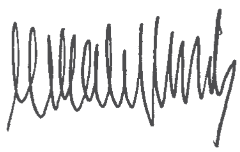
iii. Once installed, click open to launch the Augmented Reality (AR) Application.

iv. Click the start button from the i-Nova App to launch the AR camera.

v. Look for the “i-Nova icon” in the book and scan the image with AR camera to enjoy interactive AR content.

vi. You may click on the interactive buttons to explore additional contents.

CORPORATE STATEMENT



DATO' MOHAMED KHALED BIN NORDIN

CHAIRMAN
JOHOR CORPORATION

RESILIENCE IN THE FACE OF CHALLENGES

Despite the challenging landscape of global macroeconomic volatilities and sluggish regional growth which defined the year 2015, Johor Corporation delivered commendable financial performance, on the back of progress of its 2013-2022 Strategic Business Transformation Plan (BTP), which further strengthened its organisational resilience to weather the impacts of VUCA (volatility, uncertainty, complexity and ambiguity) of the global market.

With the aim of achieving zero gearing by year 2022, Johor Corporation maintained clear focus on accelerating business growth within its five core business areas – Plantation; Specialist Healthcare; Food & Restaurant Services; Property Development and Investment & Industrial Complex Development; and Oil & Gas (O&G) – whilst improving business efficiencies to generate higher cash flows from Johor Corporation's asset and new business portfolio.

Johor Corporation is well on track on its transformation journey, which has reinforced and realigned its organisational processes, systems and capacities and fortified organisational resilience in its quest to be a formidable corporation able to withstand the challenges of a dynamic and ever shifting economic and business landscape.

The ethos of Business Continuity Management has been its clarion call, as the thrust of the strategy driving the organisation's efforts throughout 2015. Alongside this, Johor Corporation harnessed its innovational capacities and exemplary standards of corporate governance as key drivers of its transformation journey, sustaining corporate and strategic initiatives aimed at increasing organisational efficiencies and reducing overall costs as part of its long term bid to conduct sustainable business operations.

A landmark achievement in 2015 was the completion of Johor Corporation's corporate restructuring, which resulted in its reorganisation into five key divisions. The aim is to drive growth within its existing areas of business – commercial, residential and industrial property developments – whilst developing more diversified sources of revenue through new projects such as Muar Furniture Park, Pengerang Industrial Area and Ibrahim International Business District (IIBD), Johor Bahru besides refurbishment of Larkin Sentral which saw upgrading works on Level 1 of the Retail Centre as well as a Centralised Taxi Area for taxis plying city centre routes, Singapore and hired cars.

FINANCIAL PERFORMANCE

In 2015, the Johor Corporation performed commendably across the Group through its extensive list of businesses. The main source of earnings from the Group contributed to increased revenue of 15.9% to RM5.3 billion compared to 2014. As a result, the Group recorded a Profit Before Tax (PBT) of RM549 million. On the entity level, there was an increase in revenue by RM370 million (181%) to RM574 million, recording PBT of RM275 million. The

CORPORATE STATEMENT

DATO' KAMARUZZAMAN BIN ABU KASSIM

PRESIDENT & CHIEF EXECUTIVE
JOHOR CORPORATION

significant increase was largely due to special dividends earned from Kulim (Malaysia) Berhad due to the disposal of New Britain Palm Oil Limited.

The Group's financial performance reflected its strong business fundamentals as a result of aggressive investments in the diversification of its business aimed at generating higher revenue and profitability even within challenging business and economic circumstances.

Despite the fluctuating prices of crude oil, which saw sharp declines in 2015, the O&G business segment contributed the largest increase by 220%, an increase by RM400 million from 2014. Largely, this was down to the acquisition of new contracts worth RM877.5 million in 2015.

The Industrial Development segment saw an increase of RM126 million in revenue compared to 2014 to RM212 million; an increase of 147%. However, Johor Corporation's Property Business saw a decrease of RM66 million (9%) for the same period brought about by the introduction of the Goods and Services Tax (GST) in April 2015, and regulatory measures introduced to curb the growth of household debt.

The Specialist Healthcare business generated a healthy increase in revenue by RM335 million, or 13% in comparison to 2014, with overall 2015 revenue of RM2.85 billion. The increase was due to the opening of a new hospital during the year, as well as refurbishment programmes rolled out within its existing base of hospitals. These efforts were KPJ's response to cater to the robust demand for private healthcare services in Malaysia in tandem with rising health awareness and the increasing affluence of middle income earners in the country.

The Plantation segment registered a commendable performance with revenue of RM847 million, despite the plunge in crude palm oil prices to a six year all-time low in August 2015 as a consequence of the drought and smog which affected plantations in Southeast Asia in 2015.

The Food & Restaurant Services business generated revenue of RM58 million through its chain of 60 Kedai Ayamas and Rasamas restaurants. This figure does not include the RM4.06 billion revenue achieved by QSR Brands (M) Holdings Sdn Bhd mostly through its KFC and Pizza Hut restaurants whose accounts were not included as part of the Group's consolidated accounts.

Due to the overall strong financial performance of the Group's public listed companies which provided returns on a rate of 4% ordinary net dividends, Johor Corporation was able to make cash contributions to the Johor State Government amounting to RM8.8 million in 2015.

THE OPERATING ENVIRONMENT

2015 was a tough year for the global economy. Both the United States of America and the European Union suffered from sluggish growth as a result of weakened exports stemming from the strong Dollar and Euro, falling commodity prices, and a broader global weakening in demand as commodities-dependent emerging market economies decelerated.

On home shores, the Malaysian economy saw a decline in private and public fixed investment. Concerns around the rising debt of Malaysian households resulted in more stringent banking regulations surrounding the provision of credit to households. The situation was further compounded by signs of softening in the labour market.

CORPORATE STATEMENT

The Malaysian economy was also affected by the slump in demand and prices for commodities such as crude oil and crude palm oil. The slump in oil prices which began in 2014, intensified in 2015, causing prices to sink to an 11-year low in December 2015. Adding to that, business prospects were undermined by lacklustre prospects for exports and the weakened Ringgit.

Despite that, the Malaysian economy beat expectations by growing 4.5% annually in the fourth quarter bringing full year growth to 5.0%. This was primarily propelled by robust consumer expenditure, which saw a sharp expansion in the fourth quarter. Within these macroeconomic headwinds and local economic challenges, Johor Corporation remained resilient and on track by charting sustainable growth and profitability, maintaining its significant contributions to the development of the State of Johor.

CORPORATE EVENTS

A number of milestones were achieved throughout 2015 which contributed significantly towards Johor Corporation and Group's branding and excellent performance throughout the year.

Definitely, the launch of IIBD by His Royal Highness Sultan Ibrahim Ibni Almarhum Sultan Iskandar, Sultan and The Sovereign Ruler of the State and Territories of Johor Darul Ta'zim on 22 November 2015 illustrated an exceptional corporate history of Johor Corporation. The Corporation is extremely grateful for the continued support and patronage of His Royal Highness to the Group as well as its 60,643 employees.

Another strategic move by Johor Corporation was the Selective Capital Reduction and Repayment (SCR) exercise announcement made by Kulim in November 2015 which also captured the public attention. This will effectively result in the privatisation of Kulim and its delisting from Bursa Malaysia. The proposed SCR is expected to be completed by the third quarter of 2016.

Meanwhile, Johor Land Berhad fulfilled its initial commitment through successful completion and hand over of 304 units of affordable and low cost homes in Taman Seroja. The housing units were part of the 8,000 affordable and low cost homes required to be completed by year 2020. On the other hand, TPM Technopark Sdn Bhd successfully completed the new camp for Johor Military Force (*Askar Timbalan Setia Negeri or TSN*) which was handed over to the State Government of Johor.

CORPORATE STATEMENT

Johor Corporation also listed Real Estate Investment Trusts Al-Salām REIT on Bursa Malaysia on 29 September 2015, the second Islamic REIT offering by Johor Corporation after Al-'Aqar Healthcare REIT; with assets valued at RM949.7 million – coupled with a market capitalisation of RM539.4million.

Johor Corporation is also in the process of establishing a strong foothold in the O&G sector through its subsidiary company, E.A. Technique (M) Berhad. The ability to secure new cumulated investments worth over RM3 billion into the Tanjung Langsat Port industrial zone further reflected Johor Corporation's capability as a prominent player in the industry.

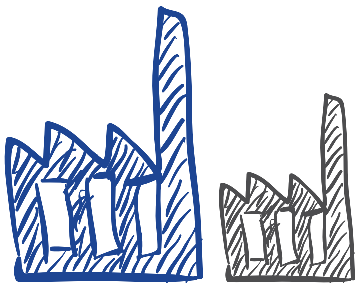
Not only that, Johor Corporation has also completed the fourth and final stage of Dana Johor's RM1 (SDJ1) buy back scheme in September 2015 which involved a total sum of RM49.43 million with 24,321 unit holders provided 49.43 million units of Al- Salām REIT valued at RM1.00 per unit.

Finally, Johor Corporation continues with its role as an agent of development for the State of Johor, with its appointment as the administrator of the *Pengerang* Local Authority, another significant corporate milestone for 2015.

AWARDS AND ACCOLADES

On top of all that, Johor Corporation's brand continued to receive international recognitions and accolades for its brand excellence. In 2015, Johor Corporation was recognised as The Premier Corporate Brand at the The BrandLaureate Special Edition World Awards 2015. This stellar recognition came fast on the heels of previous recognition by The BrandLaureate Awards when Johor Corporation won The BrandLaureate Awards - Billion Dollar Brand Award, in February 2015.

Meanwhile, KPJ Healthcare Berhad was selected as the Grand Winner under Employer of Choice Category of the Malaysia HR Awards in 2015 and also a finalist in the 'Life at Work Award 2015', hosted by TalentCorp. KPJ hospitals also won national and international accolades when KPJ Ipoh Specialist Hospital was crowned as the recipient of the *Anugerah Kecemerlangan Industri* (AKI), and subsequently accorded the Global Performance Excellence Award (Best in Class) in Shanghai, China. KPJ also was acknowledged by Frost & Sullivan as the 'Hospital of The Year'.



NEW CUMULATED
investments worth over
RM3 BILLION
to the Tanjung Langsat Port industrial zone...

BUILDING RESILIENCE IN FOOD SECURITY

Sustainable food production to ensure food security in Malaysia has become an increasingly crucial component of our national agenda. In line with that, Johor Corporation is fully committed to its role in ensuring national self-sufficiency, by producing a sufficient supply of safe and nutritious food through cattle-farming and poultry industry.

Johor Corporation through *Ihsan Permata Sdn Bhd* (IPSB) has collaborated with Unit *Peneraju Agenda Bumiputera* (TERAJU) and the Department of Veterinary Services (DVS) in the 'TERAJU/DVS/Johor Corporation High Impact Cattle Feedlot Project' to manage the first 10 out of 20 cattle feedlots in Johor since June 2014. IPSB has been appointed as an integrator, while DVS provides access to all feedlots located within various Permanent Food Production Parks (*Taman Kekal Pengeluaran Makanan or TKPM*) in Johor, with project funding of RM7.78 million provided by TERAJU.

Kara Holdings Sdn Bhd (KARA), which was set up in 2014 to contribute to the Halal Poultry Industry Value Chain, is currently conducting a continuous rationalisation exercise focusing on achieving high turnover and margins by increasing sales of poultry and its ancillary products.

CORPORATE GOVERNANCE

Recent developments in the business, economic and socio-economic landscape have underpinned the need for institutions and organisations to strengthen their corporate governance frameworks, and adapt to accommodate the current challenging economic climate of the 21st century. In line with this, Johor Corporation's corporate governance framework, as propounded in the 1999 High Level Finance Committee Report on Corporate Governance, expands the concept of corporate governance to beyond mere adherence of corporate laws and regulations yet fundamentally complies with the systems, processes and structures within its organisation.

In strengthening its corporate governance framework and enhancing the organisation's role as the State of Johor's economic development arm, Johor Corporation has been actively subscribing to the ethos of its Business Continuity Mission. Essentially, the mission focuses on remaining relevant and resilient as an economic institution in the 21st century landscape.

In order to increase organisational capacities to innovate and implement corporate responsibility activities, Johor Corporation has been conducting ongoing exercises to strengthen the implementation of corporate governance practices. These include activities undertaken by the Chief Integrity Officer who conducted an Integrity Risk Management Programme as well as conducting integrity briefing sessions for entrepreneurs, contractors, suppliers, as well as those dealing with the Corporation and the companies in the Group. In strengthening the management of contracts and projects, the Department of Inspectorate performed various inspections and evaluation of activities and projects undertaken by Johor Corporation as well as companies in the Group.

CORPORATE STATEMENT

The findings and results will be reported to the relevant committees overseeing governance including the Johor Corporation's Audit Committee for further discussion and advice on improvements.

Johor Corporation will continue with its commitment to implement and enforce good corporate governance practices in all company activities and business transactions within the Group through the Board of Directors, the company's administration system, as well as all of its governance committees.

HUMAN CAPITAL

Human capital development remained a key area of focus, as the Group invested in building and strengthening capacities within the workforce. In 2015, as a result of the findings of the Employee Satisfaction Survey conducted in 2014, Johor Corporation formulated an Intervention Plan in 2015 to improve workplace conditions based on feedback from its employees. These measures will be implemented in 2016.

Accordingly, Johor Corporation continued with initiatives to strengthen the skills, characters and knowledge enhancement of its employees. This included the inculcation of moral and spiritual values through the second module of *Mukmin Profesional (Mukmin Profesional Modul Ke-2)* programme besides the continuation of Johor Corporation Leadership Programme to mould and maintain leadership succession planning to sustain the conglomerate's dominance and continuity.

In addition, the Toastmaster's Club was established to further enhance the soft skills of the employees particularly communication skills. Besides that, Johor Corporation Chartered Accountancy Programme (JCAP) was launched to produce more Chartered Accountants which cost RM7.2 million. Subsequently, Johor Corporation also implemented education funding initiative known as Johor Corporation Education Sponsorship Programme (JESP) to produce 100 graduates in economics, engineering, law and accountancy through an allocation of RM16 million.

CORPORATE RESPONSIBILITY

In fulfilling its third role of incorporation, Johor Corporation remains committed with various programmes in discharging its Corporate Responsibility (CR) obligations to the deserving community. Johor Corporation's CR measures are implemented by its Corporate Responsibility Division, which is managed by the Amal Business Department and Waqaf An-Nur Corporation Berhad. In 2015, there are 24 Amal Business Organisations which cut across clustered categories of social development and public welfare, sports and recreation, entrepreneur development and employee welfare.

Johor Corporation's CR programme also incorporates support for individual entrepreneurs to start up new business activities by offering them skills and management training. Throughout 2015, Johor Corporation contributed RM18.2 million to entrepreneur related programmes.

Bistari Entrepreneurship Programme for school children continued to inculcate the spirit of entrepreneurship aimed at building their potential to become future entrepreneurs. In 2015, 1,050 students from 70 secondary schools, and 1,000 pupils from 100 primary schools in Johor participated in the programme.

ACKNOWLEDGEMENTS

The pursuit to sustain its past achievements towards more promising years ahead could not have been possible without the unreserved and unwavering support of all parties concerned. Thus, Johor Corporation wishes to express its heartfelt appreciation and gratitude to the Johor State Government, the Federal Government, all stakeholders, and all the relevant agencies, banks and financial advisors, all customers, strategic partners and major shareholders including investors and institutions which have invested in its public listed companies within the Group for their continued support for the corporate activities and business transactions during 2015.

The Corporation also wishes to record its heartiest appreciation and thanks to the entire Board of Directors for their invaluable contributions in their guidance, wisdom and expertise to successfully steer the Group, putting the state conglomerate on a sound footing as it continues with its business operations, providing high quality services and expanding its value chain and business synergies for all stakeholders as well as society in general throughout 2015.

APPRECIATION

The unrelenting participation and determination of Johor Corporation Group's 60,643 employees has been a key enabler driving the continuity of the organisation towards a stronger and more resilient business entity, as it continues to navigate its journey forward in a challenging external environment. The Corporation's financial performance for 2015 is a testament of their unwavering commitment; loyalty and dedication which will continue to ensure Johor Corporation's prudent business success and sustainability in the coming years.

Finally, the Group's achievements would not have been possible without their perseverance, high ethics and moral values as well as utmost commitment to doing their best on the job. The Corporation holds firm in its promise to continuously inculcate good virtues and innovation in its bid to run a highly competitive and formidable business entity for the benefit of Bangsa Johor.

Johor Corporation
31 March 2016

CORPORATE PROFILE & INFORMATION

Registered Office
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Principal Banker
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Malaysia.

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

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

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

- KULIM - Kulim (Malaysia) Berhad.
- Specialist Healthcare - KPJ Healthcare Berhad.
- Foods & Restaurants Services - QSR Brands (M) Holdings Sdn Bhd.
- Property Division - Johor Land Berhad & Damansara Assets Sdn Bhd.
- Industrial Development Division - TPM Technopark Sdn Bhd & Tanjung Langsat Port Sdn Bhd.
- Intrapreneur Business.
- Hospitality.

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

KULIM businesses involve operations and business interests in:

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

Specialist Healthcare businesses domestically spearheaded by KPJ Healthcare Berhad expand to:
- Jakarta, Indonesia
- Brisbane, Australia
- Bangkok, Thailand
- Dhaka, Bangladesh

Food & Restaurant Services span from Malaysia to:
- Singapore
- Brunei
- Cambodia

Number of Listed Companies in Bursa Malaysia:
5 companies

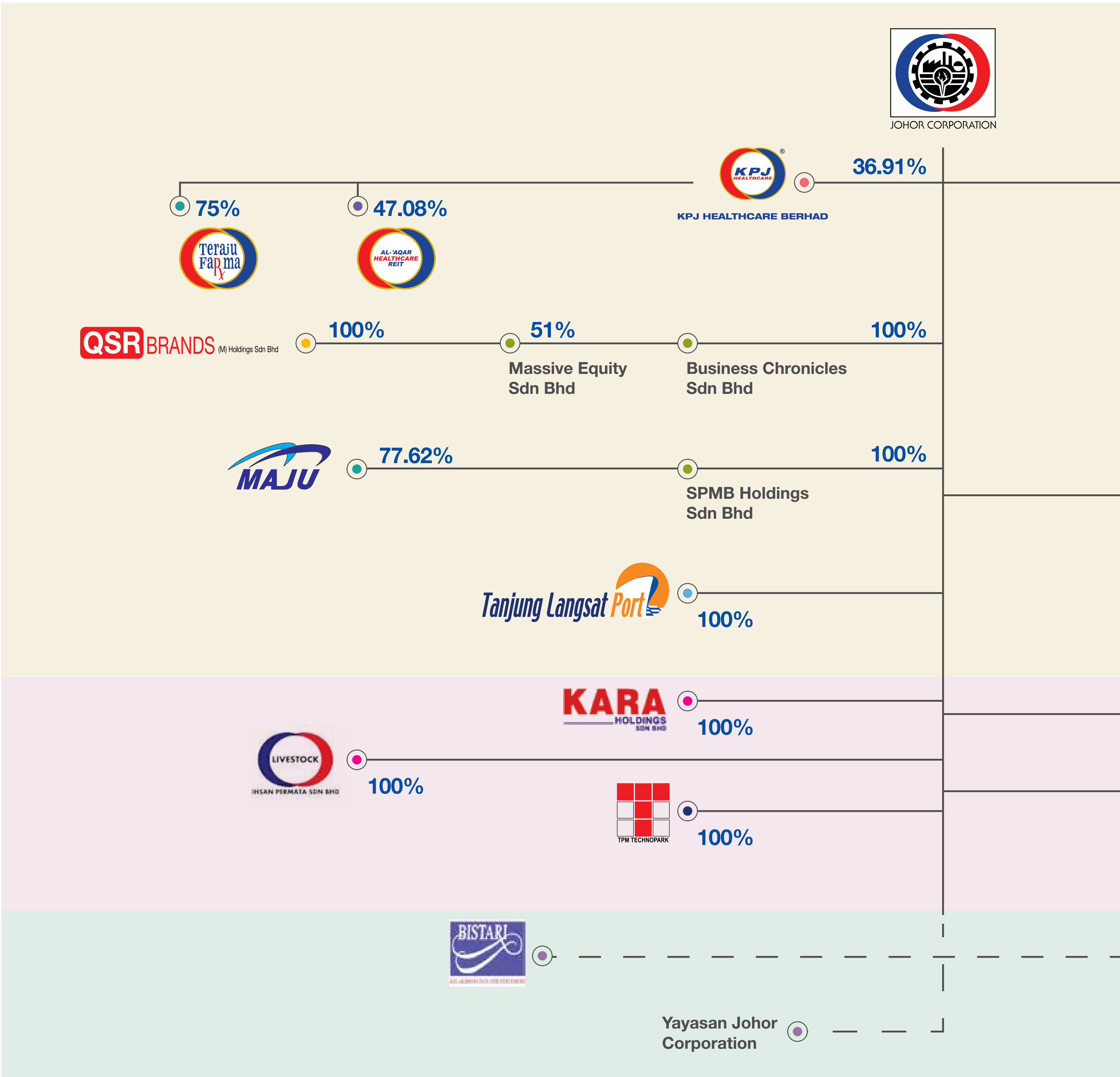
Kulim (Malaysia) Berhad (23370-V)
KPJ HEALTHCARE BERHAD

Number of Companies
352

Number of Active Companies Within The Group
246

Number of Employees
60,643

BUSINESS & CORPORATE STRUCTURE



Plantation

Specialist Healthcare

Food & Restaurant Services

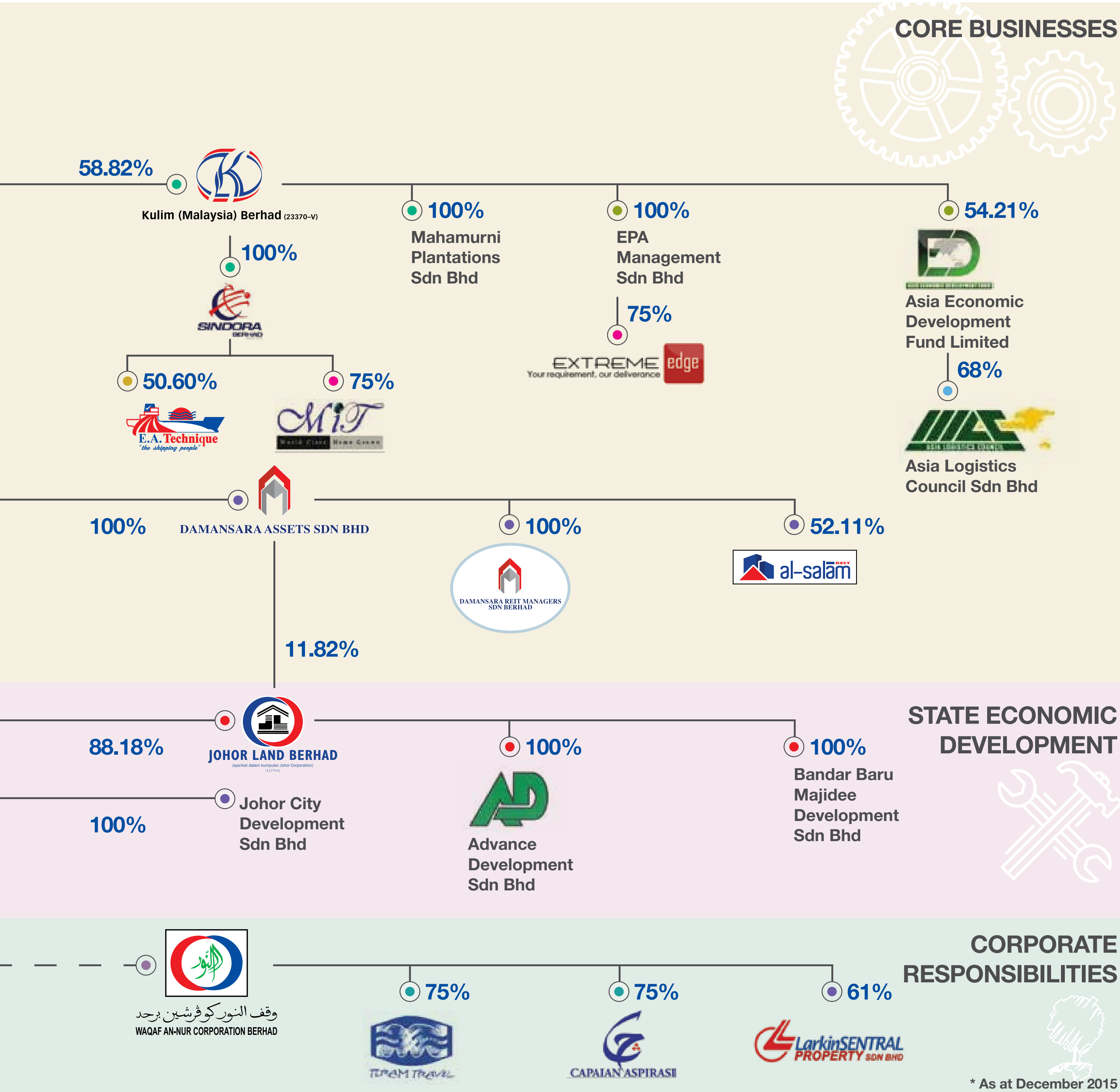
Property

Intrapreneur

Shipping

Port/Logistics

BUSINESS & CORPORATE STRUCTURE



RMMJ | Industry | Intrapreneur Development | Investment Holding | WANCorp/ABO | Significant Direct Holding | Management

SECTION 1 SECTION 2 SECTION 3 SECTION 4 SECTION 5 SECTION 6

BOARD OF DIRECTORS

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

Aged 58. He was appointed Chairman of Johor Corporation Board of Directors effective 14 May 2013. He holds a Bachelor of Laws (Hons) from University of Malaya. He is currently the Chief Minister of Johor.

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

Aged 61. He was appointed Director of Johor Corporation representing the Federal Government effective 1 November 2009. He was appointed Deputy Chairman and an Independent Director of Johor Corporation beginning 1 November 2011. He holds a Philosophy Doctorate (PhD) from Oklahoma State University in 1997, MS (Economics) from Oklahoma State University in 1986, BA (Hons) from University of Malaya in 1979 and Diploma in Public Management from INTAN in 1980. He is currently the Chief Secretary to the Government of Malaysia, Prime Minister's Office.

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

Aged 52. He was 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, prior to his appointment as the Senior Vice President, Corporate Services & Finance of Johor Corporation beginning 1 January 2010 and Acting President & Chief Executive of Johor Corporation beginning 29 July 2010.

4. YB DATO' HAJI ISMAIL BIN KARIM
State Secretary of Johor

Aged 61. He was appointed Director of Johor Corporation representing the State Government effective 10 April 2014 . He holds a Bachelor of Social Science from Universiti Kebangsaan Malaysia in 1981. He is currently the State Secretary of Johor.

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

Aged 54. He was appointed Director of Johor Corporation representing the State Government effective 1 January 2014. He holds a Bachelor of Law (Hons) from University of Malaya in 1986. He is currently the State Legal Advisor of Johor.

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

Aged 59. He was appointed Director of Johor Corporation representing the State Government effective 20 June 2015. He holds a Bachelor of Economy (Hons) from University of Malaya in 1983. He is currently the State Financial Officer of Johor.

7. YBHG DATUK SERI DR RAHAMAT BIVI BINTI YUSOFF
Director General
Economic Planning Unit
Prime Minister's Department

Aged 59. She was re-appointed Director of Johor Corporation representing the Federal Government effective 15 April 2015. She was once appointed Director of Johor Corporation during her service as Deputy Chief Secretary of Treasury (System & Control), Ministry of Finance since 1 February 2009 before promoted to Director General of Economic Planning Unit, Prime Minister's Department on 18 October 2011. She holds a Philisophy Doctorate (PhD) from Australian National University, Masters in Economy from Western Michigan USA, BSocSc (Hons) Economics from Universiti Sains Malaysia and Diploma in Public Administration from INTAN. She is currently the Director General of Economic Planning Unit, Prime Minister's Department.

BOARD OF DIRECTORS

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

Aged 57. She was 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 INTAN. She is currently the Deputy Secretary General of Treasury (Policy), Ministry of Finance.

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

Aged 55. He was appointed Director of Johor Corporation representing the Federal Government effective 1 March 2016. He holds a Bachelor of Engineering from Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia). He is currently the Chief Executive Officer of the Malaysian Investment Development Authority (MIDA).

10. YBHG DATO' DR HAFSAH BINTI HASHIM
Chief Executive Officer
SME Corporation Malaysia

Aged 59. She was appointed Director of Johor Corporation representing the Federal Government effective 1 December 2013. She was re-appointed as an Independant Director of Johor Corporation beginning 1 December 2015. She holds a Bachelor in Applied Science from Universiti Sains Malaysia and MBA from Aston University, United Kingdom. She is currently the Chief Executive Officer of SME Corporation Malaysia

11. YB TUAN HAJI MD JAIS BIN SARDAY
Chairman
Johor State Education, Information, Entrepreneur Development and Cooperatives Committee

Aged 49. He was appointed Independent Director of Johor Corporation effective 1 September 2013. He holds a Bachelor of Science from University of Malaya. He is currently the Chairman of Johor State Education, Information, Entrepreneur Development and Cooperatives Committee.

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

Aged 48. He was appointed Independent Director of Johor Corporation effective 1 September 2013. He holds a Bachelor of Science (Hons) Accounting and Law from De Monfort University, Leicester, United Kingdom in 1991 and is currently a Director of Universiti Utara Malaysia and Chairman of Investment Committee of Universiti Utara Malaysia. He is also a Director of Iskandar Investment Berhad, Permodalan Darul Takzim and Kumpulan Prasarana Rakyat Johor.

13. ENCIK IDHAM JIHADI BIN ABU BAKAR
Secretary
Johor Corporation

Aged 49. He was appointed Secretary of Johor Corporation effective 19 July 2013. He is a qualified Company Secretary of the Institute of Chartered Secretaries and Administrators (UK). He is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators. He is currently the General Manager of Company Affairs Department of Johor Corporation.

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

BOARD OF AUDIT COMMITTEE

CHAIRMAN

1. **YBHG ENCIK IZADDEEN BIN DAUD**
   Independent Director of Johor Corporation

MEMBERS

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

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

SECRETARY

4. **ENCIK ONN BIN ISMAIL**
   Vice President
   Governance & Compliance
   Johor Corporation

BOARD OF TENDER COMMITTEE

CHAIRMAN

1. **YB DATO' HAJI ISMAIL BIN KARIM**
   State Secretary of Johor

MEMBERS

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

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

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

SECRETARY

5. **ENCIK ABD RAHIM BIN MUSTAFFA**
   Deputy General Manager
   Land Unit
   Industrial Development Division
   Johor Corporation

GROUP TOP MANAGEMENT COMMITTEE (TERAJU)

CHAIRMAN

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

MEMBERS

2. **TUAN HAJI AHAMAD BIN MOHAMAD**
   Managing Director
   Kulim (Malaysia) Berhad

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

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

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

6. **ENCIK ROZAINI BIN MOHD SANI**
   Senior Vice President
   Finance & Corporate Services Division
   Johor Corporation
   Chairman, Human Capital Committee

7. **TUAN HAJI JAMALUDIN BIN MD ALI**
   Senior Vice President
   Corporate Responsibility Division
   Johor Corporation
   Executive Director
   Kulim (Malaysia) Berhad
   Chief Executive
   Waqaf An-Nur Corporation Berhad

8. **TUAN HAJI AMINUDIN BIN DAWAM**
   Senior Vice President
   Business Development Division
   Johor Corporation
   Executive Director
   KPJ Healthcare Berhad

9. **ENCIK WAN AZMAN BIN ISMAIL**
   Vice President
   Strategic Development
   Johor Corporation

10. **ENCIK ONN BIN ISMAIL**
    Vice President
    Governance & Compliance
    Johor Corporation

11. **ENCIK MOHAMED IZAHAM BIN ABDUL RANI**
    Executive Director
    QSR Brands (M) Holdings Sdn Bhd

SECRETARIES

12. **ENCIK IDHAM JIHADI BIN ABU BAKAR**
    General Manager
    Company Affairs Department
    Johor Corporation

13. **ENCIK ALFADZILAH BIN HAJI MAT ARIS**
    Manager
    Office of the President & Chief Executive
    Johor Corporation

TERAJU KORPORAT COMMITTEE

CHAIRMAN

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

DEPUTY CHAIRMAN I

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

DEPUTY CHAIRMAN II

3. ENCIK ROZAINI BIN MOHD SANI
Senior Vice President
Finance & Corporate Services Division
Johor Corporation

MEMBERS

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

5. TUAN HAJI JAMALUDIN BIN MD ALI
Senior Vice President
Corporate Responsibility Division
Johor Corporation
Executive Director
Kulim (Malaysia) Berhad
Chief Executive
Waqaf An-Nur Corporation Berhad

6. TUAN HAJI AMINUDIN BIN DAWAM
Senior Vice President
Business Development Division
Johor Corporation
Executive Director
KPJ Healthcare Berhad

7. ENCIK WAN AZMAN BIN ISMAIL
Vice President
Strategic Development
Johor Corporation

8. TUAN HAJI IBRAHIM BIN ABDUL SAMAD
Vice President
Technical & Pre-Development
Industrial Development Division
Johor Corporation
Executive Director
TPM Technopark Sdn Bhd

9. TUAN HAJI YUSAINI BIN SIDEK
Vice President
Commercial Properties
Property Division
Johor Corporation
Managing Director
Damansara Reit Managers Sdn Berhad
Executive Director
Damansara Assets Sdn Bhd

10. ENCIK AZLI BIN MOHAMED
Chief Financial Officer
Kulim (Malaysia) Berhad

11. ENCIK JOHARI SHUKRI BIN JAMIL
Vice President
Business & Commercial Relationship
Industrial Development Division
Johor Corporation
Executive Director
Tanjung Langsat Port Sdn Bhd

12. TUAN HAJI BUKHARI BIN ABDUL RAHMAN
Vice President
Business Portfolio
Business Development Division
Johor Corporation

TERAJU KORPORAT COMMITTEE

13. YM UNGKU HARUN AL 'RASHID BIN AHMAD
Vice President
Human Capital & Administration
Johor Corporation

14. ENCIK IDHAM JIHADI BIN ABU BAKAR
General Manager
Company Affairs Department
Johor Corporation

15. PUAN HAJAH AZIZAH BINTI AHMAD
General Manager
Value & Culture Department
Johor Corporation

16. PUAN WAN SU BINTI ALI
General Manager
Legal Department
Johor Corporation

17. PUAN RABIATUL ADAWIAH BINTI ADNAN
General Manager
Property Services Department
Johor Corporation

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

19. ENCIK AZMAN BIN TAMBI CHIK
General Manager
Strategic Communications Department
Johor Corporation

20. ENCIK MOHD BAHRIN BIN BAKRI
General Manager
Treasury & Corporate Finance Department
Johor Corporation

21. ENCIK MOHAMAD SALLEH BIN MOHAMAD YUSOF
General Manager
Group Tax & Insurance Department
Johor Corporation

22. ENCIK SHAFE'I BIN SULAIMAN
Deputy General Manager
Special Administration Department
Johor Corporation

SECRETARIES

23. TUAN HAJI JAMALLUDIN BIN KALAM
Deputy General Manager
Company Affairs Department
Johor Corporation

24. ENCIK MUHAMMAD ASHRAF BIN MOHD YUNUS
Executive
Office of the President & Chief Executive
Johor Corporation

EXECUTIVE COMMITTEE (EXCO)

CHAIRMAN

1. ENCIK ROZAINI BIN MOHD SANI
Senior Vice President
Finance & Corporate Services Division
Johor Corporation

DEPUTY CHAIRMAN

2. ENCIK WAN AZMAN BIN ISMAIL
Vice President
Strategic Development
Johor Corporation

MEMBERS

3. PUAN HAJAH AZIZAH BINTI AHMAD
General Manager
Value & Culture Department
Johor Corporation

4. PUAN RABIATUL ADAWIAH BINTI ADNAN
General Manager
Property Services Department
Johor Corporation

5. ENCIK MOHD FAIZAL BIN ABDULLAH
General Manager
Strategic Planning Department
Johor Corporation

6. TUAN HAJI ROSDI BIN YAACUB
General Manager
TPM Technopark Sdn Bhd

7. ENCIK AZMAN BIN TAMBI CHIK
General Manager
Strategic Communications Department
Johor Corporation

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

9. TUAN HAJI JAMALLUDIN BIN KALAM
Deputy General Manager
Company Affairs Department
Johor Corporation

10. ENCIK MOHD FADZIL BIN MOHD NOOR
Deputy General Manager
Administration Department
Johor Corporation

EXECUTIVE COMMITTEE (EXCO)

11. CIK NARIMAH BINTI ABDULLAH
Deputy General Manager
Special Officer to Senior Vice President / Chief Executive
Industrial Development Division
Johor Corporation

12. PUAN HAJAH ROHANA BINTI MD TAHIR
Deputy General Manager
Business Development Department
Johor Corporation

13. PUAN HAJAH NOOR RUZILAWATI BINTI RUDDIN
Senior Manager
Amal Business Department
Johor Corporation

14. PUAN SUHAINI BINTI TAIB
Deputy Manager
Human Capital Management Department
Johor Corporation

15. PUAN NURUL AIDEA BINTI SENIN
Deputy Manager
Legal Department
Johor Corporation

16. PUAN ZARINA BINTI ISMAIL
Manager
Treasury & Corporate Finance Department
Johor Corporation

17. ENCIK ROHAIME BIN ROSPILUJI
Senior Executive
Group Tax & Insurance Department
Johor Corporation

18. PUAN YUS ZIANA BINTI SELAMAT
Senior Executive
Group Accounts Department
Johor Corporation

SECRETARIES

19. ENCIK MUHAMMAD AIMAN 'IZZAT BIN ABDULLAH
Executive
Office of the President & Chief Executive
Johor Corporation

20. CIK NUR IZZATI BINTI AZMAN
Executive
Company Affairs Department
Johor Corporation

INVESTMENT REVIEW COMMITTEE (JAWS)

CHAIRMAN

1. **ENCIK WAN AZMAN BIN ISMAIL**
   Vice President
   Strategic Development
   Johor Corporation

MEMBERS

2. **TUAN HAJI AMINUDIN BIN DAWAM**
   Senior Vice President
   Business Development Division
   Johor Corporation
   Executive Director
   KPJ Healthcare Berhad

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

4. **TUAN HAJI IBRAHIM BIN ABDUL SAMAD**
   Vice President
   Technical & Pre-Development
   Industrial Development Division
   Johor Corporation
   Executive Director
   TPM Technopark Sdn Bhd

5. **TUAN HAJI BUKHARI BIN ABDUL RAHMAN**
   Vice President
   Business Portfolio
   Business Development Division
   Johor Corporation

6. **ENCIK IDHAM JIHADI BIN ABU BAKAR**
   General Manager
   Company Affairs Department
   Johor Corporation

7. **PUAN RABIATUL ADAWIAH BINTI ADNAN**
   General Manager
   Property Services Department
   Johor Corporation

INVESTMENT REVIEW COMMITTEE (JAWS)

8. **ENCIK AZMAN BIN TAMBI CHIK**
   General Manager
   Strategic Communications Department
   Johor Corporation

9. **ENCIK MOHD BAHRIN BIN BAKRI**
   General Manager
   Treasury & Corporate Finance Department
   Johor Corporation

10. **ENCIK MOHD FAIZAL BIN ABDULLAH**
    General Manager
    Strategic Planning Department
    Johor Corporation

11. **TUAN HAJI MAT SALLEH BIN HASSAN**
    Chairman
    JCorp Intrapreneur (M) Berhad

12. **PUAN HAJAH ANDEK NOOR HUDAYAH BINTI BACHOK**
    Deputy Manager
    Legal Department
    Johor Corporation

SECRETARY

13. **ENCIK MUHAMMAD ASHRAF BIN MOHD YUNUS**
    Executive
    Office of the President & Chief Executive
    Johor Corporation

FINANCIAL REVIEW
AMOUNTS IN RM MILLION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Johor Corporation	
	2015	**2014**	**2015**	**2014**
Revenue	5,318	4,587	574	204
Gross profit	1,531	1,310	453	155
EBITDA*	1,334	1,522	416	344
Profit before tax	549	601	275	208
Income tax	(125)	(121)	(56)	13
Profit from continued operations	424	480	219	221
Profit from discontinued operations	1,316	247	-	-
Profit net of tax	1,740	727	219	221

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Group		Johor Corporation	
	2015	**2014**	**2015**	**2014**
Non-current assets	13,368	12,258	5,259	5,737
Current assets	5,445	8,090	1,118	1,124
Total assets	18,813	20,348	6,377	6,861
Non-current liabilities	7,724	6,688	3,714	3,717
Current liabilities	3,368	6,331	992	1,682
Total liabilities	11,092	13,019	4,706	5,399
Total equity	7,721	7,329	1,671	1,462
Total equity and liabilities	18,813	20,348	6,377	6,861

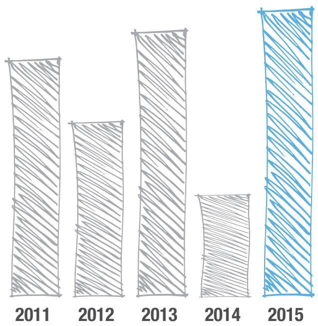
** EBITDA - Earnings before interest, tax, depreciation and amortisation*

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

FINANCIAL HIGHLIGHTS (JOHOR CORPORATION) 2011-2015

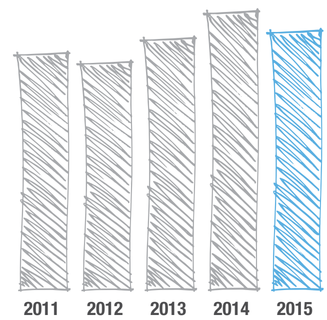
REVENUE
RM (MILLION)

474 348 531 204 574



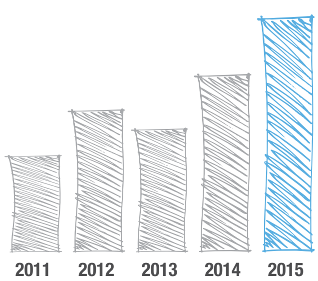
TOTAL ASSETS
RM (MILLION)

5,806 5,604 6,212 6,861 6,377



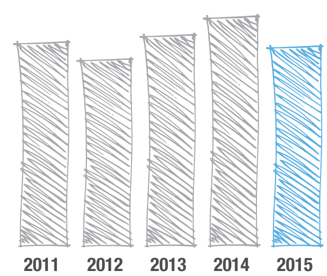
PROFIT BEFORE TAX
RM (MILLION)

114 167 145 208 275



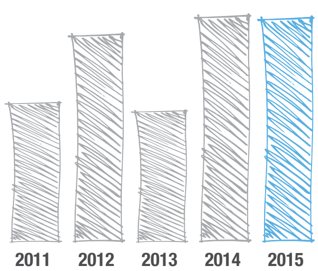
TOTAL LIABILITIES
RM (MILLION)

4,802 4,408 4,969 5,399 4,706



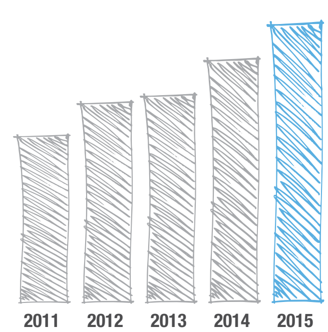
PROFIT AFTER TAX
RM (MILLION)

137 203 129 221 219



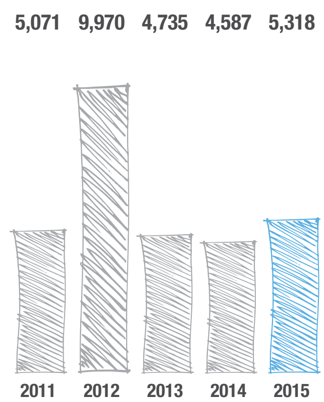
TOTAL EQUITY
RM (MILLION)

1,004 1,196 1,243 1,462 1,671

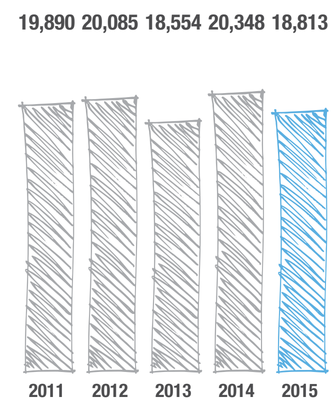


FINANCIAL HIGHLIGHTS (GROUP) 2011-2015

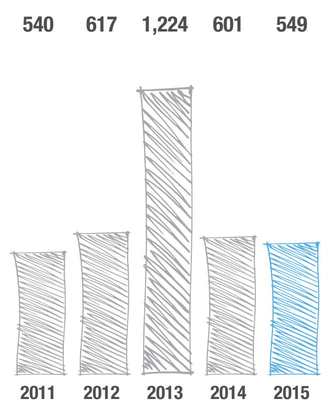
REVENUE
RM (MILLION)



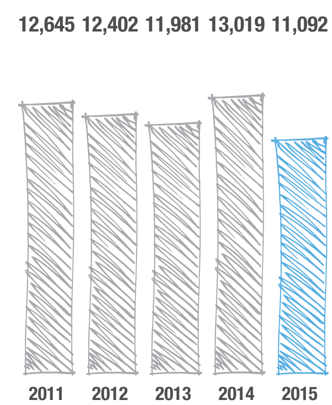
TOTAL ASSETS
RM (MILLION)



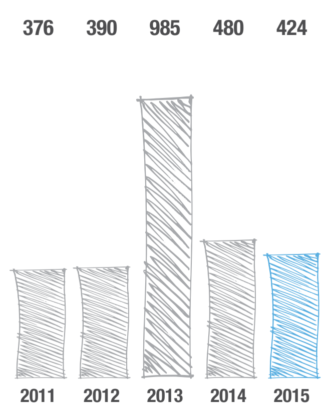
PROFIT BEFORE TAX
RM (MILLION)



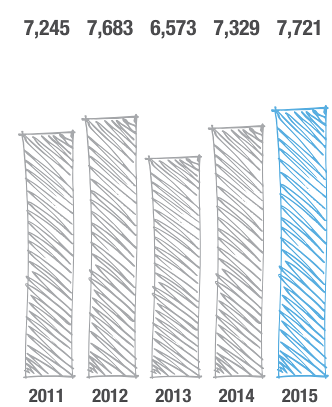
TOTAL LIABILITIES
RM (MILLION)



PROFIT AFTER TAX
RM (MILLION)



TOTAL EQUITY
RM (MILLION)



ECONOMIC REVIEW

2015 was generally the start of a rough year for Malaysia. In addition to external economic woes, the local economy was overwhelmed by challenges which included the nation's fiscal condition, rising cost of living and political uncertainties. This resulted in the Malaysian economy to appear more fragile compared to its regional counterparts. To a certain extent, they contributed to a massive foreign outflow from the financial markets, volatile equity performance and considerably weaker Ringgit in comparison to other regional currencies.

On the external front, the United States Federal Reserve's (US Fed) earlier indecisiveness to tighten the monetary policy in US had heightened worries over its economic standing. Nevertheless, there appeared to be improvements in some economic numbers especially towards the end of last year whereby its benchmark interest rates were raised by 25 basis points to a range of between 0.25% to 0.5%. However, its growth remained muted at 2.4% in 2015, the same as the previous year. Regardless, this corresponded with the slowdown of the global economy.

The developments in China had also substantially influenced the global economic trajectories last year, including Malaysia. In this regard, the nation's external trade performance was not spared. Despite improvement towards the later part of the year, major trading partners could have taken advantage of the weak Ringgit to build up their exports. Instead, it only improved marginally.

Overall, heightened volatility in the global financial markets instigated by US Fed's earlier indecision over rate hike, Chinese stock market woes and the continuous fall in oil prices sent jitters across the global economy including Malaysia. This was then exacerbated by the devaluation of the Yuan. Plunging oil prices, a reflection of waning global demand has also led to lower oil revenue for this country. This prompted the Government to scale back public spending and put the nation's fiscal standing under the radar of international rating agencies.

Locally, the economy succumbed to lower growth at 5% in 2015 from 6% in the previous year. Besides the external setbacks, sluggish domestic consumption contributed to a much slower growth. This was due to the implementation of Goods and Services Tax (GST), gradual removal of subsidies and more expensive imported goods as the Ringgit weakened. Throughout 2015, the local currency was under intense pressure owing to capital flight. This was in relation to a combination of both internal and external factors namely plunging oil prices, rising expectation for US rate hike and heightened uncertainties surrounding the nation's political landscape.

There appeared to be improvements in some economic numbers especially towards the end of last year whereby its benchmark interest rates were raised by 25 basis points to a range of between 0.25% to 0.5%.

The impact of global economic slowdown was felt all over the world. In the context of Johor Corporation, the group faced the growing concerns over lethargic yet competitive business environment and escalating cost of doing business. Despite its concentration on local business scene, the external adversities had posed more challenges for Johor Corporation and its Group of Companies. The ripple effects of global slowdown have made local businesses including those within the Group to become more vulnerable and hence at greater risk of reporting much lower earnings.

The group's property and consumer-oriented businesses namely hospitality, healthcare and food segments had to deal with the pressure of the weakening domestic consumption as the economy slowed and worries over job prospects intensified. Consumers were also more cautious in their spending due to higher cost of living. Simultaneously, all business segments of Johor Corporation felt the pinch of the rising cost of doing business owing to the introduction of GST and higher prices of imported resources. Growing competition in the marketplace has also made Johor Corporation's businesses to become even more challenging. In addition, a supply glut in the property market did not augur well for this business segment of Johor Corporation. Despite a weak Ringgit that could have attracted more property buyers from Singapore, they were not eager to make big investments especially in property partly due to the global economic slowdown.

The dramatic changes in the global oil landscape were unfavourable to the oil and gas (O&G) related businesses within the group. They included port operations and industrial developments. The persistent drop in oil prices due to supply glut has resulted in lower oil trading activities hence weakening cargo throughput. Moreover, lacklustre O&G activities especially in the vicinity of Tanjung Langsat and Pengerang and in which Johor Corporation posesses significant interests had not bode well for the group's industrial development division.

The plunge in oil prices has also exerted a drag on other commodities which include crude palm oil (CPO). This had made the plantation business relatively unexciting. However, CPO prices were not as volatile as crude oil prices. Despite a knee-jerk price reaction of below RM2,000 per tonne, CPO prices have remained above the level and on average throughout 2015. As such, Johor Corporation's palm oil industry had experienced less fluctuation.

ECONOMIC REVIEW

...it is also equally crucial for the Group to always be prepared while retaining

PRAGMATISM

2016 ECONOMIC OUTLOOK

The prospects for the local economy going forward especially in 2016 will continue to be riddled with volatility, uncertainty, complexity and ambiguity (VUCA). Challenges as such will come in many forms. Largely, the economy will still likely be perceived as fragile. Not only the impact of recent adversities has yet to be fully reflected in the economy, the nation may be susceptible to further economic woes and uncertainties surrounding both internal and external environments. Moreover, indicators are reaching previous downturns or crisis levels. This signals a still pessimistic outlook for the local economy. Accordingly, the nation's official gross domestic product (GDP) is projected to grow slower within the range of 4% to 4.5% in 2016 as compared with 5% growth in 2015.

On the external front, a continuously difficult global economic climate instigated by weak global demand may also lead to a much slower growth for the local economy. After a series of downgrade by the International Monetary Fund (IMF), a more subdued growth rate of 3.4% in 2016 is projected for the global economy. In the United States, the tightening policy has started to put pressure on its economy and the US Fed is considering changes to its planned path of interest rate hikes for 2016. This signals a pessimistic outlook of the economy. The expectations of further slowdown by China will also continue to cast a dark shadow over the global growth prospects. This leads to growing concerns over a protracted period of low oil prices.

Waning domestic demand will continue to weigh on the economy and may cast adverse impact onto Johor Corporation and its Group of companies. Despite the favourable effects of low oil prices on the overall domestic consumption, Malaysian consumers are still reeling from the higher cost of living. Thus, the consumer related businesses of Johor Corporation will continue to deal with such gloomy scenario. Lethargic business and investment activities will also undermine the local growth prospects as well the Group's bottom line. In this case, Johor Corporation is no exception. In addition, the group will have to put up with more competitive business environment in relation to the formation of a bigger trade pact namely the Trans-Pacific Partnership (TPP). The nation's macroeconomic stability that hinges on further stability in the local political scene should also lead to better business environment and hopefully smoother business operations for Johor Corporation.

Moving forward, Johor Corporation and its Group of companies take the view that there will be more business opportunities created in the VUCA landscape. Such scenario serves as a fertile ground for Johor Corporation and its Group of companies to innovate their products, services and processes. In this regard, Johor Corporation and its business components especially will need to be proactive and sensitive to the various clues and signals provided by the market, which creates demand for innovative and value-for-money products, services and processes.

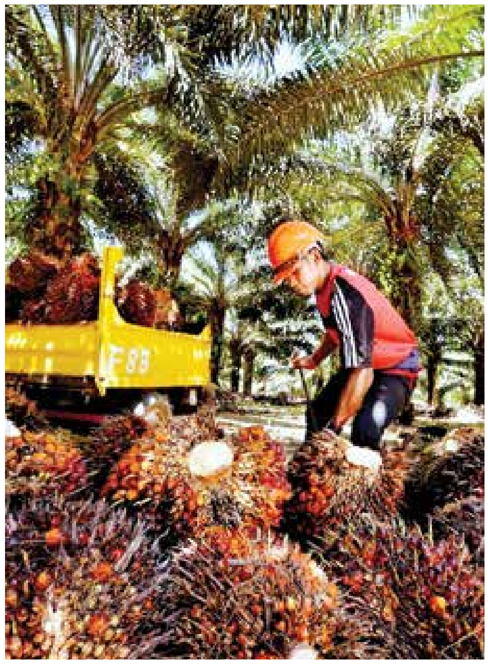
In view of the still uncertain global economic conditions, it is also equally crucial for the Group to always be prepared while retaining pragmatism. Key roles shall have to be played by the risk management, strategic planning, project management and monitoring as well as audit components while measures such as cost optimisation, prudent operational and capital spending, governance and integrity, business intelligence and knowledge management would have to be intensified. A revolutionary approach in human capital management is also critically needed to ensure Johor Corporation's business continuity. All these can be done without compromising the need to leverage on the various forms of opportunities accorded in the VUCA scenario. Johor Corporation should continue to diversify its businesses by exploring and embarking on many business potentials including those beyond the State and Malaysian boundaries. The emphasis on innovation will assist the Group in this journey and simultaneously add value to the Group businesses.

In conclusion, Johor Corporation and its Group of Companies must strike a delicate balance between continuing its robust approach in business and investments while simultaneously enhancing their strategic institutional management capabilities. Only by doing this will the Group be able to ride and leverage on domestic and global economic opportunities and adapt in a challenging economic landscape.

KULIM BUSINESSES

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

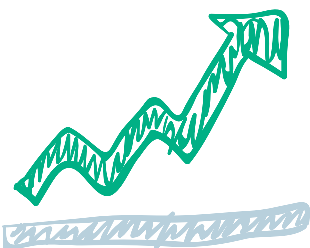
For Financial Year ended 31 December 2015 (FY 2015), Kulim Group's revenue was up 34.37% to RM1.47 billion, while Profit Before Tax (PBT) rose by 70.10% to RM162.51 million. The Plantation Segment was by far the biggest contributor, accounting for 52.89% or RM777.26 million of the Kulim Group's revenue. Revenue from the Oil and Gas (O&G) Segment increased by 220.29% to RM582.30 million, contributed mainly by E.A. Technique (M) Berhad.



With the divestment of Kulim's entire stake in New Britain Palm Oil Limited (NBPOL) completed on 26 February 2015, a special dividend amounting to approximately RM500 million was declared and subsequently paid to shareholders on 23 March 2015.

The Kulim Group has now built a strong and diversified portfolio anchored in three main lines of business covering Plantation, Intrapreneur Ventures and Oil & Gas, whilst consolidating its Agrofoods segment. This balanced and diverse asset base means that the Kulim Group has a broad platform to increase profitability and long-term value required to support growth.

KULIM BUSINESSES



70.10%
INCREASE
Profit Before Tax (PBT)

52.89%
REVENUE
contribution by Plantation Segment

220.29%
REVENUE
contribution by O&G Segment

CORPORATE DEVELOPMENTS

For FY2015, Kulim Group focused on completing various corporate exercises announced previously.

On 24 August 2015, Kulim entered into a Shares Sale and Shares Subscription Agreement (SSSSA) for the proposed acquisition of 51% equity interest in Classruum Technologies Sdn Bhd (CRTSB) for a total purchase consideration of RM1.6 million. CRTSB is principally involved in the Information and Communication Technology (ICT) business, notably through the development of the Classruum.com programme that facilitates e-learning and encourages interaction between teachers, students and experts on a social media platform.

On 5 March 2015, Kulim's 54.21%-owned subsidiary, Asia Economic Development Fund Limited (AEDFL) entered into a Share Sale Agreement (SSA) for the proposed acquisition of approximately 30% equity interest in Asia Logistics Council Sdn Bhd (ALC).

The exercise involved a proposed subscription by Kulim of USD13.55 million (approximately RM49.55 million) nominal value of five years Redeemable Non-Cumulative Convertible Preference Shares (RCPS) issued by AEDFL. A proposed financial assistance of up to an aggregated sum of USD25 million (approximately RM91.41 million) was also provided by AEDFL to ALC. AEDFL and ALC are involved in the development of the digital-based solution for global logistics business.

Meanwhile, there were two significant corporate developments took place in February 2016. On 10 February 2016, Kulim's 74%-owned subsidiary, PT Wisesa Inspirasi Nusantara (PT WIN) entered into four Conditional Share Purchase Agreements (CSPA) to acquire 95% equity interests in four mid-sized oil palm plantation companies, namely:

- PT Nusa Persada Indonesia (PT NPI)
- PT Surya Panen Subur (PT SPS)
- PT Tempirai Palm Resources (PT TPR); and
- PT Rambang Agro Jaya (PT RAJ)

The acquisition involved total cash consideration of approximately IDR1.64 trillion (approximately RM509.35 million). The acquisition will increase the total landbank of Kulim plantation in Indonesia from 40,645 hectares to 145,549 hectares.

As reported last year, Kulim's wholly-owned subsidiary, Kulim Energy Nusantara Sdn Bhd (KENSB) entered into a Conditional Shares Subscription and Purchase Agreement (CSSPA) for a 60% stake in PT Citra Sarana Energi (PT CSE). On 7 February 2016, owing to the prevailing lower prices of oil and natural gas, KENSB had entered into a Supplemental Agreement (SA) with PT CSE and its existing shareholders to modify the terms of the CSSPA.

As a result, the acquisition cost of PT CSE has now been revised to USD80 million (approximately RM344.08 million), which is 40% less than the original proposed investment of USD133.55 million (approximately RM462.68 million).

PRIVATISATION PROPOSAL

On 5 November 2015, the Board of Directors received a letter from Kulim's major shareholder, Johor Corporation; requesting Kulim to undertake a Selective Capital Reduction and Repayment (Proposed SCR) exercise for a proposed cash amount of RM4.10 per Kulim Share. The exercise will in effect result in the privatisation of Kulim and its delisting from Bursa Malaysia.

Post disposal of NBPOL, Kulim's plantation hectarage as well as the revenue will be significantly reduced. The Kulim Group had ventured into O&G exploration business in Indonesia but given the present volatility in oil prices, it may take a while for this new business segment to emerge as a significant contributor to the Group's earnings.

Having taken into consideration the best interests of shareholders, the Proposed SCR presents a good opportunity for Kulim's minority shareholders to realise cash for their investments at an attractive premium above the prevailing market price of Kulim shares.

KULIM BUSINESSES

At a meeting on 17 November 2015, the Board of Directors deliberated on the contents of the letter from Johor Corporation and decided to present the Proposed SCR to the shareholders of Kulim for their consideration at an Extraordinary General Meeting (EGM) held on 3 May 2016. Barring unforeseen circumstances, the Proposed SCR is expected to be completed by the third quarter of 2016.

AWARDS & ACCOLADES

Kulim's first Integrated Annual Report was acknowledged by several coveted awards. No stranger to the National Annual Corporate Report Awards 2015 or better known as NACRA, the Integrated Annual Report 2014 was awarded a Certificate of Merit and was also on the short list for the Best Sustainability Reporting for Annual Report by ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2015.

Kulim is equally humbled and excited as its reports were also accorded recognition regionally. Kulim's Integrated Annual Report 2014 was one of the finalists for Asia's Best Integrated Report by Asia Sustainability Reporting Awards (ASRA) 2015 whilst Kulim's Carbon Footprint Report 2014 was awarded the Highly Commended award for Asia's Best Carbon Disclosure.

SEGMENT HIGHLIGHTS

Plantation in Malaysia

During the year, Malaysian operations (Kulim and Johor Corporation) produced a total of 1,029,724.96 tonnes of Fresh Fruit Bunches (FFB), an increase of 6.24% compared to 969,235.25 tonnes produced in 2014. Correspondingly, Plantation Segment achieved a 1.22% increase in Yield per Hectare (YPH) to 22.39 tonnes from 22.12 tonnes recorded in the previous year. The FFB performance was superior compared to the average yield achieved by the industry in Johor as well as Peninsular Malaysia, which was 20.00 tonnes and 18.77 tonnes respectively.

40,645

hectares of new oil palm plantations in Muara Teweh, Central Kalimantan

Kulim continued to make headway in the replanting initiative to improve the age profile of Kulim's palms. Replanting of old palms with high yielding clones is undertaken on a staggered basis at approximately 3% of the total planted area annually. As a result, the age profile of Kulim's palms is at its best ever. Kulim's prime trees of between 9 and 18 years constitute around 44% of total planted area.

Meanwhile, one of Kulim's most important achievement was the efficiency of cost management which recorded FFB field cost of RM252 per tonne or 6.3% lower than the estimated budget of RM269 per tonne. This was the result of higher productivity and better FFB recovery.

Plantation in Indonesia

In Indonesia, guided by the Roundtable On Sustainable Palm Oil (RSPO) New Planting Procedures, Kulim Group is developing 40,645 hectares of new oil palm plantations in Muara Teweh, Central Kalimantan. As at year end 2015, about 307 hectares were planted with oil palms.

Furthermore, in February 2016, Kulim entered into four agreements for the purchase of additional plantations in Indonesia. With a total land area of 104,904 hectares, of which 82,785 hectares have been issued with *Hak Guna Usaha* (HGU) and 34,382 hectares planted, it will boost Kulim Group's total planted area by around 73%. The total mature area of the new landbank is only 11,953 hectares or around 15% of the total plantable area.

Intrapreneur Ventures (IV) Segment

In general, companies under Kulim Group's Intrapreneur Ventures (IV) showed improved results despite the challenging environment. Extreme Edge Sdn Bhd notably continued to show its resilience to register higher revenue and profit. Kulim is also proud of the work undertaken by Microwell Bio Solutions Sdn Bhd which became the first fertilizer company to earn a NanoVerified Certificate for its hose range of environmentally-friendly biotechnology-based fertilizers.

Oil & Gas (O&G) Segment

FY2015 was a good year for E.A.Technique (M) Berhad (EA Tech) and Danamin (M) Sdn Bhd (Danamin) in the O&G support services. In February 2015, EA Tech was awarded a USD191.8 million contract by Hess Exploration and Production Malaysia B.V. for the provision of Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) of a Floating Storage and Offloading (FSO) facility for Full Field Development project in the North Malay Basin. The project is expected to be completed in August 2016, succeeded by a two-year warranty.

KULIM BUSINESSES

Meanwhile, Danamin continued to consolidate its position to provide Non-Destructive Testing (NDT), Quality Assurance, Integrity Management and Inspection services to the O&G industry in Malaysia and global markets.

In Indonesia, Kulim Group is involved in the exploration and production of O&G under a production sharing contract for the South West Bukit Barisan (SWBB) Block located onshore West Sumatera Province. Upon completion of the acquisition which is targeted in mid-2016, SWBB would further obtain the Plan of Development (POD) from *Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak & Gas Bumi* (SKK MIGAS) targeted in the fourth quarter of 2016 to work for commercialisation of production. Depending on its commercial viability, production is targeted to begin in 2017.

Agrofood Business

Kulim has also taken steps to consolidate and grow its agrofood business in 2015, focusing on large-scale cattle rearing and pineapple planting businesses. As at end-2015, Kulim had a total cattle population of 7,452 heads, an increase of 8.49% from the previous year.

Kulim is also one of the biggest producers of fresh pineapples in Malaysia for local as well as export markets in the Middle East, East Asia and Singapore. Kulim is also planning to expand its pineapple areas from the current 298 hectares to about 1,000 hectares by 2019. Apart from fresh fruits, Kulim also produces pineapple-based products such as tarts, jam, frozen yogurt and drinks under the brand of "Melita".

OUTLOOK AND PROSPECTS

In Kulim's core plantation business, the worst El Nino phenomenon in two decades is an encouraging factor for palm oil. The dry weather is limiting CPO supply and this is anticipated to mop-up palm oil inventories.

Indonesia is also encouraging biodiesel usage via mandatory B15 programme launched in 2015 and together with the El Nino effect, it has the potential to drive prices up in 2016 to trade as high as USD700 per tonne. (Source: Palm Oil Facing 'Powerful Cocktail' of El Nino, Fuel Demand, Crude Palm Oil Prices To Go Up Mid-2016).

The performance of the core plantation business will remain very much dependent on the price movements of palm oil products. It will also be affected by the rising costs, including those of labour, fertilizer, fuel and chemicals. With the price of CPO expected to trade within a range of RM2,000 to RM2,300 per tonne in 2016, Kulim can expect to reprise 2015 performance in the coming year.

Kulim Group's O&G business segment will see another challenging year, with the Ringgit weakening against the US Dollar and with prices of crude oil extending its decline. Oil prices recorded a second year of steep losses in 2015, with the Brent Crude Benchmark closing the year at USD36.66 per barrel. The immediate outlook for oil prices remains bleak, with the International Energy Agency (IEA) predicting that oil prices will take five years to recover to around USD80 a barrel. (Source: Oil Prices Will take 5 Years to Recover – IEA, 10 November 2015).

Expansion of Pineapple Areas
1,000
hectares by 2019

SPECIALIST HEALTHCARE BUSINESSES

KPJ Healthcare Berhad (KPJ) maintained its standing as the largest provider of private healthcare services in Malaysia with 25 hospitals located nationwide.

The year 2015 was a challenging one for KPJ, due to softened market sentiments. This scenario adversely impacted the private healthcare industry, as was evident in the slight decline of market demands.

The year under review saw KPJ recording an increase of 7.9% in revenue, from RM2.64 billion in 2014 to RM2.85 billion in 2015. Profit before tax and zakat (PBZT) however, declined 3.8% from RM218.1 million in 2014, to RM209.6 million in 2015. This is after taking consideration the charge for the Employee Share Option Scheme (ESOS) which reached RM46 million.

Outpatient numbers for the period showed a decline of 2.3%, from 2,533,882 in 2014 to 2,476,297 patients in 2015. Hospital admissions showed a 0.03% improvement, from 280,648 to 280,736 patients.

Although the market is subdued at the moment, KPJ maintains its long term goals. Focused on the goal of ensuring the sustainability of returns, the Group is strengthening its efforts to serve all stakeholders, especially its patients.

The management had undertaken strategic efforts to strengthen its strategies, and one of the major thrusts in moving forward is the building and acquisition of more hospitals. KPJ Pahang and KPJ Perlis Specialist Hospitals are targeted to be opened in 2016. This achievement serves to further substantiate the Group's plans to build another seven new hospitals, bringing the total bed capacity to almost 5,000.

KPJ is also relocating the operations of its hospitals which have reached their maximum capacities at present. In 2015, the Yang di-Pertua Negeri Sarawak, Tun Pehin Sri Abdul Taib Mahmud, officiated the Groundbreaking Ceremony of the new KPJ Kuching Specialist Hospital which is expected to cost more than RM130 million. The hospital is anticipated to have more than 200 beds and will offer a wide range of modern services to the population of Bumi Kenyalang as well as health tourists.

KPJ is also in the midst of planning the KPJ Nilai Specialist Hospital which will be a 'Teaching Hospital' synergistic with the KPJ Healthcare University College (KPJUC) in Nilai. This project, which costs RM87 million will have a capacity of 250 beds and is set to open at the end of 2018. KPJUC currently offers a diverse range of accredited programmes including one PhD programme, 10 Master Programmes, six Bachelor programmes and six Diploma programmes. In addition, with KPJ's support, KPJUC is able to offer scholarships to attract more students to choose healthcare services for their careers. Driven by the aspiration of "Each Family Needs a Healthcare Expert", KPJUC emphasises on the importance of healthcare knowledge in every family and community.

In 2015, KPJ also officially launched the KPJ Tawakkal Health Centre (THC), an ambulatory care centre which offers outpatient treatment namely a senior living care centre, an eye specialist centre and a rehabilitation centre. The launch of this ambulatory centre has put KPJ's name at centre stage as a provider of a comprehensive range of healthcare-related services.

SPECIALIST HEALTHCARE BUSINESSES

In October the same year, KPJ celebrated World Sight Day (WSD) with a special programme to help underprivileged elderly cataract patients. This programme kicked off the month-long Group Eye Health Campaign which was carried out in all KPJ Hospitals from 19 October to 19 November 2015.

KPJ also brought in new medical technologies which benefited the nation, such as the AMIS method (Anterior Minimally Invasive Surgery) for orthopaedic surgeries in KPJ Tawakkal Specialist Hospital. In addition, KPJ is now able to offer new high-end technology in its southern region hospitals with the introduction of the PET/CT Scan facility located at its Molecular Imaging Centre.

Technology is a key driver of excellence at KPJ. As technological advancements change consumer preferences and the way it operates, KPJ continues to be at the forefront of medical technology and innovation in the country as it seeks new avenues to build shareholder value. The adoption of cloud computing provides an improved and agile service to its doctors in assessing patient information in real-time to ensure that hospitals deliver a seamless service. Starting with seven hospitals having Cloud platform in 2013, the number has been increased to 19 hospitals. To optimise the handling of patients' records and to increase hospital efficiency, KPJ introduced and developed an internal Electronic Medical Record (EMR) system which is part of its KPJ Clinical Information System (KCIS). The KCIS, in turn, is primarily used for clinical care delivery; allowing doctors to access cases off-site to further enhance its service delivery.

KPJ is also proactive in developing, nurturing and training more than 12,000 staff members to ensure that they consistently achieve their highest potential. It is through the implementation of the said strategies that has led KPJ Healthcare Berhad to emerge as the Grand Winner under Employer of Choice category of the Malaysia HR Awards in 2015, surpassing more than 100 companies vying for the same award. KPJ was also a finalist in the Life at Work Award 2015 hosted by TalentCorp.

KPJ hospitals also won national and international accolades. KPJ Ipoh Specialist Hospital was crowned as the recipient of the Anugerah Kecemerlangan Industri (AKI), and subsequently accorded the Global Performance Excellence Award (Best in Class) in Shanghai, China. In addition, KPJ was acknowledged by Frost & Sullivan as the 'Hospital of the Year' as part of the Frost & Sullivan Malaysia Excellence Awards for Malaysia.

The recognition and acknowledgment at the international level is a key motivational factor for KPJ. The Group is constantly promoting its brand on the international arena.

With its international presence of two KPJ hospitals in Jakarta, Indonesia; one in Bangkok, Thailand; and another in Dhaka, Bangladesh; KPJ aggressively markets to health tourists from the South East Asian region, Middle East, Africa, Australasia, Europe and the former states of the Russian Federation.

Klinik Waqaf An-Nur (KWAN) is KPJ's main corporate responsibility undertaking. Since inception until December 2015, the KWAN network – which has 22 clinics nationwide and a Waqaf Hospital in Johor - has treated up to 1,138,146 patients of which 8% or 87,874 are non-Muslims. Several of the KWAN clinics have been accorded Malaysian Society for Quallity in Health (MSQH) accreditation status thereby acknowledging its quality standards based on KPJ's core values of Safety, Courtesy, Integrity, Professionalism and Continuous Improvement.

FOOD & RESTAURANT SERVICES BUSINESS

Total revenue for the year increased to RM4.06 billion, up 3.8% on the RM3.91 billion achieved in 2014. In 2015, revenue of all restaurants within the Group climbed 6.1% to RM3.43 billion. Revenue (including intercompany sales) at the Group's Integrated Poultry segment dropped to RM1.54 billion, 3.6% lower as compared to 2014.

FOOD & RESTAURANT

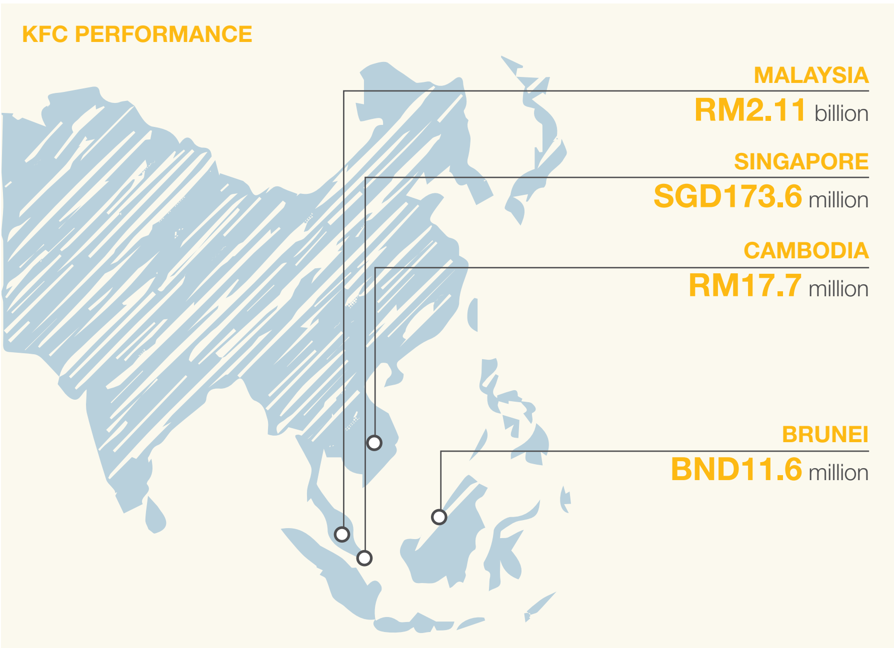
As at 31 December 2015, the total number of Food and Restaurant outlets grew further. The total outlets operating under the Pizza Hut and KFC brands have grown by 2% to a total of 1,197 units from 1,173 in 2014.

Pizza Hut and Pizza Hut Delivery outlets grew by 7.7% to 449 units; and KFC outlets reduced by 1.1% to 748 units due to the disposal of KFC India in December 2015. Pizza Hut and KFC currently operate across four countries in Asia namely Malaysia, Singapore, Brunei and Cambodia.

RM 4.06 BILLION
REVENUE
Food & Restaurant Business (2015)

RM 3.43 BILLION
REVENUE
All Restaurants within the Group (2015)

FOOD & RESTAURANT SERVICES BUSINESS



Despite higher revenue at the Food and Restaurant Division by 6.1% to RM3.43 billion in 2015, the aggregate profit before tax has declined by 9.6% to RM167.7 million against the previous year of RM185.6 million due to Yum! penalty, I-Reit rental and amortisation of upfront fee offset by gain on disposal of properties to I-Reit. Excluding KFC India, revenue increased by 6.5% to RM3.39 billion while profit before tax reduced by 11.1% to RM206.2 million in 2015.

KFC

KFC Malaysia

In 2015, KFC Malaysia's revenue jumped to RM2.11 billion, 7.2% up on the RM1.97 billion recorded the year before. Reflecting the commitment to provide customers with a fresh and inviting dining ambience, the Group renovated 88 restaurants during the year. 38 new outlets against eight closures expanded the network's reach further, and KFC aimed to better accommodate the needs of busy customers by increasing the number of outlets offering drive-thru service.

2015 also marks a year of great achievement for KFC Malaysia as they were awarded "The People's Choice Award – Gold" for the Restaurants & Fast Food Outlets category at the prestigious Putra Brand Awards 2015 Gala Dinner. This would be the first Gold Award for KFC Malaysia in the category. KFC Malaysia was also awarded with the "Brand Excellence in Quick Service Restaurant – Fried Chicken", at The BrandLaureate Special Edition World Awards 2015 on 11 August 2015 organised by the Asia Pacific Brands Foundation (APBF) – the World's only brands & branding foundation.

FOOD & RESTAURANT SERVICES BUSINESS

However, the achievements do not end there. In October 2015, KFC Malaysia also created history where a team led by Shahinazni Binti Ahmad won five awards at the Yum! Brands, Inc. (Yum!) Regional Champs Challenge (RCC) 2015 in Manila, Philippines. The team won the best CHAMPS Cheer Award as well as four other individual awards that included the Best Manager Award, Best Cashier Award and Best Supply Base Award. The awards were presented during the RCC Gala Night at the Novotel Hotel Grand Ballroom at Araneta Centre, Manila.

In April 2015, KFC Delivery Malaysia introduced its online delivery portal ***www.kfcdelivery.com.my*** to provide a more convenient and easier way for customers to enjoy KFC anywhere, anytime. Eco-friendly electric scooters were adopted for its delivery service ensuring that customers receive hot and fresh meal while reducing its carbon footprint. KFC Delivery will continue to expand and plan towards a wider coverage area in the near future.

Continuing its efforts to give back to *Mother Nature*, KFC Malaysia launched its first eco-friendly restaurant in Malaysia located at Bandar Baru Nilai, Negeri Sembilan in June 2015. The 24-hour KFC Nilai Square Drive-Thru outlet is the first certified Green restaurant in Malaysia. It is certified with three Green Certifications: Gold – Green Building Index Sdn Bhd (Malaysia), Platinum – BCA Green Mark (Singapore) and Gold – LEED (USA).

With 636 restaurants in total – 527 in Peninsular Malaysia and 109 in East Malaysia – the Group has once again retained its market dominance, and KFC remains as Malaysia's largest restaurant chain. Another 37 new restaurants are lined up for operation in 2016.

KFC Singapore
In 2015, KFC Singapore continues to bring exciting innovations to delight Singapore consumers. *Curry Rice Bucket* and *Red Hot Chicken* were two successful innovations that won the love of spice lovers whilst the KFC *Sauced Wings* and *Portable Wraps (Banditos)* attracted the younger users. To address the growing health conscious segment, non-fried alternatives such as the *Ceasar Roast Burger* and *Roast Chicken Salad* were added onto the menu in the 3rd quarter of the year to offer more choices. As part of its value strategy, a permanent *Everyday $5 Meal* was introduced to position KFC as an affordable choice for regular meals and value promotions such as *SoGood $5 meal*, *Cheesy Crunch Fill Up Box* and couponing were deployed to drive tactical value. The year 2015 ended with 83 stores in which there were six new openings, four relocations and eight closures. Sales were 1% above 2014 at SGD173.6 million, an increase of SGD1.7 million.

KFC Brunei
There weren't any new outlets opened for KFC Brunei during 2015. However, an outlet was relocated from SPARK to Tutong DT. Thus, the number of outlets remains at 16 restaurants. Total revenue slightly reduced by 2.6% to $11.6 million, a decrease of $0.3 million.

KFC Cambodia
KFC Cambodia recorded total sales of RM17.7 million in 2015 which was an increase over 2014 by 26%. The increase was generated from non-full year store performance as well as the opening of KFC Sihanoukville which contributed 19.8% net profit within the first month of operations. Lower food costs and manageable wastage helped gross margin to improve by 3.3% from 54.8% to 58.1%. In total, one new store was built in 2015 in the beach town province and performance of the outlet is very encouraging. KFC Cambodia ended the year with a total of 13 restaurants.

PIZZA HUT MALAYSIA

Sales Revenue
RM479.3 million
Total Restaurants
378

PIZZA HUT
Pizza Hut Malaysia
Pizza Hut Malaysia's sales revenue experienced a slight decrease by 1.1% to register RM479.3 million in 2015 against RM484.4 million in 2014. However, Pizza Hut shows much promise in gaining further profit through many exciting promotions lined up for 2016.

In 2015, Pizza Hut launched eight major promotions with new products tied to the festive periods. In August, Pizza Hut Malaysia, committed to being at the top of their game as the pizza place of choice, pledged to serve the new and improved Pan Pizzas with a satisfaction guaranteed promise. The Pan Pizzas are guaranteed to be freshly prepared with only the best quality ingredients and great taste. Hence, if customers are not satisfied with the taste, Pizza Hut would gladly replace it with another for free.

Pizza Hut Malaysia also received the Development Excellence Award from Yum! Brands, Inc. for aggressively expanding the Pizza Hut delivery growth year after year, building a staggering 30 units in 2014. Pizza Hut continues to drive their penetration and accessibility to customers, ensuring it remains the brand of choice for pizza delivery.

Pizza Hut Malaysia ended 2015 with 378 outlets. A total of 31 new outlets were opened with eight closures. 46 outlets underwent image enhancement during the year. Out of the 31 outlets opened in 2015, 17 outlets were delivery stores. For the year 2016, Pizza Hut plans to open another 23 outlets of which eight will be dine-in restaurants while 15 others are Pizza Hut Express outlets that will add to their growing number of stores.

FOOD & RESTAURANT SERVICES BUSINESS

PIZZA HUT SINGAPORE

Sales Revenue
SGD93.9 million

Total Restaurants
71

Pizza Hut Singapore

In 2015, Pizza Hut created successful pizza innovations with the launch of *Chessy Blossom* for Chinese New Year, *Laksa Super Pan* to commemorate Singapore's 50th birthday and *The Star Pizza* for Christmas. As a continuous effort to provide guests with more choices and reinforce its Pizza & More positioning, the *Dine-In à la carte* and set menus were revamped. Ongoing upgrades were also made to restaurant interiors to enhance dining experience while tablet ordering was introduced to provide guests with faster service. For Pizza Hut Delivery, the value-for-money *Triple Treat Box* was introduced in the 4th quarter of the year as an addition to the *Box Layer*. Pizza Hut Singapore drove reliability and improved speed of service by adding more delivery distribution points and stepping up rider recruitment & retention. Pizza Hut Singapore also continued to improve accessibility by expanding Pizza Hut Express to target on-the-go consumers and launched a new breakfast menu to capture the working professionals in the Central Business District.

Sales were 1.7% above 2014 at SGD 93.9 million, an increase of SGD 1.5 million. Pizza Hut Singapore ended 2015 with 71 stores in which there were 10 new openings, one relocation and two closures.

INTEGRATED POULTRY OPERATIONS

The Integrated Poultry Operations segment saw sales in 2015 to be marginally similar to that of 2014. Revenue including intercompany sales decreased by 3.6% from 2014 to RM1.54 billion. Ayamas Food Corporation Sdn Bhd (AFCSB) processing plants reduced slightly as well by 1.9% compared to 2014.

QSR Trading Sdn Bhd

QSR Trading Sdn Bhd (formerly known as KFC Marketing Sdn Bhd) was established in 2001 as a sales, marketing and trading arm for QSR Brands and external markets, both domestically and internationally with a vision to be the preferred developer as well as distributor of superior quality halal brands. Despite the overall contraction in consumption in the local market, QSR Trading has managed to maintain its market share that was captured at RM336 million at the end of 2015. However, QSR Trading managed to improve on its budgeted EBITDA by 19% and 28% as compared to previous years.

The brands under the stable of QSR Trading include its core brands namely *Ayamas* and *Life*. It is also appointed for the distribution of international brands such as *Divella*, *Kewpie*, *Lactims* and *Belle*. 2015 saw QSR Trading being actively involved with the development of future brands in complimenting its existing range of halal foods. To this end, *Fatboi* and more have been created as the anchor brands for future products under the pipeline.

Feedmill Division

The Feedmill Division revenue for 2015 was RM225 million, up 2.7% from the previous year which was RM219 million. The total feed production however remained the same as 2014 at 134,000 metric tonnes.

Breeder Farms & Hatchery

Under the Group's Breeder Farm and Hatchery division, the breeder farms produce eggs which are sent to hatcheries to be hatched into Day-Old-Chicks (DOC). In 2015, the division produced 50 million DOCs compared to 51 million in 2014, a slight decrease of 2.7% in DOC output.

SALES PERFORMANCE 2015

QSR Trading Sdn Bhd
RM336 million

Feedmill Division
RM225 million

Sauce Manufacturing
RM127.5 million

ANCILLARY OPERATIONS

Sauce Manufacturing

Region Food Industries Sdn Bhd (RFI), which manufactures sauce both for the Group and external markets under the brand name 'Life' reported a sales growth of 5% from RM122 million to RM127.5 million in 2015. At RM110.98 million, internal sales accounted for 87% of the revenue. 48% of the total internal sales are through RFI local distributor, QSR Trading Sdn Bhd for local hypermarkets, wholesalers and retail market such as Tesco and Giant. Meanwhile, external domestic sales of RM0.63 million and export sales of RM15.93 million contributed 0.5% and 12.5% to the revenue respectively.

Bakery & Commissary

For 2015, Bakery Division recorded sales of RM 40.5 million or 6.85% decrease for KFC. The Commissary Division generated sales of RM 12.2 million (net of intra-company sales).

PROPERTY DIVISION

MIXED DEVELOPMENT

Johor Corporation Property Division is spearheaded by Johor Land Berhad (JLand) through residential and commercial development in building thriving communities and enriching lives in Johor since the last four decades. JLand's key achievement in developing and maintaining strong track record of building community is proven by its residential neighbourhoods in Pasir Gudang and currently the premier township in Bandar Dato' Onn in Johor Bahru.

JOHOR LAND BERHAD

The land bank of 1,214 hectares is strategically located in the heart of Iskandar Malaysia and provides added advantage and opportunity for JLand to become a premier real estate business player in Johor with huge potential when the land is fully developed within the next 10–15 years. The vast development of Iskandar Malaysia with their mega hub and service development centres including medical, finance and recreation services will transform Johor Bahru into a world-class city, which in turn will boost the property market in Johor particularly for residential properties.

PROPERTY DIVISION

JLAND PERFORMANCE 2015

Land Bank
1,214
hectares

Revenue
RM505
million

Profit Before Tax
RM163
million

Net Tangible Assets
RM1.145
billion

FINANCIAL PERFORMANCE

JLand achieved remarkable performance in 2015 compared to 2014, recorded revenue of RM505 million compared to RM413 million in the previous year. Profit before tax surged to RM163 million compared to RM117 million in 2014. JLand's performance is expected to improve in 2016, taking into consideration the completed projects as well as new projects that will be launched although the property market condition is expected to be more challenging in the years to come. JLand's balance sheet remains fundamentally strong as net tangible assets increased to RM1.145 billion in 2015 against RM1.015 billion recorded in the preceding year.

OPERATIONAL REVIEW

Bandar Dato' Onn

JLand has grown to be a dominant player in the property business in Johor. Its strategy in offering innovative and attractive products continues to hold the company in good stead. Bandar Dato' Onn is one of such offerings. Encompassing 612.69 hectares of freehold land, this premier development is easily accessible via a dedicated interchange to and from the North-South Expressway and located only 12 kilometers from the Johor Bahru City Centre. It has been planned as a self-contained township and a place for more than 90,000 residents to call home. The township is scheduled to be completed over a 10 to 15-year period and will feature approximately 17,200 residential and commercial properties with expected gross development value (GDV) of RM8 billion.

Bandar Dato 'Onn gained recognition as JLand received *Anugerah Pelaksanaan Inisiatif Kejiranan Hijau Melalui Pemakaian Green Building Index (GBI)* on January 2016 in conjuction with *Majlis Pelancaran Pelan Strategik 2016-2020* and *Majlis Apresiasi Majlis Bandaraya Johor Bahru*. In May 2015, JLand launched 359 units of double-storey terraced houses at Neighbourhood 15 with a GDV of RM215.6 million. JLand also launched 15 units of three-storey shop offices at Neighbourhood 15, Bandar Dato' Onn with a GDV of RM20.6 million. To date, a total of 2,040 residential and commercial units are completed in Bandar Dato' Onn while 475 units will be completed in 2016.

Bandar Dato' Onn is also equipped with strategic educational facility namely Fairview International School which commenced operation at a new premise in the middle of 2015. AEON shopping mall is also under rapid construction and expected to be completed by mid of 2017. The facilities will continue to sustain purchasers' interests towards the innovative products at Bandar Dato' Onn.

BANDAR DATO' ONN

612.69
hectares

90,000
Residents

17,200
Properties

Bandar Tiram

Bandar Tiram is another JLand's development landmark. Development of the 485.62-hectare Bandar Tiram Phase 1-5 will consist of 11,000 residential and commercial units. The entire project has a GDV of RM5 billion.

The first phase of the township will comprise a mixed development of about 1,574 residential and commercial units with a GDV of RM440 million. The entire Bandar Tiram is scheduled to be completed by 2030 and shall transform Ulu Tiram into a modern and thriving new township.

In 2015, a total of 233 residential units at Bandar Tiram was completed and handed over to purchasers. Until 2015, a total of 535 residential and commercial units at Bandar Tiram 1 were launched with a GDV of RM245 million. Bandar Tiram's interchange was also completed in 2015, providing direct accessibility to residents to Johor Bahru City Centre or Kota Tinggi as well as other various destinations via Senai-Desaru Expressway.

Taman Bukit Dahlia

Developed on a 168.75-hectare site at Pasir Gudang, Taman Bukit Dahlia is strategically located in Pasir Gudang municipality, one of Johor's growth corridors. This mixed development will house more than 3,800 units of terraced and semi-detached houses, bungalows and commercial complexes. The

PROPERTY DIVISION

project is expected to generate a GDV of RM990 million. In 2015, a total of 146 units of terraced houses was completed and 122 units handed over to purchasers. 48 units of semi-detached houses at Taman Bukit Dahlia and 63 units of terraced houses at Laman Kiara, Taman Air Biru have been completed and handed over to purchasers. GDV of this project is RM77 million.

Taman Damansara Aliff

Taman Damansara Aliff is developed on 90.29 hectares of land consisting of shop offices, apartment and well-structured innovative residences. The neighbourhood is strategically located and directly accessible via Perling-Pasir Gudang Highway and Jalan Tampoi. JLand through collaboration with Damansara Realty Berhad (DBhd) completed 121 units of double-storey terraced houses and developed a total of 42 units shop offices.

The Twin Residences

This is the first twin tower block apartment developed by JLand located along the Perling-Pasir Gudang Highway. The project offers two 14-storey apartment buildings consisting of 320 units with a GDV of RM126.3 million.

AFFORDABLE HOUSING DEVELOPMENT

Development of Low Cost and Affordable Houses

Although JLand's main focus is developing premier and high-end properties, JLand being the developmental arm for Johor Corporation is committed to fulfill the State Government's aspiration in providing affordable homes through *Dasar Perumahan Rakyat Johor* with the signing of a Memorandum of Agreement (MoA) between Johor Corporation and the Johor State Government in September 2013. JLand is committed to continue assisting the State Government to build 8,000 units of low cost and affordable houses spanned over an area of 68.79 hectares. The developments at Bandar Dato' Onn, Ulu Tiram, Larkin, Kempas and Majidee are scheduled to be fully completed by 2020.

By 2018, JLand will completely develop 3,634 units consisting of low cost and affordable houses in stages. The first low cost housing development is at Taman Seroja totalling 304 units consisting six blocks of flats. The project was completed in early 2015 on 3 hectares of land with development cost of RM34 million.

Each block has been awarded Certificate of Completion and Compliance (CCC) in April 2015. In 9 September 2015, YAB Dato' Mohamed Khaled bin Nordin, Chief Minister of Johor officiated the Handing Over Ceremony of Low Cost and Medium-Low Cost Units of Taman Seroja to 304 owners.

JLand will also develop 1,016 units of *Perumahan Komuniti Johor Jenis B* (PKJ B) at Bandar Dato' Onn scheduled to be completed by end 2016. The development adopt "Industrialised Building System" and has achieved 70% completion. At the same time 630 units of low and medium-low cost flats at Bandar Tiram are also under construction and scheduled to be completed by end 2016. JLand also plans to build 400 units of RMMJ at Bandar Baru Majidee and 500 units of PKJ A at Bandar Dato' Onn in July 2016. Other projects to be launched are Bandar Tiram Phase 3 (450 units), Kempas (360 units) and Larkin (364 units). The development will also provide various facilities including kindergartens, *surau*, community hall, stalls, parking spaces, management office and playground as well as public parks to cater for community needs.

PROPERTY DIVISION

DAMANSARA ASSETS SDN BHD

Damansara Assets Sdn Bhd (DASB) is a wholly-owned subsidiary of Johor Corporation focusing on commercial property management of shopping centres and office towers. To-date, DASB Group is managing 250,000 square metres of lettable area in Kuala Lumpur and Johor Bahru.

DASB via its subsidiary, Synergy Mall Management Sdn Bhd is managing four public listed commercial properties under Al-Salām REIT comprising KOMTAR JBCC, Menara KOMTAR, Community Hypermarket @mart Kempas and KFCH International College at Bandar Dato' Onn.

DASB is also managing its own properties namely Galleria@Kotaraya and Taman Dahlia Business Centre. In addition to that, the company is also managing properties owned by Johor Corporation Group such as Larkin Sentral under Larkin Sentral Properties Sdn Bhd, VSQ Tower 1 (Bukit Damansara Development Sdn Bhd), Menara JCorp (Johor Land Berhad), Menara 238 (KPJ Healthcare Berhad), Menara Ansar (Kulim (Malaysia) Berhad), Tanjung Leman Jetty and Tanjung Leman Beach Resort (Johor Corporation).

KOMTAR JBCC First Anniversary

KOMTAR JBCC celebrated its first anniversary on 1 August 2015 which was graced by YAM Tunku Tun Aminah Binti Sultan Ibrahim. The celebration kicked off with a fashion show followed by the launch ceremony of the anchor tenant, Metrojaya. The opening of Metrojaya increased the occupancy rate of KOMTAR JBCC to 90%. At the end of the year, there were 114 retailers trading at KOMTAR JBCC.

Signing of Facilitation Fund Agreement

KOMTAR JBCC will be conveniently equipped with public infrastructures such as KOMTAR-Persada Johor link-bridge in addition to the KOMTAR-City Square link-bridge, spiral ramp and LED public panel. The cost of the infrastructure is estimated at RM55 million and will be funded by Unit Kerjasama Awam Swasta (UKAS). On 9 February 2015, the signing ceremony of the Facilitation Fund Agreement between UKAS, Bank Pembangunan Malaysia Berhad (BPMB) and DASB was held at Blok Menara Usahawan, Putrajaya.

The Launch of Al-Salām REIT

The establishment of Al-Salām REIT managed by DASB's subsidiary, Damansara REIT Managers Sdn Berhad was approved by the Securities Commission (SC) on 18 February 2015. Subsequently, the Trust Deed was handed over to SC on 30 March 2015.

The signing ceremony of the agreement for the establishment of Al-Salām REIT was held on 8 April 2015 in Putrajaya followed by the prospectus launch for the Initial Public Offering (IPO) on 4 September 2015 in Kuala Lumpur.

The Al-Salām REIT offered RM252.36 million shares through the IPO listed on Bursa Malaysia on 29 September 2015. Commercial properties listed under Al-Salām REIT are KOMTAR JBCC, Menara KOMTAR, @mart Kempas, KFCH International College, KFC and Pizza Hut outlets as well as 5 KFC food processing plants.

Upgrading of Larkin Sentral

Customers' convenience and satisfaction are always the priority of the management. Therefore, Larkin Sentral completed the second phase of upgrading work for 88 bazaar lots at Market Building (Wing B) in December 2015 at a cost of RM2.3 million.

Handing Over of Kompleks Pusat Bandar Pasir Gudang Management

DASB handed over the management of Kompleks Pusat Bandar Pasir Gudang to Pasir Gudang Municipal Council in line with the expiry of the management agreement on 31 December 2015. Prior to the handing over, DASB had been managing the property for more than 30 years. An official handing over ceremony was held on 11 February 2016 at Hotel Selesa Pasir Gudang.

Purchase of Medical Suites

DASB via its wholly-owned subsidiary Bukit Damansara Development Sdn Bhd has entered into a Sale and Purchase Agreement with Coronade Properties Sdn Bhd on 19 November 2015 to purchase 11,613 square-metre of the Medical Suites, Tower 2 Coronation Square amounting to RM90 million.

Financial Performance 2015

DASB Group has recorded a significant increase in revenue by 142% i.e. from RM36.5 million in 2014 to RM86.8 million in 2015. The increase is mainly attributable to rental of retail and office spaces. Nevertheless, the Group's Profit Before Tax decreased by 26% i.e. from RM104.7 million in 2014 to RM75.3 million in 2015 due to reduction in fair value of the investment properties by 50% and decrease in other income by 17%.

At company level, DASB has also recorded an increase in revenue by 103% i.e. from RM29.9 million in 2014 to RM60.8 million in 2015. DASB's Profit Before Tax, however, has decreased by 69% from RM98.7 million in 2014 to RM30.8 million in 2015 due to reduction in the fair value of the investment properties by 67% and decrease in other income by 16%.

PROPERTY DIVISION

AL-‘AQAR HEALTHCARE REIT

INTRODUCTION

Al-‘Aqar Healthcare REIT was listed on the Main Board of Bursa Malaysia on 10 August 2006. Al-‘Aqar Healthcare REIT has set many milestones, amongst others, the world’s first listed Islamic REIT, Asia’s first Islamic Healthcare REIT and a benchmark for the development of Islamic REITs in Malaysia as well as in the region. As at 31 December 2015, Al-‘Aqar Healthcare REIT asset size stood at RM1.56 billion with a market capitalisation of RM1.02 billion.

Al-‘Aqar Healthcare REIT is supported by KPJ Healthcare Berhad – a leading private healthcare provider in Malaysia and ranked amongst the top 100 largest public companies listed on Bursa Malaysia. Al-‘Aqar Healthcare REIT is managed by Damansara REIT Managers Sdn Berhad (DRMSB or the Manager), a wholly-owned subsidiary of Johor Corporation with an initial portfolio of 6 assets and has since grown to 23 assets comprising of 19 hospitals and 4 healthcare related properties spanning across Malaysia and Australia.

Al-‘Aqar Healthcare REIT’s key investment objective is to provide unitholders with stable distributions per unit with the potential for sustainable long-term growth of such distributions and the Net Asset Value (NAV) per unit.

OPERATIONS REVIEW

Financial Review

For the financial year ended 31 December 2015, Al-‘Aqar Healthcare REIT recorded RM110.9 million and RM104.6 million of gross revenue and net property income, respectively representing an increase of 2.1% compared to RM108.6 million and RM102.4 million of revenue and net property income in 2014. The Fund’s net realised income grew 2.5% from RM59.6 million recorded in 2014 to RM61.1 million in 2015. The enhanced performance was substantially contributed by yearly increment of rental income.

GROSS REVENUE

2015
RM110.9 million

2014
RM108.6 million

NET PROPERTY

2015
RM104.6 million

2014
RM102.4 million

The Fund’s profit for FY2015 was RM72.7 million comprising realised profit RM61.1 million and unrealised profit of RM11.6 million. Realised profit for FY2015 grew by 2.5% against FY2014 of RM59.6 million, mainly due to the finance cost savings derived from capital management initiatives. The group registered a fair value gain of RM11.6 million for FY2015 compared to RM11.4 million for FY2014.

The Fund’s Management Expense Ratio (MER) of 0.35% (FY2014: 0.50%) is among the lowest in the M-REITs industry. Meanwhile, the group’s total income available for distribution for FY2015 reduced by 6.8% from RM59.9 million for FY2014 to RM55.8 million. Distribution yield increased from 5.7% to 6.1% along with the increase in price from RM1.38 as at 31 December 2014 to RM1.40 as at 31 December 2015. NAV per unit was RM1.21, an increase of 1.7% from FY2014 attributed by revaluation of the assets.

PROPERTY REVIEW

Acquisition

For year under review, Al-‘Aqar successfully completed its acquisition of KPJUC properties and SSH Land from KPJ. On 1st December 2015, Al-‘Aqar completed the acquisition of KPJUC properties for a total purchase consideration of RM77.8 million. The acquisition was funded by cash raised from private placement exercise and the deferred consideration unit. The acquisition of the two parcels of land measuring 72,188 sqm, included the new extension of KPJUC, a hostel block and two TNB sub-stations. The properties were leased to KPJ for 15 years (renewable every 3 years) with an option to extend for another 15 years. The acquisition of KPJUC Properties provides Al-‘Aqar with a long-term lease agreement with an option for renewal to ensure stable revenue streams to the Fund.

Al-‘Aqar also strengthened its assets in 2015 through the acquisition of SSH Land. Completed on 5 November 2015 at a purchase consideration of RM4.25 million, the acquisition of SSH Land was undertaken to facilitate the amalgamation of land with Al-‘Aqar existing property. The acquisition was fully funded by internal cash. Through this acquisition, Al-‘Aqar had an opportunity to enhance earnings which derived from the rental income. The SSH Land is expected to yield positive benefits to Al-‘Aqar over time in view of the strategic location of the SSH Land.

Disposal

Apart from the acquisition exercise, Al-‘Aqar also completed the disposal of its two properties in Indonesia, namely Rumah Sakit Medika Permata Hijau and Rumah Sakit Bumi Serpong Damai via the disposal of its entire equity interest in Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd (Crossborder Companies) to KPJ at a consideration of RM4.718 million. The disposal not only enabled Al-‘Aqar to unlock the value of its assets in Indonesia but also to provide an opportunity for Al-‘Aqar to realise its capital investment in both companies.

PROPERTY DIVISION

The proceeds from the sale of Crossborder Companies were allocated to redeem the loan of Jeta Gardens, Al-'Aqar's property in Australia, which in turn reduced Al-'Aqar's gearing level from 45.9% as at 31 December 2014 to 40.8% as at December 2015. The disposal of Crossborders Companies was completed on 16 December 2015.

Asset Enhancement Initiatives
Al-'Aqar Healthcare REIT undertook asset enhancement initiatives worth RM0.9 million during financial year ended 31 December 2015 which comprised total replacement of cooling tower, chiller and repainting of the building. The asset enhancement activities that are still ongoing in FY2016 are set out below:

Building	Project	Estimated Cost (RM)
Damai Specialist Hospital	Total replacement of 30 kVA Central UPS	80,000
KPJ Damansara Specialist Hospital	Installation of a hybrid condenser	370,000
KPJ Selangor Specialist Hospital	Total replacement of existing metal deck rooftop	170,000
KPJ Perdana Specialist Hospital	Total replacement of 1 unit service lift	200,000
KPJ Penang Specialist Hospital	External repainting	245,000
TOTAL		**1,065,000**

Lease Expiry Profile
The percentage of properties due for renewal is at a manageable level. Al-'Aqar has a well-spread lease expiry profile as shown in the following table:

Year	No. of Properties	% of Total Properties
2016	1	4.3%
2017	6	26.1%
2018	15	65.2%

Note: Excluding Selesa Tower as it's tenancy is on month-to-month basis

CAPITAL MANAGEMENT INITIATIVE

In maximising the return to stakeholders through the optimisation of the debt and equity balance, the Manager via its special purpose vehicle, Al-'Aqar Capital Sdn Bhd established a 15-year Islamic Medium Term Notes Sukuk Ijarah of up to RM1.0 billion in nominal value in FY2013. The successful issuance of RM655 million 5-Year Sukuk under Issue 1 was issued via the First Tranche of RM374 million and the Second Tranche of RM281 million. RAM Ratings has reaffirmed the respective AAA/Stable and AA2/Stable ratings of RM272 million Class A and RM55 million Class B Sukuk Ijarah, premised on the debt service coverage as well as loan-to-value ratios that commensurate with the respective ratings. The transaction's structural features, such as the Security Trustee's ability to manage and dispose off the Properties upon a Trigger Event, the provision of a 2-year tail period on asset disposal and stable lease payments from the hospitals continue to underpin the ratings. Leases that had been due for review in 2015 have had their rental rates revised for another 3–year term as provided under the 15-year lease agreements, whereby the lease payments will be revised every 3 years.

RAM highlights that the transaction is exposed to significant single-counterparty risk as all the operators of the Properties are subsidiaries of KPJ. Nonetheless, the KPJ's vested interests in the REIT and the strategic importance of the properties to KPJ operations provide a strong incentive to ensure the continued performance of the transaction.

Apart from that, the completion of the corporate exercises undertaken by Al-'Aqar in 2015 also contributed to reduce in gearing of Al-'Aqar from 45.9% as at 31 December 2014 to 40.8% as at 31 December 2015. Hence, this will enable Al-'Aqar to have additional capacity to borrow for new investment opportunity.

Equity from Placement
The Manager completed a placement exercise in November 2015 which raised approximately RM40 million to fund the acquisition of KPJUC and to defray related expenses. 32,000,000 new units were issued at an issue price of RM1.25 per unit, representing a 3.85% discount to the 5-day volume weighted average price of Al-'Aqar units of RM1.30 as at 2 November 2015. The new units were listed on the Main Market of Bursa Malaysia on 13 November 2015.

PROSPECT OF AL-'AQAR HEALTHCARE REIT

Events in 2015 such as impact of GST, Ringgit depreciation, property cooling measures, banks tightening measures coupled with global economic uncertainties have all played a part in influencing the market to what it is now. Given the expectation of challenging property market, lower yields are likely for M-REITs which have exposure in commercial and offices assets. Nonetheless, Al-'Aqar which is less dependent on the cyclical nature of property market will be able to withstand the uncertainties surrounding the industry.

The healthcare industry in Malaysia will continue to perform well supported by growing healthcare expenditure, rising medical insurance, aging population demographics and popularity of medical tourism. However, the growth is expected to be moderate in year 2016 given the higher cost of living and economic uncertainties in Malaysia.

It is targeted that in 2016, Al-'Aqar will be in the expansion mode again with the indication by KPJ to further inject its new hospitals and expansion projects at the existing hospitals into Al-'Aqar. After the absence of major acquisitions in recent years, the indication from KPJ to inject additional assets will augur well for the growth of Al-'Aqar.

Not to dependently rely on KPJ group, the Manager is also evaluating several business proposals from third party offering healthcare assets. The Manager is also looking for other healthcare related assets in the segment of pharmaceutical, wellness and bio medical, while aspiring to adopt balancing strategy between pipeline assets from KPJ and third party assets thus building its position as one of the specialised REITs in Malaysia.

PROPERTY DIVISION

AL-SALĀM REIT

INTRODUCTION

Al-Salām REIT is the most diversified Islamic REIT in Malaysia with assets strategically located in Johor Bahru City Centre as well as in major cities throughout Malaysia. Al-Salām REIT was listed on the Main Board of Bursa Malaysia on 29 September 2015. As at 31 December 2015, Al-Salām REIT asset size stood at RM949.7 million with a market capitalisation of RM539.4 million.

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

JCorp acts as a sponsor. Al-Salām REIT is also managed by DRMSB. Despite the challenging economic environment and softening property market, the Manager sees that there will always be opportunities during this adverse market condition thus presenting exciting growth prospects for Al-Salām REIT. The Manager will continuously grow Al-Salām REIT by leveraging on Johor Corporation Group assets as well as actively looking at third party yield accretive acquisitions.

BUSINESS REVIEW

Al-Salām REIT registered gross revenue of RM20.7 million for the financial period of 30 March 2015 (date of establishment) to 31 December 2015 as compared to RM26.5 million under the Estimate Period 2015 (as per Al-Salām REIT prospectus dated 4 September 2015) with a variance of approximately RM5.8 million or 22.0%.

Net property income was RM15.7 million against the Estimate Period 2015 of RM19.9 million, differed by 21.3% or RM4.2 million.

Retail segment is the key contributor, accounting for 48% and 39% of gross revenue and NPI respectively. As at 31 December 2015, KOMTAR JBCC recorded occupancy rate of 89% whilst @mart Kempas recorded occupancy rate of 95%.

The office segment contributed total revenue and NPI of 11% and 8%, respectively. During the financial period, Menara KOMTAR maintained its occupancy rate at 96%. Being occupied as the main office of JCorp, this would allow Menara KOMTAR to enjoy stable rental period in the long run.

The food & restaurant segment and non-food & restaurant segment witnessed a steady contribution of income due to its Triple Net Lease arrangement.

Total comprehensive income for FP2015 was RM14.8 million which include unrealised income of RM7.7 million contributed mainly by fair value gain on investment properties and realised income of RM7.1 million. Accordingly, the Fund has paid an income distribution of RM6.96 million equivalent to 1.20 sen per unit for FP2015 on 29 February 2016.

OPERATIONS REVIEW

Rental Renewals

During FP2015, a total of 12 tenancies representing 7.9% of the total Nett Lettable Area (NLA) of the retail and office portfolio renewed with a rental increase of 10% at @mart Kempas whilst no increase of rental rates for Menara KOMTAR.

Lease Expiry Profile

The portfolio has a well-spread lease expiry profile with expiring NLA of 1.3% (FY2016), 17.8% (FY2017), 1.8% (FY2018) and 79.1% (after FY2018). The majority of the tenancies are three-year tenancies with renewal option for another three-year term.

Trade Sector Analysis (Gross Rental Income)

The portfolio has a diversified tenant mix operating in different sectors. For the retail properties, the top five trade mix are departmental store (13.3%), fashion and accessories (37.8%), beauty and wellness (12.2%), food & beverage (14.1%) and fresh mart (4.5%). For the office properties, the sectors are state conglomerate (77%) and professional services (23%).

Top 10 Tenants

Al-Salām REIT has a diverse tenant mix comprising over 150 tenancies and two master leases. 10 anchor tenants contributed approximately 53% of total income.

CAPITAL MANAGEMENT

Al-Salām REIT secured the Commodity Murabahah Term Financing-i (CMTF-i) amounting to RM350 million from financiers to partly finance the acquisition of properties during the IPO stage. The successful financing facility was issued via the First Tranche of RM136 million on 6 May 2015 and the second Tranche of RM214 million on 29 September 2015. The CMTF-i profit is payable over a period of 60 months from the date of first disbursement with full repayment of principal sum on the 60th month. The effective financing rate for the CMTF-i will be based on cost of funds + 1.35% per annum for the first two (2) years and COF + 1.50% per annum from the third year onwards.

The gearing of Al-Salām REIT as at 31 December 2015 is 36%, leaving a debt headroom of approximately RM120 million to fund its capex plans and future acquisitions before reaching the statutory limit of 50%.

PROPERTY DIVISION

PROSPECT OF AL-SALĀM REIT

The existing portfolio of Al-Salām REIT has its own unique proposition, i.e. strategic location of the assets, diversified portfolio strategy with high occupancy rates and platform for future growth.

- KOMTAR JBCC - being the jewel on the crown, it is strategically located at the City Centre of Johor Bahru, just a walking distance from the Custom, Immigration and Quarantine Complex (CIQ). The strategic location offers immediate catchment of crowd from Singapore plus the weakening of the Ringgit has in fact encouraged more Singaporeans to shop in Johor Bahru and benefited business activities at KOMTAR JBCC.

- KOMTAR JBCC will also benefit from the completion of the ongoing development of the proposed grade A office tower and four (4) star hotel at KOMTAR JBCC by 2017 which are expected to drive further visitors' footfall to KOMTAR JBCC.

- The proposed upcoming Johor Bahru Rapid Transit System (RTS) link will further enhance the accessibility and connectivity for both KOMTAR JBCC and Menara KOMTAR. This should, in turn, translate into stronger bargaining power for rental reversion while eventually boost the capital values of both assets.

- The prospect of KOMTAR JBCC is further encouraged by the ongoing development under the Johor Bahru City Centre Transformation plan coupled with the adjacent proposed Ibrahim International Business District (IIBD) developed jointly by Johor Corporation together with other renowned developers.

- The relatively young KOMTAR JBCC should act as the growth driver for Al-Salām REIT. The mall is only two years old and has yet to go through rental reversion. The Manager believes that there are potential rooms for growth in rent as the mall's luxury and premium brand tenants have the ability to pay high rents as witnessed in the Johor Bahru City Centre.

- The QSR properties will provide strong earnings resilience, backed by long triple net lease arrangement. Such arrangement will help minimise Al-Salām REIT's exposure to the hikes in operating expenses required for the properties in the long run.

- QSR, @mart Kempas and KFCH International College are expected to provide stable earnings base whilst KOMTAR JBCC and Menara KOMTAR offer powerful catalysts in the growth of the lease due to their strategic location.

INDUSTRIAL DEVELOPMENT DIVISION

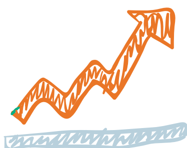
TPM TECHNOPARK SDN BHD

TPM Technopark Sdn Bhd (TTSB) is a wholly-owned subsidiary of Johor Corporation that provides project management for commercial and industrial developments and also acts as a marketing agent and project developer for industrial completes owned by Johor Corporation.

For the period ended 2015, TTSB managed to sell 75 hectares of Johor Corporation's industrial land with total value of RM285 million. The sales performance witnessed an increase of 27% compared to the same period in 2014.

INDUSTRIAL DEVELOPMENT DIVISION

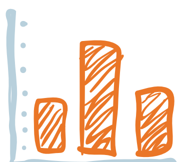
FINANCIAL PERFORMANCE



2015

Revenue
RM107
million

PBT
RM30
million



2014

Revenue
RM44
million

PBT
RM17
million

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015, TTSB and its Group of Companies recorded remarkable performance as compared to the previous year, with a revenue of RM107 million against RM44 million in 2014, while profit before tax surged to RM30 million against RM17 million in 2014. The increase in revenue of 91% is partly due to earthwork contract amounting to RM55 million awarded by Iskandar Regional Development Authority (IRDA) for Sedenak Industrial Park.

TTSB's balance sheet remains fundamentally strong as net tangible assets increased to RM112 million in 2015, against RM94 million as recorded in the preceding year.

Nevertheless, TTSB's financial performance is expected to improve in 2016 by taking into consideration the completed projects as well as new projects, although the industrial property market condition is expected to be more challenging in years to come.

MARKETING PROGRAMME

Upholding the role as Johor Corporation's marketing arm for industrial development, TTSB participates constantly in business trade missions to attract more investment from abroad and introduce Johor as an ideal location for investment. In 2015, TTSB took part actively in several trade missions organised by Malaysian Investment Development Authority (MIDA) as well as Johor State Government abroad namely Singapore, Indonesia, China, Korea, Japan and Italy.

TTSB in collaboration with Johor Corporation's Industrial Development Division also organised a Business Networking event which was attended by investors and related stakeholders who have significantly contributed to the industrial development in Johor; in addition to providing opportunities between the guests and Johor Corporation to interact and exchange information.

Project Management

TTSB also plays a vital role as a project manager whereas in 2015, TTSB managed several Johor Corporation Group's projects with total estimated value at RM339 million. Amongst major projects undertaken by TTSB including the development of Johor Military Forces (JMF) camp located at Jalan Datin Halimah, the construction of Kulim's Research and Development Centre (R&D) at Kota Tinggi and Capital Dredging of Berth 8 at Tanjung Langsat Port's Liquid Cargo Jetty.

In addition, TTSB also acted as the project manager for projects awarded by the Prime Minister's Department via State Development Office (SDO) of Johor. Throughout 2015, TTSB completed 13 mosques and 2 community halls with an estimate value of RM32.45 million and currently planning for another 12 projects which are in the planning stage valued at RM26.15 million.

As at 31 December 2015, TTSB successfully completed 26 projects comprising of 11 commercial and 15 industrial related projects valued at RM26 million and RM8 million respectively.

Construction of Ready Built Factories

TTSB is continuously developing business strategies that are capable to provide sustainable income through various avenues. One of the projects that are ready for sale is the Premium Corporate Premises which offer 14 units of ready built factories in Zone 12B Phase 2 at Pasir Gudang Industrial Area.

In furtherance to the above, TTSB through Johor Corporation also received a Federal Government's grant amounting to RM30 million for the development of ready built factories to cater for Bumiputera small and medium players located in the heart of Pasir Gudang Industrial Area. The project is anticipated to commence physical work in April 2016.

INDUSTRIAL DEVELOPMENT DIVISION

Development of Sedenak Industrial Park
A total area of 283 hectares within Johor Corporation's Sedenak Industrial Park has been earmarked to be developed as a Data Centre Park as announced by the Federal Government of Malaysia. Ultimately, this has put Johor on the map as the second data centre hub in Malaysia after Cyberjaya in the Klang Valley.

On 12 March 2015, the Customized Incentive Condition of Offer (CIC) agreement was mutually inked between the Federal Government and potential investors. Pursuant to this, the tri-partite Sales and Purchase Agreement of the land between Johor Corporation, IRDA and Federal Land Commissioner was also signed on 3 September 2015. Johor State Government has recently announced that the project is expected to launch by middle of 2016.

TTSB anticipates that this development will create a positive economic spill-over which will spur job creation and attract local as well as foreign talents to invest into the area.

FUTURE PROSPECT

According to the company's strategic plan 2016-2020, TTSB proposed to increase industrial land banks which may provide substantial income towards the company and Johor Corporation's coffer. This can be achieved through development of new industrial areas within the state of Johor namely in Muar, Pengerang and Sedenak while expanding the existing Tanjung Langsat Industrial Complex.

Assuming all the planned projects could be implemented successfully without major setbacks, TTSB anticipates to maintain its status as one of the main contributors of Johor Corporation's profit and cash as well as to strengthen its role in leading the industrial development in Johor.

TANJUNG LANGSAT DEVELOPMENT

INTRODUCTION

The global crisis in oil prices since late 2014 and throughout 2015 directly impacted Tanjung Langsat Port (TLP) performance as its core business is related to oil trading activity.

In 2015, petroleum cargo handling in TLP dropped by 24% to 8.4 million tonnes. However, TLP managed to increase its throughput of oil palm cargo to 0.7 million tonnes, an increase of 167% percent against 2014. Overall, TLP handled 9.0 million tonnes of liquid cargo which was 19% lower than 2014.

Dry cargo handling in 2015 was 0.21 million tonnes, a considerable drop of 37% compared to 2014. The decrease in dry cargo handling was due to:

- The lack of dry cargo-related business support activities for O&G resulting from the low global crude oil prices.
- The weaker commodity prices for iron ore.

However the decision by Petronas to continue the development of the Refinery and Petrochemical Integrated Project (RAPID) in Pengerang increased the use of the dry jetty in TLP as it becomes a logistics hub to handle the cargo for the development and construction work of RAPID.

HOLISTIC PLANNING AND STEPS TO INCREASE CARGO HANDLING

In ensuring the business competitiveness, dynamicity and efficiency of the port, TLP has invested substantially in the expansion and upgrading the port infrastructure to ensure the best services to the users. In 2015, among the facilities provided was the construction of Berth 8 and 9, a new infrastructure which was completed in 2014. For Berth 9, the commencement of its operation took place in December 2015.

Berth 9 has a water depth of 15 metres which allows ships with the capacity of over 110,000 dwt. The berth is also equipped with two units of Marine Loading Arm (MLA) for the purpose of handling liquid cargo more efficiently, quickly and safely. For Berth 8, the main dredging works are in progress and expected to complete in March 2016. When both berths are fully operational, it will increase the cargo handling capacity of 18 million tonnes of liquid to 23 million tonnes per year.

INDUSTRIAL DEVELOPMENT DIVISION

In addition, a major renowned oil trading company – Trafigura is expected to consolidate its cargo, thus will boost oil trading activity in TLP as its operational base.

TLP is also currently carrying out the dredging work to deepen the dry berth 6 and 7 to ensure operational competitiveness and efficiency. The dredging works are to deepen the water depth to 11 metres and expected to complete in April 2016. This will allow large-capacity vessels to berth at the dry jetties in TLP:

1) **POIC Development**
   The development of the Palm Oil Industrial Cluster (POIC) in Tanjung Langsat Industrial Complex (TLIC) involves an area of 110.8 hectares, of which 74.52 hectares or 67% were leased out to strategic investors. TLIC is financed through the Federal Government grants amounting to RM103 million for the provision of the facilities including the site preparation, road construction, pipe racks, office buildings and factories, biomass plant and tank farms.

   Consequently, TLP has the potential to become the delivery point or Port Tank Installation (PTI) to be recognized by Bursa Malaysia-Malaysia Derivative Exchange (MDEX) as a trading hub for palm oil.

2) **Regional Marine Base Supply & Logistics Hub**
   Langsat OSC Sdn Bhd (LOSC), a joint venture company between Johor Corporation's subsidiary and a subsidiary of Oilfields Supply Center Limited of Dubai has 17 units of manufacturing & warehousing facilities and is awaiting the approval from Customs Department to start their operation. This facility with overall investment cost of RM226 million has attracted a number of leading O&G companies which ought to transform this area as a Regional Marine Supply Base that is capable of providing support services for the upstream O&G activities.

   Langsat Marine Terminal (LMT) which is also a wholly-owned subsidiary of Johor Corporation has developed warehouses and logistics hub facilities. They include the Public Licensed Warehouse which will start its operation in 2016. The Public Bonded Warehouse provides 10,000 square meters sheltered storage facilities, 4 hectares open storage area and other facilities for the convenient and efficient warehousing of the users. A company based in Japan agreed to rent the whole covered warehouse for the next 10-year period to support the warehousing needs for the small and medium-sized Japanese companies operating in Malaysia. Furthermore, this whole area was leased out to several strategic logistic companies such as FGV Logistics, Tiong Nam Solution, Mamoet and local fabricator, Welfab Engineering.

   The warehousing, manufacturing and logistics facilities in both LOSC and LMT is expected to handle up to 500,000 MT of cargo, thus utilsation of the dry jetty will increase drastically when the related activities as operationalised.

3) **Integrated Logistics Hub**
   Johor Corporation will develop an integrated logistics hub in the TLP port area to provide infrastructure and conducive facilities as catalysts to boost the logistics activities. The land area of 75.27 hectares were identified and Johor State Government agreed to Johor Corporation's proposal to get approval from the Ministry of Finance for the Free Trade Zone (FCZ) status. The hub will increase the competitiveness and attract logistics service providers to operate in TLP. This development complements the business ecosystem and will strengthen the logistics and warehousing activities.

4) **Operation Of Tanjung Langsat Port Oil Terminal (TLPOT)**
   TLP received several investment proposals from oil trading companies to acquire the oil terminal. The investment, once implemented, is expected to increase the oil storage tank capacity from 100,000 m^3 to 250,000 m^3 in the near future.

   It is also expected that the throughput of the liquid cargo will increase in the range of 1.50 million tonnes per year and will generate additional revenue of RM10.0 million.

5) **New Investment**
   TLP continues to receive demands from investors to operate their businesses in the port area. To strengthen its capabilities, TLP collaborates with government agencies such as the Malaysian Investment Development Authority (MIDA), Johor State Investment Centre (JSIC), IRDA and Johor Petroleum Development Corporation (JPDC).

INDUSTRIAL DEVELOPMENT DIVISION

The collaboration has shown results when in 2015, TLP managed to attract three strategic investments from MSM Malaysia Holdings Bhd, Orgkhim BHC Management Company and Mastika Bulking Sdn Bhd involving the leasing of 26.25 hectares of land. The investment was approved by MIDA and will generate a total investment amounting to RM1.807 billion. The development process will be completed within the next two years and will be able to improve utilisation of services and cargo handling in TLP. The activities at the dry and liquid jetties are expected to generate additional income estimated not less than RM15 million a year.

	2013	2014	2015
No. of Investor	1	2	6
Hectarage	4 hectares	1.9 hectares	50.25 hectares
Sale/Lease Value	RM23.96 million	RM10.12 million	RM208.13 million
Investment Value	RM80 million	RM150 million	RM980 million
Job Creation	200	100	2,082

6) Development Of Fabrication Offshore Hub And Maritime (Zone 5)

Zone 5 Project Development with an area of 307.2 hectares is in progress according to its plan and expected to complete in 4 years' time. To date, there are two companies that are interested to invest in Zone 5 for the construction and maintenance of vessels, equipment fabrication for offshore oil exploration and production, maritime and oil rig maintenance.

Both companies intend to lease 80 hectares of land for this investment of more than RM1 billion and are capable of offering new job opportunities to the locals.

7) Johor Skills Development Centre (Johor Skills)

Johor Skills was established in 1993 with the objective to provide technical training and improve the skills of the workforce in the industry. The training center offers a variety of ongoing technical trainings and technologies programmes for industry workers, school leavers and graduates to improve their skills.

Programmes implemented by Johor Skills are recognised by various industries and government agencies, private sector and international professional bodies such as the Ministry of Finance, Economic Planning Unit, Ministry of Human Resources, SIRIM Berhad, American Petroleum Institute (API), The Welding Institute of UK and the Institute of Corrosion UK.

Johor Skills will act as an enabler for the supply of skilled workers thus complementing ecosystem created to boost and diversify high grade investments in Johor Corporation industrial development area.

PROSPECTS

For year 2016, TLP will be able to boost the palm oil trade with the completion and operational of the new tanks by Langsat Bulkers Sdn Bhd and Musim Mas which will subsequently make TLP becoming less dependent on petroleum oil trading.

TLP is confident to record a performance recovery by the second half of 2016. With the operation of TLPOT; investment such as MSM Malaysia Holdings Bhd and new projects such as Local Logistics Hub, Regional Marine Supply Base and public warehousing as well as logistics facilities developed by Langsat Marine Terminal (LMT), TLP's status as a viable private jetty operator in future will be enhanced.

RM1.8 billion

investment approved by MIDA

BUSINESS DEVELOPMENT DIVISION

Johor Corporation as a Johor State Economic Development Agency is given the important role of implementing and strengthening the state's entrepreneur development programmes. Johor Corporation's involvement is not limited to supporting the development of individuals as entrepreneurs yet creating business opportunities under the concept of Johor Corporation Community of Entreprises.

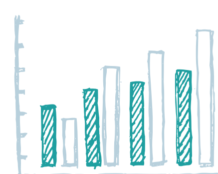
INTRAPRENEUR

Johor Corporation also plays the role of enhancing the capacity in terms of the provision of skills and knowledge management as well as providing premises and appropriate infrastructure for successful entrepreneur development in a holistic manner.

Until 31 December 2015, there were 36 companies positioned under Johor Corporation's Intrapreneur Scheme. Revenue for the year ended 31 December 2015 was recorded at RM417 million. Meanwhile, profit before taxation for the year ended 31 December 2015 showed an increase to RM10 million compared to RM6.04 million for the year ended 2014.

Eight companies registered profit before tax exceeding RM1 million. At the same time, continuous business monitoring of all subsidiaries is conducted by Johor Corporation especially through their respective holding companies in line with business synergies between the holding companies and the entrepreneurs.

INTRAPRENEUR COMPANIES



2015

Revenue
RM417
million

PBT
RM10
million

BUSINESS DEVELOPMENT DIVISION

MAJU started the Trans Johor Bus Services in Mersing with 2 buses on 15 June 2015 and on the same day, a Soft Launch was held, attended by EXCO of Mersing District Council, PAJ and the local community.

ENTREPRENEURS

As at the end of 31 December 2015, there were 19 entrepreneur companies under Kulim (Malaysia) Berhad; KPJ Healthcare Berhad (four); QSR Brands (M) Holdings Sdn Bhd (one); Waqaf An-Nur Corporation Berhad (two); KARA Holdings Sdn Bhd (one) and nine companies under Johor Corporation.

In tandem with government's aspiration, Johor Corporation strives to increase the number of entrepreneurs through *Program Membangunkan Usahawan Bumiputera*. One of the programmes are to develop Halal Supply Chain for Poultry Industry. The objectives of the programme are:-

- To create opportunities and accelerate Bumiputera involvement in poultry industry.
- To ensure competitiveness and sustainability of the poultry chain industry.
- To promote Malaysia as a halal hub for the supply of chicken products.

Through strategic collaboration with Unit Agenda Peneraju Bumiputera (TERAJU), Johor Corporation plays the role as trustee and project manager for TERAJU to distribute fund to Bumiputera entrepreneurs through *Musharakah* concept (revolving fund).

It will be developed in three phases starting from 2016 until 2018 involving 18 Bumiputera entrepreneurs comprising of 10 entrepreneurs in farming, one entrepreneur in feed production and livestock, one entrepreneur in chicken processing and six retail entrepreneurs of Ayamas Shoppe and Rasamas Restaurant. 3 million of birds will be produced by 2018 in estimation.

Entrepreneur development programme will be enhanced through Corporate Licensing Scheme. JCorp through its subsidiary company KARA Holdings Sdn Bhd offered opportunity for interested entrepreneurs to operate Kedai Ayamas. Until 31 December 2015, there are three outlets of Kedai Ayamas operated under Corporate Licensing Scheme located at Bukit Baru Melaka, Taman Melawati Kuala Lumpur and Shah Alam.

Syarikat Pengangkutan Maju Bhd (MAJU) was entrusted by the State Government to operate Trans Johor Bus Services Project in 6 districts in Johor namely Batu Pahat, Muar, Kluang, Mersing, Pontian and Kota Tinggi. This project ia a cooperation between Johor Public Transport Corporation (PAJ) and Johor Corporation whereby MAJU was engaged to operate the services.

Trans Johor Bus Services is an effort by the State Government to enhance the public bus services in Johor.

MAJU started the services in Mersing with 2 busses on 15 June 2015. In January 2016, the services are expected to commence in Batu Pahat (with four buses) and Pontian (two buses). The Trans Johor Bus Services is comfortable, safe and reliable. It also covers a wider area including bus terminals, hospitals, commercial centre and town area.

Strengthening of business through technological innovation becomes significant in this country due high demand of nanotechnology product in the global market.

Nanotechnology is used in various sectors such as agriculture, medicine and pharmaceuticals as well as food products. The achievement in innovation among Johor Corporation entrepreneurs was clearly proven by Microwell Bio Solutions Sdn Bhd which conducts agriculture and organic business when it gained Nano Verify Programme Certification in November 2015.

Nano Verify Programme is a joint collaboration programme between NanoMalaysia and SIRIM QAS International to facilitate a platform to build and gain a good perspective on Nanotechnology application for existing products in Malaysian market towards a higher level.

CORPORATE RESPONSIBILITY DIVISION

Corporate Responsibility (CR) is the third pillar of Johor Corporation. The duty is upheld by the Corporate Responsibility Division of Johor Corporation, which is operationalised via the Amal Business Department (ABD) and funded through the waqaf assets that are managed by Waqaf An-Nur Corporation Berhad (WANCorp).

ABD plays a significant role in coordinating, monitoring and carrying out the collective charity-based societies under the Amal Business Organisations (ABO), which are patronised by Johor Corporation. There are 24 ABO that are clustered into social development and public welfare; sports and recreation; entrepreneur development; as well as employee welfare.

24 ABO

Under the patronage of Johor Corporation

The CR of Johor Corporation in 2015 were implemented through various programmes that involved all groups of the society at grassroot level. The programmes that were conducted in 2015 include the following:

JDT FOOTBALL CLUB SPONSORSHIP

As part of its effort in supporting the spirit of sportsmanship among Johoreans, Johor Corporation has extended its sponsorship in Johor Darul Ta'zim Football Club (JDT) for the third consecutive year. The sponsorship is not merely due to the involvement of millions of football viewers and supporters, but also as a symbol of Johor Corporation's undivided support towards the Royal Patron of JDT, the DYAM Brigadier Jeneral Tunku Ismail Ibni Sultan Ibrahim, Tunku Mahkota Johor. The sponsorship is utilised to develop the football arena in Johor, as well as to fortify the JDT team in uplifting the state to the international level. The aspiration was realised upon the success of JDT in winning the Asian Football Cup on 29 October 2015, as a result of the strong support by JDT fans towards the 'Southern Tigers'.

SEMARAK JAWI™

Semarak Jawi is an innovative CR programme that aims to preserve the heritage by way of promoting Jawi script reading and writing culture among the younger generation. Through WANCorp and ABO's collaboration with *Utusan Malaysia*, Johor Corporation has initiated the publication of a Jawi newspaper i.e. *Utusan Melayu Mingguan* on 16 February 2015. Throughout a period of one year, a total of 500,000 *Utusan Melayu Mingguan* newspapers were distributed on weekly basis to selected schools and government agencies in Johor. Subsequent to the year-long sponsorship, series of six Semarak Jawi events were conducted in Johor to promote the appreciation of Jawi literatures through interactive, fun and educational activities.

The activities included *Jelajah Jawi, Coretan Jawi* and *Khat* Competitions, which involved a total of 975 students and teachers from 153 schools from 10 districts in Johor.

CORPORATE RESPONSIBILITY DIVISION

JALINAN UKHUWAH™

Jalinan Ukhuwah served as a platform for the management and employees of Johor Corporation to interact directly with the public, including the leaders of the community, with the aim to foster ties between Johor Corporation and the society. In 2015, more than 1,000 congregational members from selected locations in Johor were engaged through Jalinan Ukhwah. Community services, free health screening, mosque and charity activities were carried out by Waqaf Brigade as well as representatives from the Corporate Responsibility Division and Strategic Communications Department. The programme received positive response from the leaders of society in Johor.

In view of its effectiveness, *Jalinan Ukhuwah* was registered under MyIPO as an intellectual property of Johor Corporation on 4 September 2015.

HOSPITAL AND KWAN

Since the launch in 1998, Johor Corporation has to date developed a total of 22 Waqaf An-Nur Clinics (KWAN) throughout Malaysia and one Waqaf An-Nur Hospital in Pasir Gudang, Johor. The outpatient treatment in KWAN is offered to all levels of the society with a minimum fee of only RM5.

As at December 2015, a total of 1,138,146 treatments were carried out through KWANs including 87,874 treatments to non-Muslims. The chain of KWANs is also equipped with 66 dialysis machines, a commendable increase from 54 machines in 2014. The machines benefited a total of 280 kidney patients.

JSA AND MSA

As part of its initiative under the sports and recreational cluster, Johor Corporation pioneered sailing activities through its involvement in Johor Sailing Association (JSA) and Malaysia Sailing Association (MSA). The societies are led by YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive of Johor Corporation, who are also the president for both associations.

In promoting the sport, the annual KFC-FELDA Johor Open 2015 was held at Tanjung Leman Beach, Mersing from 17 to 20 September 2015. While the event attracted new local participations, it also helped to promote Tanjung Leman as a preferred tourism destination and water sports hub of Johor.

Additionally, in collaboration with the International Sailing Federation (ISAF), MSA has successfully organised the ISAF 2015 Youth Sailing World Championship in Langkawi, Kedah from 27 December 2015 to 3rd January 2016. A total of 424 young sailors from 76 nations registered in the tournament which marked the highest participation in the 45 years of ISAF history. The success of MSA in organising the international event was recognised as one of the best of its class by World Sailing.

The efforts by the two sailing associations in developing the Malaysian sailing scene at the international level paid off as proven in the recent 28 SEA Games in Singapore whereby the Malaysian sailing team contributed the most number of medals with 7 gold, 5 silver and 2 bronze.

TUITION PROJECT

benefited

1,500

underprivileged and orphans

TUITION PROJECT

In collaboration with the Education Department of Johor, the Tuition Project was conducted in 22 moderate-performing schools in the rural areas. Since its introduction in 2012, the programme benefited more than 1,500 underprivileged and orphans. As a result of the programme, the Primary School Assessment Test (UPSR) results were improved by 34%, whereby 137 students achieved more than 2As, as compared to 108 students in 2014. The project is supported by the companies within Johor Corporation Group, namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Johor Land Berhad and QSR Brands (M) Holdings Sdn Bhd.

JOHOR MOTOR CLUB

Johor Motor Club is among the active groups under the Automobile Association of Malaysia (AAM) which organised various motorsport events including Johor Clubman Race, Johor Sprint Challenge, Saturday Nite Sprint, Petronas AAM Malaysian Cub Prix Championship and the Motorcross Championship. In 2015, Johor Motor Club was entrusted to organise the Motorcross Championship in Bandar Tiram, Johor Bahru, The biannual event took place on 17 May 2015 and 29th November 2015. The race also received sponsorship from Johor Land Berhad.

CORPORATE RESPONSIBILITY DIVISION

MUTIARA JOHOR CORPORATION

Mutiara Johor Corporation (Mutiara) was established to support the welfare of its members consisting of Johor Corporation female employees and the spouses of Johor Corporation male employees. Its activities include religious, social, educational, welfare and sports programmes.

In line with Johor Corporation's effort in promoting a healthy lifestyle, Mutiara has conducted various Health Seminars, Zumbarobik and Aquarobik throughout 2015.

In collaboration with Damansara Assets Sdn Bhd and Angry Birds Activity Park, Mutiara also organised *Kasih Disayang*, an engagement programme with children from selected charity homes and schools.

BISTARI ENTREPRENEURIAL PROGRAMME

A total of 1,500 students from 70 secondary schools and 1,000 students from 100 primary schools in Johor were involved in the BISTARI Entrepreneurial Programme in 2015.

Since its introduction in 2005, a total of 20,725 secondary school students have benefited from the Tunas BISTARI programme. Meanwhile, the Didik BISTARI programme saw an increase in participation which involved a total of 9,410 pupils.

The initiative to nurture entrepreneurial spirit among the youth was also extended to the students of higher education institutions through Siswa BISTARI programme, whereby a total of 26 companies were incorporated in UiTM Johor since 2004.

TIJARAH RAMADHAN FUND

The Tijarah Ramadhan Fund is an initiative by Johor Corporation in providing financial aid for the purposes of medical treatment, natural disaster relief and charity in general.

20,725

students participated in the Bistari Programme

Since its introduction in 2005, the fund received more than RM3 million through contributions from various corporate entities and individuals via SMS, cash deposit and cheque from all over the country.

The funds were channelled to the deserving beneficiaries throughout the nation. This included a total of RM400,000 donated throughout 2015.

In the same year, the fund received a total of RM336,000 from the companies within Johor Corporation, RM20,735 from public donations; RM3,567 from bank *hibah* and RM19,147 from Johor Corporation employees.

BRIGED WAQAF™

Briged Waqaf is a volunteer group of which its members are formed among Johor Corporation and its Group of companies' employees.

They are actively involved in providing humanitarian aids and conducting social programmes.

In 2015, three Humanitarian Aid Missions were launched whereby members of Briged Waqaf were deployed to help the victims of flood disaster in the East Coast of Peninsular Malaysia.

In order to uplift the competency of its members, a three-day Disaster Relief Management and Emergency Aid training was conducted by Kompeni Khalid Al-Walid on 9 May 2015 at Tunjuk Laut Beach Resort, Tanjung Leman, Mersing.

WAQAF DANA NIAGA

Waqaf Dana Niaga is an initiative to provide zero-interest capital (*Al-Qardhul Hasan*) to small-scale entrepreneurs to start up or grow their businesses. The initiative is aimed at promoting Islamic finance and drive the economic growth of Muslim entrepreneurs. In 2015, a total of RM615,800 were distributed to 319 recipients.

CHAIN OF AN-NUR MOSQUES

Throughout 2015, WANCorp managed a total of six mosques situated in various locations in Johor Bahru namely Kotaraya, Larkin Sentral, Pasir Gudang, Pasir Gudang Complex and Taman Cendana. The latest addition – Masjid Sultan Iskandar Bandar Dato' Onn is the biggest mosque under the management of WANCorp, which can accommodate more than 4,600 people at a time.

HUMAN CAPITAL

Johor Corporation's human capital development aspect is quite challenging for the year 2015. Notwithstanding, Johor Corporation remains committed in maintaining conducive work environment while producing excellent and highly motivated employees.

Among Johor Corporation's tradition is the coordination of *Perhimpunan Dialog dan Amanat* (PEDOMAN) since 1985. It is a two-way information-sharing platform between the Management and employees. Johor Corporation PEDOMAN 2015 was held on 15 January while the Executive PEDOMAN took place on 7 July.

Besides that, discussion and information-sharing opportunities are held through a dialog session with the President.

Meanwhile, through the findings of Employee Satisfaction Survey in 2014, Johor Corporation drafted an Intervention Plan as an improvement measure based on the inputs from the survey and the measure is expected to be implemented by 2016.

Honouring the long-serving and retirees of Johor Corporation, a Ceremony of Retirement & Employee Loyalty Awards was held on 3 June 2015. On the event, retirees and employees who served for 10, 15, 20, 25, 30 dan 35 years recieved Appreciation and Premium Saving Ceritificates respectively.

Knowledge empowerment is the main thrust of Johor Corporation's success. Among the initiatives taken to meet the intention are the inculcation of adherence towards ethical and spiritual values through the 2nd module of Mukmin Profesional Programme and Johor Corporation Leadership Programme (JLP).

JLP 2015 comprised of 38 participants representing a two-year structured leadership programme aimed at sustaining future leadership succession for Johor Corporation and Group of companies.

In order to enhance employee skills and confidence in communication, the Toastmaster's Club was established and has since gathered 96 members. The club meeting is held biannually and led by the employees themselves.

On 4 March 2015, Johor Corporation Chartered Accountancy Programme was launched to produce more Chartered Accountants in Johor. The programme represented strategic collaborations between Johor Corporation and premier local accounting firms including Ernst & Young, PwC, KPMG, Delloitte, BDO and a foreign firm, Flemmings Chartered Accountants United Kingdom. A total of 31 participants were selected for this programme whereby 26 participants were placed at main local accounting firms while the best five participants were sent to Flemmings, United Kingdom. All participants were trained to obtain one of these credentials - ICAEW, ACCA, CIMA or MICPA.

Consequently on 4 June 2015, Johor Corporation launched Johor Corporation Education Sponsorship Programme (JESP) as another human capital development initiative. It involved a cost of RM16 million, aimed at 100 prospective graduates in economics, engineering, law and accounting based on the needs and business synergy of Johor Corporation Group. A total of 34 participants succeeded the selection process whereby 28 candidates were selected for Foundation, Matriculation, A-Level and Bachelor's Degree programmes while six candidates were sponsored to study overseas.

To nurture the culture of quality and innovation, Innovative & Creative Circle (ICC), Cross Functional Team (XFT), *Cadangan dan Idea Ke Arah Kecemerlangan* (CEMPAKA), and Quality Environment (QE/5S) programmes were implemented. The peak of the programme was the MEKAR 2015 competition incorporating participation from Johor Corporation Group of Companies as a collective platform of ideas, creativity and and quality activities.

STATEMENT ON CORPORATE GOVERNANCE

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

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

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

THE BOARD OF DIRECTORS

Composition

The Board has 12 members which comprise the Chairman, Vice Chairman, three representatives from Johor Civil Service, three representatives from the Federal Government, three independent members and the President & Chief Executive. The President & Chief Executive is the only Executive Director.

Duties and Responsibilities

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

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

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

Board Meetings

The Board meets to analyse the performance of Johor Corporation and resolve on matters related to policy and strategic business issues of Johor Corporation and its Group of Companies. The Chairman may at any time call a meeting and shall, upon the written request of not less than five members of the Board call a special meeting thereof within one month from the date of such request. In 2015, the Board met four times.

Board Committees

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

Access to Information

The management provides adequate and timely information to the Board on the affairs and issues requiring Board's decision. It also provides ongoing reports pertaining to the Group's operational and financial performance.

COMPANIES ADMINISTRATION SYSTEM

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

All appointments of directors are administered by the Corporate Affairs Department on annual basis. The appointments must fulfill the criteria, including passing all mandatory examinations; have been in employment for a minimum of five years, etc.

50 Governance committees in Johor Corporation

STATEMENT ON CORPORATE GOVERNANCE

GOVERNANCE COMMITTEES

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

- **Group Top Management Committee (TERAJU)**
  The Committee is chaired by the President & Chief Executive and comprises 10 members. Its roles include discussing and deciding on strategic issues pertaining to Johor Corporation and its Group of Companies.

- **Teraju Korporat Committee**
  The Committee is chaired by the President & Chief Executive and comprises 21 members. Its roles include endorsing and ratifying all decisions made at various other committees including the Executive Committee (EXCO) etc.

- **Executive Committee (EXCO)**
  The Committee is chaired by the Senior Vice President (Finance & Corporate Services Division) and comprises 17 members. It deliberates on operational as well as financial matters and forward significant recommendations to Teraju Korporat Committee.

- **Investment Review Committee (JAWS)**
  The Committee is chaired by the Vice President (Strategic Development, Business Development Division). The Committee comprises 11 members appointed amongst the senior management of companies within Johor Corporation Group and deliberates on all new investments and projects.

  Besides the four main committees mentioned above, there are more than 50 governance committees which have their specific terms of reference and functions in monitoring the Group's operations. The committees, among others are Nomination and Remuneration Committee, Strategic Planning Committee, Performance Appraisal Committee, *Kemudi Korporat* Committee, Quarterly Report Committee, Group Finance Committee and Risk Management Committee.

CORPORATE GOVERNANCE IN LISTED ENTITIES WITHIN JCORP GROUP

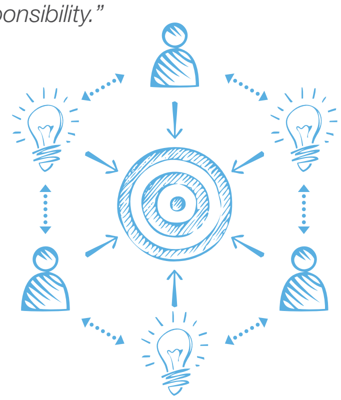
There are five entities in Johor Corporation Group listed on the main board of Bursa Malaysia namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Al-'Aqar Healthcare REIT, E.A Technique (M) Berhad and Al-Salam REIT. As listed entities, the demand for implementing good corporate governance is increasing.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

TOWARDS A STRENGTHENED CORPORATE GOVERNANCE

Johor Corporation subscribes to the key notions of corporate governance as propounded in the High Level Financial Committee Report 1999 on Corporate Governance. It entails the concept of corporate governance beyond corporate laws and regulations yet fundamentally refers to the systems, processes and structures within the organisation.

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

> *"To ensure Johor Corporation remains relevant and resilient as an economic institution in the landscape of 21st century – competitive in doing business, contributes to economic development and benefits the stakeholders through governance, innovation and corporate responsibility."*



The Business Continuity Management Department (BCM Department) was established with the mandate to conceptualise, develop, implement and manage several strategic organisational repositioning initiatives focusing on innovation and corporate responsibility (CR). The BCM Department was tasked with four (4) key assignments in 2015 namely:

i. Inculcation of multi-tiered key knowledge areas focusing on innovation and CR amongst Johor Corporation's staff – a total of 173 middle management and executives, 58 Intrapreneurs and 58 participants of Johor Corporation Leadership Programme were trained;

ii. Development of strategic frameworks for Johor Corporation on innovation and CR – The Johor Corporation Strategic Innovation Framework comprises of 5 thrusts, 29 key areas, 52 policies and 25 projects for implementation. Johor Corporation Strategic CR Framework on the other hand comprises of 5 thrusts; 10 key areas, 29 policies and 20 projects for implementation;

iii. Creation and management of a task force with the objective to identify new key economic areas for Johor Corporation and subsequently to propose innovative products/services to be developed towards enabling the institution to achieve 'Zero Gearing' by 2022 - The task force had recommended five (5) new key economic areas for Johor Corporation and five (5) innovative products/services to be developed by Johor Corporation; and

iv. Showcase items (i) - (iii) above (together with Johor Corporation economic contribution barometer) – An event called *Misi Kesinambungan Bisnes JCorp 2015: Inovasi & Tanggungjawab Korporat* was held from 30 November to 2 December 2015 at Persada Johor International Convention Centre, Johor Bahru featuring Luncheon Talks, Pocket Talks, Walkthrough of Johor Corporation's draft innovation and CR frameworks; field visits and booth operations by internal and external parties on the subjects of innovation and CR.

STATEMENT ON CORPORATE GOVERNANCE

TRANSPARENCY

Transparency in doing business

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

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

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

Transparency in the decision making process

Several examples of the implementation of transparency aspect include the information infrastructure development in the forms of the intranet and knowledge management. The knowledge management is the employees' platform to communicate various information in the forms of suggestions and ideas. Those who express bright ideas and innovations that have potentials to be chosen to be implemented or adopted will receive awards from Johor Corporation through *Cempaka* Scheme and Quality Convention.

In addition, Johor Corporation has also developed a whistleblowing communication channel namely Ethics Declaration Form which is expected to be utilised by the employees to provide direct input to the President & Chief Executive should they find any irregularities and/or counterproductive behaviours among staff.

Transparency to business partner

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

Besides that, in order to strengthen the existing complaints mechanisms in Johor Corporation like the aforementioned Ethics Declaration Form, Johor Corporation also revisited the Whistleblowing Policy. The policy aims to facilitate Johor Corporation staff, contractors, suppliers, agents or any external party to make disclosures relating to any improper conduct in their knowledge and to provide protection to the identity of the whistleblowers. Any complaint will be reviewed by the Information Assessment Committee for further action.

Transparency in assessing employees' performance

Each employee is appraised based on achievement of the individual set of Key Performance Indicators (KPI) which was agreed at the beginning of the year. Human Capital Division together with the respective heads of department will present the appraisal results to the Performance Appraisal Committee.

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

ACCOUNTABILITY AND AUDIT

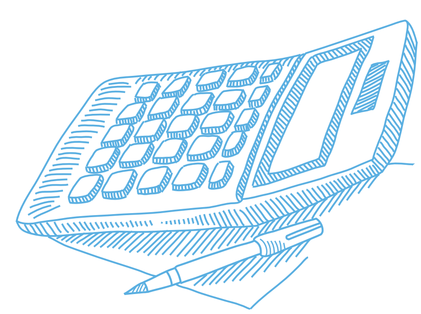
In presenting the annual financial statements, the Directors aim to present an accurate and balanced assessment of the Group's financial position and prospects. The Audit Committee reviews the annual financial statements to ensure that appropriate accounting policies are consistently applied and supported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

Risk Management and Internal Control

Statement on Risk Management & Internal Control outlines the scope and nature of risk management and internal control of Johor Corporation for the financial year ended 31 December 2015 as set out on page 57.

Relationship with Auditors

The Board through the Audit Committee maintains a transparent and appropriate relationship with the internal and external auditors. The role of the Audit Committee in relation with the auditors is illustrated in the Audit Committee Report set out on page 59.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Johor Corporation is committed in developing and nurturing an organisational work culture based on good corporate governance. The governance framework is based on a clear structure of responsibility, authority and separation of duties. Good governance is to ensure that all relevant issues and related risks are considered, managed and monitored. Risk management controls comprise policies, procedures, guidelines and good practices.

RISK MANAGEMENT

The risk management function is to provide advice and guidance to Johor Corporation and its Group of companies to achieve their corporate and strategic objectives. Risk management enables Johor Corporation and Group to take advantage of opportunities to improve their outcomes and outputs by ensuring that any risk undertaken is based on informed decision-making as well as being realistic and practical.

Managing business continuity is also part of the risk management emphasised by Johor Corporation and Group to ensure continuity in their key business activities and is vital to achieve Johor Corporation's long term objectives.

It is a responsibility to systematically manage and regularly review the risk profile at the operational, financial and strategic levels. This is done by adopting a risk management framework to not only minimise the risk but also maximise the opportunities that exist.

Risk Management Committee

Risk Management Committee (RMC) was established in 2008 for the purpose of identifying, managing and monitoring the risks faced by Johor Corporation and Group. RMC's main responsibility is to assist the Board of Directors via the Board of Audit Committee in identifying and managing the most significant risks to Johor Corporation.

For the reporting year ended 31 December 2015, three meetings were held in February, August and November 2015.

Duties and Responsibilities of RMC

- To oversee the procedures and practices in identifying, evaluating, mitigating and monitoring the Corporation's risk exposures.
- To advise the Management from time to time with regards to the types of resources and internal controls required in mitigating risks.
- To report regularly to the Board Audit Committee on risk-related issues of Johor Corporation and Group.
- To identify and assess the key risks faced by the business units of each division of Johor Corporation and Group in a systematic manner.
- To assess potential risks and opportunities.
- To develop and implement specific risk management strategies and assign responsibilities for action plans to manage key risks in the business unit.
- To conduct bi-monthly review on risk trends, status of action plans and report updates to the Board.

THE MAIN FEATURES OF THE INTERNAL CONTROL ARE:

Control Framework

The Group's strategy is formulated by the management team and approved by the Board. The 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. KPI and operating results are prepared and monitored against budgets.

Operating Controls

The Group's management teams operate within the guidelines on operating procedures designed to achieve optimum operating efficiency and service effectiveness as well as the planned financial results. Specific controls are in place to ensure prudent financial management as well as to safeguard the 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 are made in accordance with the delegated authority levels approved by the Board. All major investment proposals are subjected to a review by both Panel and JAWS Committees before they are presented to TERAJU and the Board for approval.

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

INTERNAL AUDIT

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

Johor Corporation is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). GCIA 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, GCIA provides appropriate training and development opportunities to its staff, including the Certified Internal Auditor (CIA) programme. At present, there are 10 practicing CIAs throughout Johor Corporation Group.

10 practicing CIAs throughout Johor Corporation Group.

AUDIT COMMITTEE REPORT

COMPOSITION

The Board of Audit Committee (BAC) is chaired by YBhg Encik Izaddeen Daud, an independent member of the Board. Other members are YB Tuan Haji Mohd Nasir Abd Salam and YBhg Puan Zainah Mustafa, independent directors of listed companies outside and within Johor Corporation Group respectively. YB Tuan Haji Mohd Nasir Abd Salam was appointed as a new member of the Audit Committee effective 25 August 2015. Meanwhile, YBhg Tan Sri Datuk Dr Hadenan A. Jalil, former Auditor General has retired since 23 February 2016.

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

ATTENDANCE AT MEETINGS

BAC meets on a scheduled basis at least twice a year. In 2015, BAC met in three occasions as follow:

MEMBERS	DATE OF MEETING		
	5 Mar	28 Aug	16 Nov
Encik Izaddeen Daud	✓	✓	✓
Tuan Haji Mohd Nasir Abd Salam (appointed w.e.f 25 August 2015)	-	-	✓
Puan Zainah Mustafa	✓	✓	✓
Tan Sri Datuk Dr Hadenan A. Jalil (retired on 23 February 2016)	✓	✓	-

Duties and Responsibilities

The roles of BAC include:

Internal Control

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

Internal Audit

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

External Audit

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

Financial Statements

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

Risk Management

- Review risk management reports by the RMC and discuss any significant risk or exposure as well as assess the steps taken by the management to minimise the risks.

AUDIT COMMITTEE REPORT

Business Continuity Management

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

Inspectorate

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

Strategic Planning

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

Material Litigation

- To discuss litigation issues that give a huge impact and disrupts business continuity of Johor Corporation and its Group of Companies.

Other Responsibility

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

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2015, BAC activities were as follow:

- Review reports by the IAC which held its meetings on 17 February, 18 August and 4 November 2015;
- Review and approved the Internal Audit Plan for the year 2016;
- 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 they have the necessary authority to carry out their 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 reports by the RMC which held its meetings on 23 February, 18 August and 11 November 2015;
- Review implementation of Johor Corporation's strategic business continuity initiatives undertaken by BCM Department during the year.
- Discuss the findings reported by the Inspectorate Department and recommend for improvement towards better corporate governance and project management practices;
- Review the current status of lawsuits involving Johor Corporation and its Group of Companies.

FINANCIAL STATEMENTS

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF JOHOR CORPORATION FOR THE YEAR ENDED 31 DECEMBER 2015

Report on the Financial Statements

The Financial Statements of Johor Corporation and the Group for the year ended 31 December 2015 have been audited by my representative, which comprise the Statement of Financial Position as at 31 December 2015 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

My responsibility is to give an opinion on these financial statements based on the audit. The audit was conducted in accordance with the Audit Act 1957 and approved standards on auditing in Malaysia. Those standards require that I comply with ethical requirements as well as plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of Johor Corporation and the Group as at 31 December 2015 and of their financial performance and cash flows for the year then ended, in accordance with the approved financial reporting standards in Malaysia.

I have considered the financial statements and auditors' reports of all subsidiaries of which i have not acted as auditor as indicated in the notes to the financial statements. I am satisfied that the financial statements of the subsidiaries have been consolidated with the financial statements of Johor Corporation in form and content which is appropriate and proper for the purpose of the preparation of the financial statements. I have received satisfactory information and explanations as required for the purpose. The auditors’ reports on the financial statements of the subsidiaries were not subject to any observations that could affect the financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Johor Corporation Enactment (No. 4 of 1968) (as amended by Enactment No. 5 of 1995), I also report that, in my opinion:

i. The accounting and other records have been properly kept in accordance with Section 30(i) of the said Enactment;

ii. Receipts, expenditure, investment of monies as well as the procurements and disposal of assets by Johor Corporation for the year ended 31 December 2015 were in accordance with the provisions of the said Enactment; and

iii. Assets and liabilities are fairly stated in accordance with the accounting policies.

(TAN SRI DATO’ SETIA HAJI AMBRIN BIN BUANG)
AUDITOR GENERAL OF MALAYSIA

PUTRAJAYA
18 MARCH 2016

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 2015.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM Million	Corporation RM Million
Profit from continuing operations, net of tax	424	219
Profit from discontinued operations, net of tax	1,316	-
Profit net of tax	1,740	219
Profit attributable to:		
Owner of the Corporation	1,067	219
Non-controlling interests	673	-
	1,740	219

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

DIRECTORS

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

YAB Dato' Mohamed Khaled Bin Nordin	(Chairman)
YBhg Tan Sri Dr Ali Bin Hamsa	(Deputy Chairman)
YB Dato' Kamaruzzaman Bin Abu Kassim	(President & Chief Executive)
YB Dato' Haji Ismail Bin Karim	
YB Dato' Ishak Bin Sahari	
YB Tuan Haji Mohd Nasir Bin Abd Salam	(Appointed on 20 June 2015)
YBhg Datuk Seri Dr Rahamat Bivi Binti Yusoff	(Re-appointed on 15 April 2015)
YBhg Dato' Siti Zauyah Binti Md Desa	
YBhg Dato' Azman Bin Mahmud	(Appointed on 1 March 2016)
YBhg Dato' Hafsah Binti Hashim	
YB Tuan Haji Md Jais Bin Haji Sarday	
YBhg Encik Izaddeen Bin Daud	
YB Dato' Haji Marsan Bin Kassim	(Retired on 19 June 2015)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

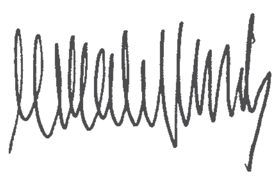
(ii) any contingent liability of the Group or of the Corporation which has arisen since the end of the financial year.

(e) In the opinion of the Directors:

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

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

Signed on behalf of the Board of Directors:



DATO' MOHAMED KHALED BIN NORDIN
Chairman

DATO' KAMARUZZAMAN BIN ABU KASSIM
President & Chief Executive

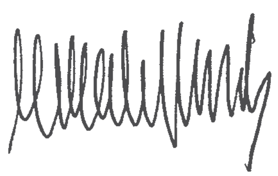
Johor Bahru

17 MAC 2016

STATEMENTS BY CHAIRMAN AND ONE OF THE DIRECTORS OF JOHOR CORPORATION (GROUP ACCOUNTS)

We, Dato' Mohamed Khaled Bin Nordin and Dato' Kamaruzzaman Bin Abu Kassim being the Chairman and one of the Directors of Johor Corporation respectively, do hereby state that, in the opinion of the Directors, the accompanying financial statements as stated in the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows set out together with the notes to the financial statements are drawn up in accordance to Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Corporation as at 31 December 2015 and of their results and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors:



DATO' MOHAMED KHALED BIN NORDIN
Chairman

DATO' KAMARUZZAMAN BIN ABU KASSIM
President & Chief Executive

Johor Bahru

17 MAC 2016

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

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

Subscribed and solemnly declared
by the abovenamed
at Johor Bahru on 17 MAC 2016

Before me,

PESURUHJAYA SUMPAH
No. J 204
MOHDZAR BIN KHALID
P.L.P., P.I S.,
MALAYSIA

Commissioner of Oaths

No. 89, Jalan Trus
80000 Johor Bahru

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

	Note	Group 2015	Group 2014 Restated	Corporation 2015	Corporation 2014 Restated
Continuing operations					
Revenue	4	5,318	4,587	574	204
Cost of sales		(3,787)	(3,277)	(121)	(49)
Gross profit		1,531	1,310	453	155
Other items of income					
Other income	5	630	853	170	286
Other items of expense					
Distribution expenses		(83)	(43)	(19)	(10)
Administrative expenses		(910)	(889)	(112)	(60)
Finance costs	7	(411)	(370)	(128)	(126)
Other expenses	6	(268)	(257)	(89)	(37)
Share of results of associates, net of tax		24	24	-	-
Share of result of joint ventures, net of tax		36	(27)	-	-
Profit before tax from continuing operations	**8**	**549**	**601**	**275**	**208**
Income tax	11	(125)	(121)	(56)	13
Profit from continuing operations, net of tax		**424**	**480**	**219**	**221**
Discontinued operations					
Profit from discontinued operations, net of tax	12	1,316	247	-	-
Profit net of tax		**1,740**	**727**	**219**	**221**

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

	Note	Group 2015	Group 2014 Restated	Corporation 2015	Corporation 2014 Restated
Other comprehensive (loss)/income, to be reclassified to profit or loss in subsequent periods:					
Net loss on cash flow hedges		-	(10)	-	-
Net loss on available for sale financial assets		(5)	(1)	-	-
Foreign currency translation of foreign operations		2	97	-	-
Other comprehensive income, not to be reclassified to profit or loss in subsequent periods:					
Net surplus from revaluation of property, plant and equipment		162	28	-	-
Other comprehensive income for the financial year, net of tax		**159**	**114**	**-**	**-**
Total comprehensive income for the financial year		**1,899**	**841**	**219**	**221**
Profit attributable to:					
Owner of the Corporation		1,067	401	219	221
Non-controlling interests		673	326	-	-
		1,740	727	219	221
Total comprehensive income attributable to:					
Owner of the Corporation		1,144	423	219	221
Non-controlling interests		755	418	-	-
		1,899	**841**	**219**	**221**

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

	Note	Group 31.12.2015	Group 31.12.2014 Restated	Group 1.1.2014 Restated	Corporation 31.12.2015	Corporation 31.12.2014 Restated	Corporation 1.1.2014 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	14	7,609	7,212	9,786	357	671	520
Land held for property development	24(a)	190	119	164	108	26	26
Investment properties	15	3,101	2,686	2,306	1,421	1,225	1,108
Intangible assets	16	304	302	408	-	-	-
Land use rights	17	99	126	154	-	-	-
Investment in subsidiaries	18	-	-	-	3,314	3,769	3,443
Investment in associates	19	267	268	285	36	36	36
Investment in joint ventures	20	1,287	1,246	1,272	-	-	-
Deferred tax assets	22	257	160	95	-	6	-
Other investments	13	254	139	66	23	4	4
		13,368	12,258	14,536	5,259	5,737	5,137
Current assets							
Property development costs	24(b)	969	862	877	348	430	436
Inventories	25	166	174	804	22	72	80
Trade and other receivables	23	1,609	991	1,065	492	354	302
Other currents assets	26	52	47	76	-	7	17
Other investments	13	143	107	64	98	42	48
Tax recoverable		50	-	5	10	71	75
Derivative financial instrument	27	1	2	16	-	-	-
Cash and bank balances	28	2,401	1,048	1,105	111	85	91
		5,391	3,231	4,012	1,081	1,061	1,049
Assets of disposal group classified as held for sale	21	54	4,859	6	37	63	26
		5,445	8,090	4,018	1,118	1,124	1,075
Total assets		**18,813**	**20,348**	**18,554**	**6,377**	**6,861**	**6,212**

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

	Note	Group 31.12.2015	Group 31.12.2014 Restated	Group 1.1.2014 Restated	Corporation 31.12.2015	Corporation 31.12.2014 Restated	Corporation 1.1.2014 Restated
EQUITY AND LIABILITIES							
Current liabilities							
Current tax liabilities		49	40	54	-	-	-
Loans and borrowings	30	1,285	2,246	1,634	56	62	61
Trade and other payables	31	2,034	1,960	1,931	936	1,620	1,220
		3,368	4,246	3,619	992	1,682	1,281
Liabilities directly associated with disposal group classified as held for sale	21	-	2,085	-	-	-	-
		3,368	6,331	3,619	992	1,682	1,281
Net current assets/(liabilities)		**2,077**	**1,759**	**399**	**126**	**(558)**	**(206)**
Non-current liabilities							
Other payables	31	-	-	-	352	453	424
Other long term liabilities	29	502	415	400	390	290	267
Deferred tax liabilities	22	490	343	1,032	3	-	20
Loans and borrowings	30	6,732	5,930	6,930	2,969	2,974	2,977
		7,724	6,688	8,362	3,714	3,717	3,688
Total liabilities		**11,092**	**13,019**	**11,981**	**4,706**	**5,399**	**4,969**
Net assets		**7,721**	**7,329**	**6,573**	**1,671**	**1,462**	**1,243**
Equity							
Capital reserves	32(a)	369	292	290	55	55	55
Asset revaluation reserve	32(b)	848	784	773	-	-	-
Currency fluctuation reserve	32(c)	(74)	(91)	(145)	-	-	-
Fair value adjustments reserve	32(d)	48	51	51	-	-	-
Equity transaction reserves	32(e)	(56)	(56)	(56)	-	-	-
Revenue reserve	32(f)	2,694	1,807	1,441	1,616	1,407	1,188
		3,829	2,787	2,354	1,671	1,462	1,243
Non-controlling interests		3,892	4,542	4,219	-	-	-
Total equity		**7,721**	**7,329**	**6,573**	**1,671**	**1,462**	**1,243**
Total equity and liabilities		**18,813**	**20,348**	**18,554**	**6,377**	**6,861**	**6,212**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

2014 Group	**Capital reserves**	**Asset revaluation reserve**	**Currency fluctuation reserve**	**Fair value adjustments reserve**	**Equity transaction reserves**	**Revenue reserve**	**Total**	**Non-controlling interests**	**Total equity**
Opening balance at 1 January 2014									
As previously reported	290	766	(145)	51	(56)	1,598	2,504	4,219	6,723
Prior year adjustment	-	7	-	-	-	(157)	(150)	-	(150)
At 1 January 2014 (restated)	**290**	**773**	**(145)**	**51**	**(56)**	**1,441**	**2,354**	**4,219**	**6,573**
Profit net of tax	-	-	-	-	-	401	401	326	727
Other comprehensive income									
Revaluation surplus on property, plant and equipment	-	8	-	-	-	-	8	20	28
Foreign currency translation of foreign operations	-	-	19	-	-	-	19	78	97
Fair value adjustment for available for sale financial assets	-	-	-	-	-	(2)	(2)	1	(1)
Net loss on cash flow hedges	(3)	-	-	-	-	-	(3)	(7)	(10)
Total other comprehensive income for the financial year	(3)	8	19	-	-	(2)	22	92	114
Total comprehensive income for the financial year	(3)	8	19	-	-	399	423	418	841
Transaction with owner									
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(160)	(160)
Disposal of subsidiaries	(10)	3	32	-	-	(13)	12	(4)	8
Dilution of interest in subsidiaries	(6)	-	3	-	-	(22)	(25)	(12)	(37)
Acquisition of new subsidiaries	(5)	-	-	-	-	(5)	(10)	130	120
Additional interest in subsidiaries	26	-	-	-	-	9	35	(49)	(14)
Distribution of fund to State Government	-	-	-	-	-	(2)	(2)	-	(2)
	5	3	35	-	-	(33)	10	(95)	(85)
Closing balance at 31 December 2014 (restated)	**292**	**784**	**(91)**	**51**	**(56)**	**1,807**	**2,787**	**4,542**	**7,329**

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

2015 Group	Capital reserves	Asset revaluation reserve	Currency fluctuation reserve	Fair value adjustments reserve	Equity transaction reserves	Revenue reserve	Total	Non-controlling interests	Total equity
Opening balance at 1 January 2015									
As previously reported	292	772	(91)	51	(56)	1,972	2,940	4,542	7,482
Prior year adjustment	-	12	-	-	-	(165)	(153)	-	(153)
At 1 January 2015 (restated)	**292**	**784**	**(91)**	**51**	**(56)**	**1,807**	**2,787**	**4,542**	**7,329**
Profit net of tax	-	-	-	-	-	1,067	1,067	673	1,740
Other comprehensive income									
Revaluation surplus on property, plant and equipment	-	64	-	-	-	-	64	98	162
Fair value adjustment for available for sale financial assets	-	-	-	(3)	-	-	(3)	(2)	(5)
Foreign currency translation of foreign operations	-	-	16	-	-	-	16	(14)	2
Total other comprehensive income for the financial year	-	64	16	(3)	-	-	77	82	159
Total comprehensive income for the financial year	-	64	16	(3)	-	1,067	1,144	755	1,899
Transaction with owner									
New issue for cash by public listed REITs	-	-	-	-	-	-	-	241	241
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(310)	(310)
Disposal of subsidiaries	-	-	-	-	-	-	-	(1,363)	(1,363)
Dilution of interest in subsidiaries	63	-	1	-	-	(147)	(83)	34	(49)
Accretion of interest in subsidiaries	14	-	-	-	-	(23)	(9)	(7)	(16)
Distribution of fund to State Government	-	-	-	-	-	(10)	(10)	-	(10)
	77	-	1	-	-	(180)	(102)	(1,405)	(1,507)
Closing balance at 31 December 2015	**369**	**848**	**(74)**	**48**	**(56)**	**2,694**	**3,829**	**3,892**	**7,721**

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

		Distributable	
Corporation	**Capital reserves**	**Revenue reserve**	**Total equity**
Opening balance at 1 January 2014			
As previously reported	55	1,267	1,322
Prior year adjustment	-	(79)	(79)
At 1 January 2014 (restated)	**55**	**1,188**	**1,243**
Profit net of tax and total comprehensive income for the financial year	-	221	221
Distribution of fund to State Government	-	(2)	(2)
Closing balance at 31 December 2014 (restated)	**55**	**1,407**	**1,462**

		Distributable	
	Capital reserves	**Revenue reserve**	**Total equity**
Opening balance at 1 January 2015			
As previously reported	55	1,461	1,516
Prior year adjustment	-	(54)	(54)
At 1 January 2015 (restated)	**55**	**1,407**	**1,462**
Profit net of tax and total comprehensive income for the financial year	-	219	219
Distribution of fund to State Government	-	(10)	(10)
Closing balance at 31 December 2015	**55**	**1,616**	**1,671**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

	Group		Corporation	
	2015	**2014 Restated**	**2015**	**2014 Restated**
OPERATING ACTIVITIES				
Profit before tax:				
Continuing operations	549	601	275	208
Discontinued operation	1,319	383	-	-
Adjustments:				
Property, plant and equipment:				
Net loss/(gain) on disposal	7	(10)	-	-
Written off	43	5	-	-
Depreciation	349	522	13	10
Impairment loss	1	-	-	-
Investment properties:				
Changes in fair value	(164)	(234)	13	(131)
Net loss/(gain) on disposal	1	(104)	-	(23)
Land use rights:				
Amortisation	23	24	-	-
(Gain)/loss on disposal of:				
Subsidiaries	-	(105)	-	-
Partial interest in subsidiaries	-	-	(10)	(4)
Other investments	(14)	6	(11)	9
Discontinued operations	(1,341)	(1)	-	-
Bargain purchase on acquisition of subsidiary	-	(26)	-	-
Development expenditure:				
Allowance for diminution	-	-	-	1
Written off	11	-	-	-
Investments:				
Changes in fair value	(72)	(62)	(35)	(34)
Allowance for diminution, net	(33)	-	54	20
Intangible assets:				
Amortisation	2	5	-	-
Dividend income	(3)	(3)	(320)	(131)
Unrealised foreign currency exchange loss	-	53	-	-
Amortisation of government grant	(17)	(8)	(3)	-
Reversal of impairment for receivables, net	(18)	(29)	(32)	(15)
Interest expense	411	370	128	126
Interest income	(104)	(65)	(9)	(50)
Share of results of associates and joint ventures	(60)	3	-	-
Operating profit/(loss) before changes in working capital	**890**	**1,325**	**63**	**(14)**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

	Group		Corporation	
	2015	**2014 Restated**	**2015**	**2014 Restated**
Changes in working capital				
Bank deposits not regarded as cash equivalents	(4)	26	(1)	6
Inventories	53	130	50	10
Property development cost	(198)	101	33	6
Receivables	(474)	199	(98)	22
Payables	137	383	(310)	49
Associates and joint ventures	24	36	-	-
Cash generated/(used in) from operations	**428**	**2,200**	**(263)**	**79**
Tax refunded	26	36	14	3
Tax paid	(155)	(276)	-	(13)
Dividend received	3	3	314	112
Interest received	104	65	7	4
Net cash generated from operating activities	**406**	**2,028**	**72**	**185**
INVESTING ACTIVITIES				
Proceeds from disposal of investment in:				
Subsidiaries	-	79	-	-
Partial interest in subsidiaries	-	-	25	50
Other investments	24	46	15	33
Development expenditure	(33)	(1)	(33)	(1)
Proceed from disposal of land held for sale	-	-	26	-
Property, plant and equipment:				
Proceeds from disposal	348	33	146	-
Purchase	(994)	(1,009)	(55)	(24)
Investment properties:				
Proceeds from disposal	124	358	-	53
Purchase	(366)	(550)	(40)	(39)
Intangible assets:				
Addition	(10)	(47)	-	-
Disposal	6	-	-	-
Acquisition of subsidiaries	-	(241)	-	-
Purchase of:				
Partial interest in subsidiaries	-	-	(3)	(163)
Other investments	(13)	-	(45)	-
Net cash inflow on disposal group classified as held for sale	2,663	27	-	-
Net cash inflow on disposal of subsidiary	-	35	-	-
Net cash flows generated from/(used in) investing activities	**1,749**	**(1,270)**	**36**	**(91)**

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

	Group		Corporation	
	2015	**2014 Restated**	**2015**	**2014 Restated**
FINANCING ACTIVITIES				
Drawdown of term loans and other long term borrowings	964	1,320	-	-
Repayment of term loans and other long term borrowings	(1,123)	(1,681)	(11)	(4)
Government grant received	42	13	35	8
Interest paid	(411)	(370)	(97)	(96)
Dividend paid to non-controlling interests	(306)	(160)	-	-
Distribution of fund to State Government	(10)	(2)	(10)	(2)
Net cash used in financing activities	**(844)**	**(880)**	**(83)**	**(94)**
Net increase/(decrease) in cash and cash equivalents	1,311	(122)	25	-
Cash and cash equivalents at 1 January	911	936	66	66
Effect of exchange rate changes on cash and cash equivalents	108	97	-	-
Cash and cash equivalents at 31 December	**2,330**	**911**	**91**	**66**
CASH AND CASH EQUIVALENTS				
Cash and bank balances	866	580	55	39
Fixed deposits	1,535	468	56	46
	2,401	1,048	111	85
Fixed deposits subject to restriction/pledged	(25)	(21)	(20)	(19)
Bank overdrafts	(46)	(116)	-	-
	2,330	**911**	**91**	**66**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

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

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

The consolidated financial statements of the Corporation as at and for the financial year ended 31 December 2015 comprise the Corporation and its subsidiaries and the Group's interest in associates and joint ventures.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Corporation have been prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Corporation adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2015 as described fully in Note 2.2.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:
On 1 January 2015, the Group and the Corporation adopted the following improvements to FRSs mandatory for annual financial periods beginning on or after 1 January 2015:

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2010 – 2012 Cycle (Amendment to FRS 2: Share-Based Payment; FRS 3: Business Combinations; FRS 8: Operating Segments; FRS 13: Fair Value Measurement; FRS 116: Property, Plant and Equipment; FRS 124: Related Party Disclosures and FRS 138: Intangible Assets)	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle (FRS 3: Business Combinations; FRS 13: Fair Value Measurement and FRS 140: Investment Property)	1 July 2014

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle (FRS 5: Non-Current Assets Held for Sale and Discontinued Operations; FRS 119: Employee Benefits and FRS 7: Financial Instruments: Disclosures)	1 January 2016
FRS 9: Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

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

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

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Corporation's financial statements.

Amendments to FRS 101: Disclosure Initiative

The amendments to FRS 101 include narrow-focus improvements in the following five areas:
(i) Materiality;
(ii) Disaggregation and subtotals;
(iii) Notes structure;
(iv) Disclosure of accounting policies; and
(v) Presentation of items of other comprehensive income arising from equity accounted investments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Corporation's financial statements.

FRS 9 Financial Instruments

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

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

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

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

Malaysian Financial Reporting Standards ("MFRS Framework")

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

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

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

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2015 could be different if prepared under the MFRS Framework.

2.4 Basis of consolidation

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

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

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

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

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

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

(i) The size of the Corporation holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Corporation, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

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

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

Business combinations

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

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

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

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

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

2.5 Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests (continued)

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

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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.

Freehold and leasehold plantation lands of the Group have not been revalued since they were last revalued in 1997. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment, these assets continue to be stated at their valuation less accumulated depreciation.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

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

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

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

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

2.8 Investment properties

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

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

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

2.9 Intangible assets

(a) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (continued)

(b) Other intangible assets

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

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

Intangible with finite useful lives are amortise using the straight line basis over a period 5 years.

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

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

2.10 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms ranging from 30 to 50 years.

2.11 Impairment of non-financial assets

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets (continued)

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. That increase cannot exceed 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 Subsidiaries

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

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

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

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

In the Corporation's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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 is 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments in associates and joint ventures (continued)

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

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

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

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

In the Corporation's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.14 Financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses (other than those relating to derivatives which qualify for hedge accounting, as explained in Note 2.32) arising from changes in fair value are recognised in profit or loss.

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

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

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(d) Available-for-sale financial assets

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

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

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

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

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

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

2.15 Impairment of financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of financial assets (continued)

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

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

(b) Available-for-sale financial assets

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

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

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

2.16 Cash and cash equivalents

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

2.17 Construction contracts

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

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

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

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

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

2.19 Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions

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

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

2.21 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.

2.22 Financial liabilities

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

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

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

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

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

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

(b) Other financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Financial liabilities (continued)

(b) Other financial liabilities (continued)

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

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

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

2.23 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.24 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.

2.25 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 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 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.

2.26 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 2.28(g).

2.27 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 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from services rendered is recognised in proportion to the stage of completion at the reporting date. Stage of completion is assessed by reference to surveys and work performed.

(c) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.18(b).

(d) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.17.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

(g) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.29 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Corporation who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Hedge accounting

The Group uses derivatives to manage its exposure to commodity price risk (specifically fluctuations in palm oil prices). The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationship are classified as cash flow hedges. Cash flow hedging is applied when the Group hedges exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

(a) Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs. Where the hedged item is a non-financial asset or a non-financial liability, the amounts recognised previously in other comprehensive income are removed and included in the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices.

(b) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Control over the following companies:

(i) Investment in KPJ Healthcare Berhad ("KPJ")

The Directors consider that the Group has control of KPJ even though it has less than 50% of the voting rights.

The Group is the majority sharehoder of KPJ with 37% equity interest. The second and third largest shareholders are Employee Provident Fund ("EPF") and Waqaf An-Nur Corporation Berhad, which own 11% and 7% of the equity shares of KPJ respectively. All other shareholders individually own less than 5% of the equity shares of KPJ. Historically, the other shareholders did not form a group to excercise their votes collectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements in applying accounting policies (continued)

(a) Control over the following companies (continued):

(i) Investment in KPJ Healthcare Berhad ("KPJ") (continued)

The Directors assessed that the Group has control over KPJ. Therefore, in accordance with the requirements of FRS 10, KPJ is a subsidiary of the Corporation.

(ii) Investment in Al-'Aqar Healthcare REIT ("Al-'Aqar")

As at 31 December 2015, the Corporation via KPJ, held 49% equity interest in Al-'Aqar. Based on the management's assesment of the relevant facts and circumstances in respect of equity interest held in Al-'Aqar during the current financial year, the management has determined that control exists at the Corporation level as per the requirements of FRS 10.

KPJ is leasing the properties from Al-'Aqar, which is under the control of Damansara REIT Managers Sdn Bhd ("DREIT"), the fund manager and real estate investment management arm of the Corporation. Therefore, the fund manager has decision making power to direct the relevant activities of Al-'Aqar. However, any decisions made, affect the Group's overall exposure to variable returns and are made in the best interest of the Group.

As such, as at 31 December 2015, Al-'Aqar's financial statements were consolidated directly with the Corporation.

(iii) Investment in Waqaf An-Nur Berhad ("WanBhd")

WanBhd is a company limited by guarantee incorporated to manage the assets and shares of companies of the Corporation which have been endowed in accordance with the principles of syariah. However, WanBhd has not been active since its incorporation. As at 31 December 2015, WanBhd held 100% equity interest in Sindora Ventures Sdn Bhd ("SVSB") and indirect interests on 2 other subsidiary companies (via SVSB).

Based on the management's assesment of the relevant facts and circumstances during the current financial year, the management has determined that WanBhd's financial statements for the financial year ended 31 December 2015 were consolidated with the Corporation, as currently, the members of the Board of Directors ("BOD") are solely represented by the Corporation (two representatives from the Corporation are sitting the BODs) which is not in accordance to the requirements of the Memorandum and Articles ("M&A") of WanBhd that required at least four directors to be appointed, consisting of Chief Executive of the Corporation, Mufti Negeri Johor, Director of Jabatan Agama Islam Johor and Waqaf Officer of Negeri Johor. As a result, the Corporation has full control to direct the relevant activities of WanBhd.

(iv) Investment in Al-Salam REIT ("Al-Salam")

Al-Salam was established on 26 March 2015 and listed on 29 September 2015 with 580,000,000 units of shares on the main market of Bursa Malaysia Securities Berhad. It was established to invest, directly and indirectly, in a diversified portfolio of Shariah-compliant with the properties that produce income from commercial retail, office and industrial real estate and related assets including shopping complex, office buildings, college buildings, warehouse and grocery store.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements in applying accounting policies (continued)

(a) Control over the following companies (continued):

(iv) Investment in Al-Salam REIT ("Al-Salam") (continued)

As at 31 December 2015, the Corporation and its subsidiaries collectively hold 63.6% equity interest of Al-Salam. Based on the management's assessment of the facts and circumstances in respect of equity interest held in Al-Salam during the current financial year, the management has determined that control exists at the Corporation level as per the requirements of FRS 10.

Al-Salam is managed by Damansara REITS Managers Sdn Bhd ("DREIT"), a wholly owned subsidiary of Damansara Assets Sdn Bhd ("DASB"), which is a wholly owned subsidiary of the Corporation.

The Corporation, through its collective equity interest in Al-Salam and control over DREIT, the fund manager, has decision making power to direct the relevant activities of Al-Salam, and affect the Group's overall exposure to variable returns.

Accordingly, Al-Salam's financial statements were consolidated in the Group financial statements for the financial year ended 31 December 2015.

(b) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property hold to earn rentals for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and other option that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(c) Leases – As Lessor

The Group has entered into industrial land commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(d) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured at fair value, the Group has concluded that their investment property portfolios are not held under a business model whose objective is to consume substantially all of the economic benefits embodied based in the investment properties over time, rather than through sale. Therefore, the deferred tax on investment properties measured at fair value are recovered through sale is not rebutted. As a result, the Group has measured deferred tax on changes in fair values of investment properties of the Group are subject to these tax rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the recoverable amount of the Cash-Generating Units ("CGU") to which goodwill is allocated.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of the CGUs were determined based on the higher of fair value less cost to sell or value in use calculations. As a result of these impairment assessments, the Group did not recognise any impairment.

Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 16.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount and details of the Group's receivables at the reporting date are disclosed in Note 23.

(c) Property development

The Group recognises property development revenue and expenses in the Statements of Comprehensive Income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key source of estimation uncertainty (continued)

(d) Contingencies-Provision for Arbitration Award

In 2013, Tanjung Langsat Port Sdn Bhd ("TLP") had recognised a provision for Arbitration Award amounting to USD23,224,319 arising from claims made by its customer. The total compensation as awarded to the customer under the arbitration was USD141,598,569 and to include interest of USD111,533. In line with TLP's initiatives to set aside the arbitration award and initiate arbitration proceeding against its Engineering, Procurement Construction and Commissing ("EPCC") Contractor, the TLP's Board of Directors ("BODs") decided that TLP shall not make further provision to the sum of USD23,224,319 which was made in the financial year ended 31 December 2013. The BODs are also of the opinion that this amount should not be adjusted to any fluctuations and changes in foreign exchange rate. The management has exercised significant judgement to maintain the provision recognised previously. The Group's exposure in respect of the contingencies not provided for amounted to USD121,957,860 (2014: USD120,187,877).

(e) Fair value of investment properties

Fair value of the investment properties of the Group were based on the valuation carried out by independent firm of professional valuers. The valuation applies estimates, judgements and assumptions in the determination of fair values for investment properties. The valuation forms the basis for the carrying amount in the financial statements disclosed in Note 15.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

4. REVENUE

	Group 2015	Group 2014	Corporation 2015	Corporation 2014
Goods sold	1,627	1,714	90	29
Quick service restaurants	58	29	-	-
Property and industrial development	654	476	123	2
Healthcare services	2,054	1,839	-	-
Hotel and tourism services	48	65	-	-
Management services	158	130	-	-
Oil and gas support services	549	156	-	-
Dividend income	3	3	320	131
Rental income	21	59	41	42
Transportation services	71	83	-	-
Rendering of other services	75	33	-	-
	5,318	4,587	574	204

5. OTHER INCOME

The following items have been included in arriving at other income:

	Group 2015	Group 2014 Restated	Corporation 2015	Corporation 2014 Restated
Amortisation of government grant (Note 29)	17	8	3	-
Changes in fair value of investment properties (Note 15)	164	234	-	131
Changes in fair value of other investments	72	62	35	34
Gain on disposal of:				
Investment properties	-	104	-	23
Property, plant and equipment	-	10	-	-
Other investments	14	-	11	-
Subsidiaries	-	105	-	-
Associates	-	1	-	-
Gain on partial disposal of shares in subsidiaries	-	-	10	4
Interest income	104	65	9	50
Grants related to income received from government	22	5	-	-
Reversal of allowance for impairment of trade and other receivables (net)	18	29	32	52
Reversal of diminution of shares in other investments	33	-	33	-
Sundry income	94	66	10	-
Fire insurance claim recovered	-	17	-	-
Bargain purchase on acquisition of subsidiary (Note 18(d)(ii))	-	26	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

6. OTHER EXPENSES

The following items have been included in arriving at other expenses:

	Group 2015	Group 2014	Corporation 2015	Corporation 2014
Amortisation and impairment of intangible assets (Note 16)	2	5	-	-
Changes in fair value of investment properties (Note 15)	-	-	13	-
Allowance for impairment of investments in subsidiaries, net (Note 18)	-	-	54	20
Loss on disposal of:				
Property, plant and equipment	7	-	-	-
Investment properties	1	-	-	-
Other investments	-	6	-	9
Realised foreign currency exchange loss	4	-	-	-
Unrealised foreign currency exchange loss	-	53	-	-

7. FINANCE COSTS

	Group 2015	Group 2014	Corporation 2015	Corporation 2014
Interest expense on:				
Guaranteed Redeemable Islamic Bond (“GRIB”)	33	30	-	-
Islamic Medium Term Notes (“IMTNs”)	172	166	95	87
Term loan	134	57	4	-
Short term borrowings	20	30	-	-
Amount owing to a subsidiary	-	-	27	26
Others	52	87	2	13
	411	370	128	126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax from continuing operations:

	Group		Corporation	
	2015	**2014 Restated**	**2015**	**2014**
Appropriation to medical consultants	700	654	-	-
Audit fees	5	6	*	*
Cost of medical supplies	704	656	-	-
Hire of property, plant and equipment	9	7	-	-
Inventories written off	5	-	-	-
Property, plant and equipment:				
Depreciation (Note 14)	349	522	13	10
Written off	43	6	-	-
Impairment	1	-	-	-
Rental of plant and machinery	4	7	-	-
Land use rights:				
Amortisation (Note 17)	23	24	-	-
Rental of offices and buildings	121	142	-	-
Employee benefits expense (Note 9)	965	1,244	40	30
Repair and maintenance	38	35	-	-

* Audit fees for the Corporation is RM105,000 (2014: RM107,608)

9. EMPLOYEE BENEFITS EXPENSE (INCLUDING EXECUTIVE DIRECTORS REMUNERATION)

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Wages, salaries and bonus	846	1,161	35	26
Defined contribution retirement plan	88	60	5	4
Other employee benefits	31	23	-	-
	965	1,244	40	30

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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10. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons including Executive Directors 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive Directors:				
Fees	517	424	130	120
Remuneration	1,694	1,593	1,694	1,593
Defined contribution retirement plan	255	241	255	241
	2,466	2,258	2,079	1,954
Non-executive Directors:				
Fees	541	400	541	400
Other key management personnel:				
Fees	2,706	4,019	-	-
Remuneration	19,785	22,114	10,552	7,186
Other employee benefits	1,225	1,426	-	-
Defined contribution plan	2,576	3,127	1,445	1,077
	26,292	30,686	11,997	8,263
	29,299	33,344	14,617	10,617

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11. INCOME TAX

	Group 2015	Group 2014 Restated	Corporation 2015	Corporation 2014 Restated
Current income tax for the financial year:				
Malaysia	133	150	-	-
Foreign	-	-	-	-
(Over)/underprovision in prior years	(48)	1	47	13
	85	151	47	13
Deferred tax (Note 22):				
Origination and reversal of temporary differences Malaysia	40	(30)	9	(26)
	40	(30)	9	(26)
Income tax attributable to continuing operations	125	121	56	(13)
Income tax attributable to discontinued operations (Note 12)	3	136	-	-
Total tax	128	257	56	(13)

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 2015	Group 2014 Restated	Corporation 2015	Corporation 2014 Restated
Profit before tax from continuing operations	549	601	275	208
Profit before tax from discontinued operations (Note 12)	1,319	383	-	-
	1,868	984	275	208
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	467	246	69	52
Different tax rates in other countries	-	19	-	-
Deferred tax recognised at different tax rate	(1)	(7)	(1)	-
Non-deductible expenses	144	122	24	11
Income not subject to tax	(489)	(153)	(113)	(98)
Deferred tax assets not recognised	8	15	30	-
Recognition of previously unrecognised deferred tax assets	62	13	-	9
Share of results of associates	(6)	(6)	-	-
Share of results of joint ventures	(9)	7	-	-
(Over)/underprovision in prior financial year:				
Income tax	(48)	1	47	13
Tax	128	257	56	(13)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

11. INCOME TAX (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The change in corporate tax rate in year of assessment 2016 has been incorporated in the computation of deferred tax as at 31 December 2015.

The Federal Government Gazette dated 16 August 2005 exempts the Corporation and certain of its subsidiaries from income taxes in respect of certain income specified in the gazette received from 1 January 1998 to 31 December 2006. On 18 January 2007, the same exemptions were further extended to 31 December 2012. In 2013, the Corporation has made an application to the Ministry of Finance ("MOF") for further extension and the extension was granted by MOF until 31 December 2017 in respect of the followings:

(i) Income tax exemption on statutory income (business income) under section 127(3A) Income Tax Act, 1967;

(ii) Exemptions on stamp duty under section 80(1A) Stamp Act, 1949 on "Surat cara pindah milik harta tanah atau saham" executed between the Corporation and its subsidiaries; and

(iii) Exemption on Real Property Gain Tax ("RPGT") under section 9(3A) RPGT Act, 1976 on disposal of land properties and shares between the Corporation and its subsidiaries.

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Disposal of subsidiaries in 2015

(a) Disposal of New Britain Palm Oil Limited ("NBPOL")

On 9 October 2014, Sime Darby Plantation Sdn Bhd ("SDP") served a takeover notice on NBPOL and announced its intention to make a cash offer to acquire all NBPOL shares at an offer price of GBP 7.15 or PNG Kina 28.79 per NBPOL share ("Offer") from Kulim (Malaysia) Berhad ("KMB"), a subsidiary of Corporation for a total consideration of RM2,887 million.

On 3 December 2014, the KMB's shareholders voted to accept the Offer from SDP at the Extraodinary General Meeting convened to consider the Offer.

On 18 February 2015, SDP announced that all conditions precedent in the Offer Document had been fullfilled and that the Offer was now unconditional.

On 26 February 2015, KMB announced that the disposal of NBPOL was completed following the receipt of the cash consideration from SDP. Accordingly, NBPOL had ceased to be a indirect subsidiary of the Group.

As NBPOL represents a major geographical area of operations, its results are excluded from the results of continuing operations and are presented as the single amount as profit after tax from discontinued operations in the statement of comprehensive income (including the comparative period).

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12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Disposal of subsidiaries in 2015 (continued)

(a) Disposal of New Britain Palm Oil Limited ("NBPOL") (continued)

The disposal of NBPOL had the following effects on the financial position and results of the Group for the financial year ended 31 December 2015:

	2015
Assets:	
Property, plant and equipment	3,362
Intangible assets	151
Inventories	539
Trade and other receivables	515
Tax recoverable	3
Cash and cash equivalents	32
Reserves	52
Assets of disposal group classified as held for sale	4,654
Liabilities:	
Trade and other payables	(139)
Deferred tax liabilities	(981)
Loans and borrowings	(817)
Liabilities directly associated with disposal group classified as held for sale	(1,937)
Net assets directly associated with disposal group classified as held for sale	**2,717**
Non-controlling interests	**(1,363)**
Net assets attributable to the Group	1,354
Cash proceeds from disposal	(2,887)
Expenses attributable to disposal of subsidiary	192
Gain on disposal to the Group	(1,341)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Disposal of subsidiaries in 2015 (continued)

(a) Disposal of New Britain Palm Oil Limited (“NBPOL”) (continued)

Cash inflow arising on disposals:

	2015
Cash consideration	2,887
Expenses attributable to disposal of subsidiary	(192)
Cash and cash equivalents of subsidiary disposed	(32)
Net cash inflows	2,663

The expenses attributable to disposal of subsidiary represent consultant fees paid to an investment bank, legal firm and various other consultants for services rendered in connection with the disposal of NBPOL.

Results of disposed subsidiary presented as discontinued operations:

	2015
Revenue	303
Expenses	(321)
Loss from operations	(18)
Finance costs	(4)
Gain on disposal to the Group	1,341
Profit before tax from discontinued operations (Note 11)	1,319
Income tax (Note 11)	(3)
Gain from discontinued operations, net of tax	1,316

Cashflows of disposed subsidiary presented as discontinued operations:

	2015
Net cash from operating activities	10
Net cash from investing activities	(26)
Net cash from financing activities	(30)
Net cash outflows	(46)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Disposal of subsidiaries in 2014

(a) Disposal of General Access Sdn Bhd ("General Access"), Superior Harbour Sdn Bhd ("Superior Harbour") and Nexsol Sdn Bhd ("Nexsol")

In the previous financial year, Kulim (Malaysia) Berhad ("KMB") Group entered into an agreement for the disposal of its subsidiary, General Access, which is involved in field clearing, earthwork, road construction and resurfacing services.

On 25 September 2014, the KMB's Group announced that it had entered into an agreement for the disposal of its subsidiary, Superior Harbour which is involved in aquaculture business.

On 27 August 2014, the KMB's Group announced that it had entered into an agreement for the disposal of its subsidiary, Nexsol which is principally involved in manufacturing and marketing of biodiesel and related products.

All disposals were completed in 2014.

The disposals of General Access, Superior Harbour and Nexsol had the following effect on the financial position and results of the KMB's Group as at 31 December 2014:

	2014
Assets:	
Property, plant and equipment	30
Trade and other receivables	1
Assets of disposal group classified as held for sale	31
Liabilities:	
Trade and other payables	(5)
Liabilities directly associated with disposal group classified as held for sale	(5)
Net assets directly associated with disposal group classified as held for sale	26
Non-controlling interests	1
Net assets attributable to the Group	27
Proceeds from disposal	(28)
Gain on disposal to the Group (Note 5)	(1)
Cash inflow arising on disposals:	
Cash consideration	28
Cash and cash equivalents of subsidiaries disposed	(1)
Net cash inflow on disposals	27

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AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Disposal of subsidiaries in 2014 (continued)

(b) Planned disposal of New Britain Palm Oil Limited ("NBPOL")

As at 31 December 2014, given it's impending disposal, the assets liabilities and reserves of NBPOL have been clasified as a disposal group held for sale. In accordance with the requirements of FRS 5, the results of NBPOL and other discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit after tax from discontinued operations in the statement of comprehensive income (including the comparative period). The impact on the Statement of Comprehensive Income for the comparative period is as follows:

	2014
Assets:	
Property, plant and equipment	3,459
Intangible assets	161
Inventories	573
Trade and other receivables	545
Prepayments	15
Current tax assets	7
Cash and cash equivalents	59
Assets of disposal group classified as held for sale	4,819
Liabilities:	
Trade and other payables	(174)
Deferred tax liabilities	(1,045)
Loan and borrowings	(866)
Liabilities directly associated with disposal group classified as held for sale	(2,085)
Net assets directly associated with disposal group classified as held for sale	**2,734**
Reserves:	
Revaluation reserve	(5)
Translation reserve	(46)
Net cash inflow on disposals	(51)

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AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Disposal of subsidiaries in 2014 (continued)

(b) Planned disposal of New Britain Palm Oil Limited ("NBPOL") (continued)

Results of disposed subsidiaries presented as discontinued operations:

	2014
Revenue	2,098
Expenses	(1,688)
Profit from operations	410
Finance costs	(28)
Gain on disposal to the Group	1
Profit before tax from discontinued operations (Note 11)	383
Income tax (Note 11)	(136)
Profit from discontinued operations, net of tax	247

Cash flows attributable to the discontinued operations:

	2014
Net cash from operating activities	374
Net cash from investing activities	(233)
Net cash from financing activities	(171)
Net cash outflows	(30)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

13. OTHER INVESTMENTS

Group 2015	Total	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Shares Outside Malaysia Unquoted	Warrant In Malaysia Quoted	Fund Investment	Fixed Deposit
Non-current:							
Available-for-sale financial assets	194	12	7	173	-	2	-
Financial assets at fair value through profit or loss	60	25	35	-	-	-	-
	254	37	42	173	-	2	-
Current:							
Available-for-sale financial assets	66	-	-	-	-	66	-
Financial assets at fair value through profit or loss	76	-	2	-	74	-	-
Investment in fixed deposit with licensed financial institution	1	-	-	-	-	-	1
	143	-	2	-	74	66	1
	397	37	44	173	74	68	1
Representing items:							
At fair value (Note 36)	396	37	44	173	74	68	-
At cost (Note 36)	1	-	-	-	-	-	1
	397	**37**	**44**	**173**	**74**	**68**	**1**

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AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

13. OTHER INVESTMENTS (CONTINUED)

Group 2014 (restated)	Total	Shares In Malaysia Unquoted	 Quoted	Shares Outside Malaysia Unquoted	Warant In Malaysia Quoted	Fund Investment	Fixed Deposit
Non-current:							
Available-for-sale financial assets	92	3	6	82	-	1	-
Financial assets at fair value through profit or loss	47	6	41	-	-	-	-
	139	9	47	82	-	1	-
Current:							
Available-for-sale financial assets	14	-	-	-	-	14	-
Financial assets at fair value through profit or loss	50	-	18	-	32	-	-
Investment in fixed deposit with licensed financial institution	43	-	-	-	-	-	43
	107	-	18	-	32	14	43
	246	9	65	82	32	15	43
Representing items:							
At fair value (Note 36)	203	9	65	82	32	15	-
At cost (Note 36)	43	-	-	-	-	-	43
	246	9	65	82	32	15	43

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13. OTHER INVESTMENTS (CONTINUED)

Corporation 2015	Total	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Warrant In Malaysia Quoted
Non-current: Financial assets at fair value through profit or loss	23	23	-	-
Current: Financial assets at fair value through profit or loss	98	-	30	68
	121	23	30	68
Representing items: At fair value (Note 36)	121	23	30	68

Corporation 2014	Total	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Warrant In Malaysia Quoted
Non-current: Financial assets at fair value through profit or loss	4	4	-	-
Current: Financial assets at fair value through profit or loss	42	-	14	28
	46	4	14	28
Representing items: At fair value (Note 36)	46	-	14	28

The weighted average interest rates of fixed deposits that were effective at the reporting date were as follows:

	Group 2015	Group 2014
Deposits with licensed financial institutions	3.40%	3.51%

Deposits of the Group have an average maturity of 333 days (2014: 386 days).

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14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Cost or valuation:								
At 1 January 2014	1,252	814	2,710	1,368	431	4,619	730	11,924
Prior year adjustment	-	-	-	-	1,289	(114)	-	1,175
At 1 January 2014 (restated)	1,252	814	2,710	1,368	1,720	4,505	730	13,099
Additions	-	2	170	22	70	355	390	1,009
Disposals	(2)	(14)	(6)	(46)	-	(38)	-	(106)
Write off	(3)	-	(12)	(2)	(1)	(6)	(2)	(26)
Transfer:								
from land use rights (Note 17)	-	-	-	-	-	-	22	22
to investment properties (Note 15)	-	-	-	(10)	-	-	-	(10)
to inventories	-	-	-	(2)	-	-	-	(2)
to intangible assets (Note 16)	-	-	-	-	-	(17)	-	(17)
Disposal of subsidiaries	(1)	-	-	(5)	-	(60)	(9)	(75)
Acquisition of subsidiaries	2	21	2	15	17	95	-	152
Discontinued operations	-	-	(1,793)	(1,222)	-	(1,943)	(93)	(5,051)
Exchange differences	(1)	-	322	39	-	29	(33)	356
Revaluation	-	-	-	-	35	-	-	35
At 31 December 2014 and 1 January 2015 (restated)	1,247	823	1,393	157	1,841	2,920	1,005	9,386
Additions	-	5	67	66	145	459	252	994
Disposals	(154)	(6)	-	(37)	(7)	(41)	(145)	(390)
Write off	-	-	(7)	(60)	-	(27)	(14)	(108)
Transfer:								
from land use rights (Note 17)	-	-	-	-	-	4	-	4
to held for sale	-	(13)	-	-	-	-	-	(13)
to investment properties (Note 15)	-	-	-	-	-	(17)	-	(17)
Exchange differences	-	-	-	-	-	5	-	5
Revaluation	-	-	-	-	172	-	-	172
At 31 December 2015	1,093	809	1,453	126	2,151	3,303	1,098	10,033

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated depreciation:								
At 1 January 2014	-	100	536	365	-	2,236	-	3,237
Prior year adjustment	-	-	-	-	20	-	-	20
At 1 January 2014 (restated)	-	100	536	365	20	2,236	-	3,257
Charge for the financial year (Note 8)	-	15	89	60	41	317	-	522
Disposals	-	(3)	(3)	(27)	-	(33)	-	(66)
Write off	-	(1)	(12)	(1)	-	(6)	-	(20)
Transfer to intangible assets	-	-	-	-	-	1	-	1
Disposal of subsidiaries	-	-	-	(3)	-	(48)	-	(51)
Acquisition of subsidiaries	-	8	-	9	-	9	-	26
Discontinued operations	-	-	(217)	(255)	-	(1,050)	-	(1,522)
Exchange differences	-	-	(32)	(11)	-	61	-	18
Revaluation	-	-	-	-	(4)	-	-	(4)
At 31 December 2014 and 1 January 2015 (restated)	-	119	361	137	57	1,487	-	2,161
Charge for the financial year (Note 8)	-	11	49	-	65	224	-	349
Disposals	-	(3)	-	(3)	-	(29)	-	(35)
Write off	-	-	(12)	(23)	-	(30)	-	(65)
At 31 December 2015	-	127	398	111	122	1,652	-	2,410
Accumulated impairment loss:								
At 1 January 2014	-	2	1	1	-	51	1	56
Disposal	-	(1)	-	-	-	-	(1)	(2)
Disposal of subsidiaries	-	-	-	-	-	(1)	-	(1)
Discontinued operations	-	-	-	-	-	(40)	-	(40)
At 31 December 2014 and 1 January 2015	-	1	1	1	-	10	-	13
Charge for the financial year (Note 8)	-	-	-	-	-	1	-	1
At 31 December 2015	-	1	1	1	-	11	-	14

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Net carrying amount:								
At 1 January 2014 (restated)	1,252	712	2,173	1,002	1,700	2,218	729	9,786
At 31 December 2014 (restated)	1,247	703	1,031	19	1,784	1,423	1,005	7,212
At 31 December 2015	1,093	681	1,054	14	2,029	1,640	1,098	7,609

Corporation	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
At cost or valuation:								
At 1 January 2014	151	123	49	87	-	43	161	614
Addition	152	-	10	9	-	5	-	176
Disposals	-	-	(4)	-	-	(2)	-	(6)
Transfer:								
to investment properties (Note 15)	-	-	-	(13)	-	-	-	(13)
to inventories	-	-	-	(2)	-	-	-	(2)
At 31 December 2014 and 1 January 2015	303	123	55	81	-	46	161	769
Addition	-	-	11	39	-	5	-	55
Disposals	(152)	-	(1)	(36)	-	(4)	-	(193)
Transfer:								
to investment properties (Note 15)	-	-	-	(8)	-	-	(161)	(169)
At 31 December 2015	151	123	65	76	-	47	-	462
Accumulated depreciation:								
At 1 January 2014	-	9	21	30	-	33	-	93
Charge for the financial year (Note 8)	-	1	2	4	-	3	-	10
Disposals	-	-	(2)	(2)	-	(2)	-	(6)
At 31 December 2014 and 1 January 2015	-	10	21	32	-	34	-	97
Charge for the financial year (Note 8)	-	1	1	5	-	6	-	13
Disposals	-	-	-	(2)	-	(3)	-	(5)
At 31 December 2015	-	11	22	35	-	37	-	105

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated impairment losses:								
At 1 January 2014	-	1	-	-	-	-	-	1
At 31 December 2014 / 1 January 2015 and 31 December 2015	-	1	-	-	-	-	-	1
Carrying amount:								
At 31 December 2014	303	112	34	49	-	12	161	671
At 31 December 2015	151	112	43	41	-	10	-	357

* Other assets consists of furniture, fittings, vessels, plant and machinery, motor vehicles, restaurants, office equipment and renovations.

The net book value of property, plant and equipment acquired under finance leases of the Group amounted to RM63 million (2014: RM20 million).

During the financial year, the Group and the Corporation acquired property, plant and equipment with an aggregate cost of RM1,024 million (2014: RM1,000 million) and RM207 million (2014: RM176 million) respectively. The acquisition is settled through the following means:

	Group		Corporation	
	2015	2014	2015	2014
Cash payment	895	915	55	24
Under finance lease	129	85	-	-
Intercompany set off arrangements	-	-	152	152
	1,024	1,000	207	176

As at 31 December 2015, property, plant and equipment of the Group with net book value of RM1,399 million (2014: RM864 million) are pledged as security for borrowings.

The particulars of freehold land, leasehold land, estate development expenditure, buildings and healthcare properties stated at cost or valuation are as follows:

	Group		Corporation	
	2015	2014	2015	2014
Cost:				
Freehold land	834	1,310	151	303
Leasehold land	350	760	123	123
Estate development expenditure	1,304	1,393	65	55
Buildings	228	72	76	81

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The particulars of freehold land, leasehold land, estate development expenditure, buildings and healthcare properties stated at cost or valuation are as follows (continued):

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Valuation:				
Freehold land	262	15	-	-
Leasehold land	471	157	-	-
Buildings	32	143	-	-
Healthcare properties	2,151	1,611	-	-
	5,632	5,461	415	562

15. INVESTMENT PROPERTIES

	At fair value	
Group	**2015**	**2014 Restated**
At 1 January (as previously reported)	3,899	3,554
Prior year adjustment	(1,213)	(1,248)
At 1 January (restated)	2,686	2,306
Additions	366	550
Disposals	(125)	(254)
Changes in fair value (Note 5)	164	234
Exchange differences	1	-
Transfer:		
from land use rights (Note 17)	-	5
from property, plant and equipment (Note 14)	17	10
to property development costs (Note 24 (b))	(8)	(66)
to land held for property development (Note 24 (a))	-	(69)
Reclassification as held for sale	-	(36)
Deferred lease income	-	6
As at 31 December	3,101	2,686

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15. INVESTMENT PROPERTIES (CONTINUED)

Group	31.12.2015	At fair value 31.12.2014 Restated	1.1.2014 Restated
Included in the above are:			
Freehold land	1,590	680	629
Short term leasehold land	94	43	13
Long term leasehold land	627	745	31
Buildings	790	1,218	1,633
As at 31 December	3,101	2,686	2,306

Corporation	At fair value 2015	2014 Restated
At 1 January	1,177	1,108
Prior year adjustment	48	-
At 1 January (restated)	1,225	1,108
Additions	40	39
Disposals	-	(30)
Changes in fair value (Note 5)	(13)	131
Reclassification as held for sale	-	(36)
Transfer from property, plant and equipment (Note 14)	169	13
As at 31 December	1,421	1,225

Corporation	31.12.2015	At fair value 31.12.2014 Restated	1.1.2014 Restated
Included in the above are:			
Freehold land	194	194	188
Short term leasehold land	88	56	-
Long term leasehold land	269	166	140
Port and buildings	870	809	780
As at 31 December	1,421	1,225	1,108

	Group 2015	2014	Corporation 2015	2014
Rental income from investment properties	16	18	41	42
Direct operating expenses:				
From income generating investment properties	11	9	-	-

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15. INVESTMENT PROPERTIES (CONTINUED)

The fair value of investment properties is estimated by the Directors based on the valuation carried out by independent firm of professional valuers based on valuation techniques below:

Description	Valuation technique	Significant unobservable inputs to fair value	Relationship of unobservable
Industrial land	Comparison method	RM28-RM32 per square feet (2014: RM25-RM30 per square feet)	The higher value per square feet, the higher the valuation
Commercial land	Comparison method	RM135-RM360 per square feet (2014: RM135-RM360 per square feet)	The higher value per square feet, the higher the valuation
Buildings	Investment method	Average occupancy rate (52%) (2014: rate 93%) Term and reversion yield (5.25%-5.5%) (2014: 5.25%-5.5%) Weighted average (5.4%) (2014: 5.4%)	The estimated fair value would increase/ (decrease) if occupancy rate were higher/ (lower) or term and reversion yield were higher/ (lower)
	Residual method	Average selling price per square foot of RM800 (2014: RM800) Interest rate (8%) (2014: 8%)	The estimated fair value would increase/ (decrease) if selling price were higher/ (lower) or interest rate were lower/(higher)
Specialised properties (restricted use of commercial land as a port)	Depreciated replacement cost	Land: RM40-RM60 per square feet (2014: RM35-RM55 per square feet) Dredging: RM15-RM25 per cubic metres (2014: RM15-RM25 per cubic metres) Jetty: RM2,500-RM3,000 per square metres (2014: RM2,500-RM3,000 per square metres) Tank farm: RM565-RM1,720 per cubic metres (2014: RM707-RM1,517 per cubic metres) Pipeline: RM5 million-RM8.5 million per kilometre (2014: RM5 million-RM8.5 million per kilometre)	The estimated fair value would increase/ (decrease) if the unobservable inputs mentioned were higher/ (lower)

Long term and short term leasehold land refer to leasehold land with unexpired lease period of more than 50 years and less than 50 years respectively.

As at 31 December 2015, investment properties of the Group with carrying amount of RM150 million (2014: RM150 million) are pledged as security for borrowings. Investment properties of the Corporation with carrying amount of RM65 million (2014: RM65 million) are registered in the names of subsidiaries and are in the process of being transferred to the name of the Corporation.

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16. INTANGIBLE ASSETS

Group	Goodwill	Parking operator concession rights	Software development expenditure	Total
Cost:				
At 1 January 2014	208	16	194	418
Addition	49	-	-	49
Disposal	-	(2)	-	(2)
Transfer from property, plant and equipment (Note 14)	-	-	17	17
Reclassification as held for sale	-	-	(161)	(161)
Acquisition of subsidiaries	43	-	-	43
Disposal of subsidiaries	(1)	-	-	(1)
Exchange differences	-	-	5	5
At 31 December 2014 (as previously reported)	299	14	55	368
Prior year adjustment	(49)	-	-	(49)
At 31 December 2014 and 1 January 2015 (restated)	250	14	55	319
Addition	-	1	9	10
Disposal	-	(15)	-	(15)
At 31 December 2015	250	-	64	314
Accumulated amortisation and impairment:				
At 1 January 2014	3	6	3	12
Amortisation (Note 6)	-	1	3	4
Impairment (Note 6)	1	-	-	1
At 31 December 2014 and 1 January 2015	4	7	6	17
Amortisation (Note 6)	-	2	-	2
Disposal	-	(9)	-	(9)
At 31 December 2015	4	-	6	10
Net carrying amount:				
At 31 December 2014 (restated)	246	7	49	302
At 31 December 2015	246	-	58	304

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16. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets with indefinite useful lives

For the purpose of impairment testing, intangible assets with indefinite useful lives have been allocated to the following Cash-Generating Units ("CGU"):

	Goodwill		Intangible assets with finite useful lives		Grand total	
Group	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Shipping and forwarding agent	6	6	-	-	6	6
Provision of sea transportation and related services	6	6	-	-	6	6
Insurance broker	2	2	-	-	2	2
Agricultural fertiliser and biotechnology research and development	4	4	-	-	4	4
Healthcare services	184	184	-	-	184	184
Development of global logistics platform	43	43	-	-	43	43
Parking operator concession rights	-	-	-	7	-	7
Software development expenditure	-	-	58	49	58	49
Others	1	1	-	-	1	1
	246	246	58	56	304	302

In respect of the goodwill, the recoverable amount of the CGUs have been determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by management.

The key assumptions on which management has based its cash flow projections are as follows:

(a) Cash flows are projected based on the management's most recent 5-years business plan.

(b) Profit margins are projected based on the industry trends and historical profit margin achieved adjusted for market and economic conditions.

(c) Discount rates used for cash flows discounting purpose reflect industry risks relating to the CGU. The discount rates applied for cash flow projections ranging from 8% to 15%.

The values assigned to the key assumptions represent management's assessment of future trends in the industry.

Management believes that there is no reasonably possible change in any of the above key assumptions which would cause the carrying amount of the CGUs to materially exceed the recoverable amount.

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17. LAND USE RIGHTS

Group	Leasehold land unexpired period less than 50 years	Leasehold land unexpired period more than 50 years	Total
Cost:			
At 1 January 2014	156	37	193
Transfer to property, plant and equipment (Note 14)	-	(22)	(22)
Transfer to investment properties (Note 15)	(5)	-	(5)
At 31 December 2014 and 1 January 2015	151	15	166
Addition	-	-	-
Transfer to property, plant and equipment (Note 14)	-	(8)	(8)
At 31 December 2015	151	7	158
Accumulated amortisation:			
At 1 January 2014	14	2	16
Amortisation for the financial year (Note 8)	23	1	24
At 31 December 2014 and 1 January 2015	37	3	40
Amortisation for the financial year (Note 8)	23	-	23
Transfer to property, plant and equipment (Note 14)	-	(4)	(4)
At 31 December 2015	60	(1)	59
Carrying amount:			
At 31 December 2014	114	12	126
At 31 December 2015	91	8	99

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18. INVESTMENT IN SUBSIDIARIES

	Corporation 2015	2014
Shares, at cost:		
Quoted shares in Malaysia	1,000	1,004
Unquoted shares in Malaysia	1,773	1,742
Unsecured preference shares*	1,863	2,291
	4,636	5,037
Less: Accumulated impairment		
As at 1 January	(1,268)	(1,432)
Charge for the financial year (Note 6)	(88)	(48)
Reversal (Note 6)	34	28
Disposal of a subsidiary	-	184
As at 31 December	(1,322)	(1,268)
	3,314	3,769
Market value for quoted shares	4,361	3,619

* The unsecured preference shares are issued by different subsidiaries with features as follows:
- Convertible and non-convertible
- Cumulative and non-cumulative
- Redeemable and non-redeemable

(a) The equity shares in Johor Land Berhad held by the Corporation and 38% equity shares in Kulim (Malaysia) Berhad are pledged as security for borrowings granted to certain subsidiaries.

At 31 December, the carrying amounts of the above equity shares pledged are as follows:

	2015	2014
Johor Land Berhad	46	46
Kulim (Malaysia) Berhad	73	78
	119	124

(b) Following assessment of the underlying value of its subsidiaries, the Corporation noted that the recoverable amounts of the subsidiaries which amounted to RM370 million is higher than the carrying amount of the investment in subsidiaries. In this connection, the Corporation had reversed the impairment losses on investment in the subsidiaries of RM34 million during the financial year.

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18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information of Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Al-'Aqar Healthcare REIT and Al-Salam REIT which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before elimination of inter-company balances and transactions. The non-controlling interests in respect of the following subsidiaries are individually not material to the Group:

- IPPJ Sdn Bhd
- Johor Skills Development Sdn Bhd
- Pagoh Highland Resorts Sdn Bhd
- Sri Gading Land Sdn Bhd
- Tenaga Utama (Johor) Berhad
- Teraju Fokus Sdn Bhd
- SPMB Holdings Sdn Bhd

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

Group	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-'Aqar Healthcare REIT		Al-Salam REIT		Other immaterial subsidiaries		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
NCI percentage of ownership voting interest	38.50%	41.41%	62.82%	62.14%	51.00%	51.00%	63.59%	-	-	-	-	-
Carrying amount NCI	2,037	3,153	1,061	871	449	424	279	-	66	94	3,892	4,542
Profit allocated to NCI	551	212	94	92	7	16	7	-	14	6	673	326

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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		Al-Salam REIT		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Non-current assets	4,171	3,807	2,867	2,532	1,522	1,510	911	-	9,471	7,849
Current assets	2,255	5,451	1,065	801	73	82	38	-	3,431	6,334
Total assets	6,426	9,258	3,932	3,333	1,595	1,592	949	-	12,902	14,183
Current liabilities	819	3,009	1,098	1,588	50	97	5	-	1,972	4,694
Non-current liabilities	603	637	1,286	398	665	664	358	-	2,912	1,699
Total liabilities	1,422	3,646	2,384	1,986	715	761	363	-	4,884	6,393
Net assets	**5,004**	**5,612**	**1,548**	**1,347**	**880**	**831**	**586**	**-**	**8,018**	**7,790**
Equity attributable to owners of the company	4,740	4,022	1,448	1,258	880	831	309	-	7,377	6,111
Non-controlling interests	264	1,590	100	89	-	-	277	-	641	1,679
Total equity	**5,004**	**5,612**	**1,548**	**1,347**	**880**	**831**	**586**	**-**	**8,018**	**7,790**

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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		Al-Salam REIT		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	1,470	1,094	2,818	2,639	111	109	21	-	4,420	3,842
Profit for the financial year	1,418	308	142	145	67	71	15	-	1,642	524
Profit attributable to owners of the company	1,411	164	132	141	67	71	15	-	1,625	376
Profit attributable to the non-controlling interests	7	144	10	4	-	-	-	-	17	148
Other comprehensive income attributable to owners of the company	1,412	29	147	9	71	-	-	-	1,630	38
Other comprehensive income attributable to the non-controlling interests	(4)	59	10	-	-	-	-	-	6	59
Other comprehensive income for the financial year	1,408	88	157	9	71	-	-	-	1,636	97
Total comprehensive income	2,826	396	299	154	138	71	15	-	3,278	621
Total comprehensive income attributable to owners of the company	2,823	193	279	150	138	71	15	-	3,255	414
Total comprehensive income attributable to the non-controlling interests	3	203	20	4	-	-	-	-	23	207
	2,826	396	299	154	138	71	15	-	3,278	621
Dividend paid to non-controlling interests	3	126	81	18	36	28	-	-	120	172

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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		Al-Salam REIT		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net cash generated from operating activities	36	683	171	326	100	98	26	-	333	1,107
Net cash generated from/(used in) investing activities	2,290	(565)	(272)	(531)	36	(8)	(593)	-	1,461	(1,104)
Net cash (used in)/generated from financing activities	(1,200)	(103)	251	190	(140)	(90)	583	-	(506)	(3)
Net increase/(decrease) in cash and cash equivalents	1,126	15	150	(15)	(4)	-	16	-	1,288	-

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18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of subsidiaries in 2014

(i) Acquisition of Timeless Commitment Sdn Bhd

In the previous financial year, Johor Foods Sdn Bhd, a subsidiary of the Corporation acquired 51% shares in Timeless Commitment Sdn Bhd for RM1,685,934, satisfied in cash. The company manages and operates a master license agreement for the exclusive territory under their jurisdiction within the confines of the Yogen Fruz Business and System. From 1 January 2014 to December 2014, the subsidiary contributed revenue of RM2,390,184 and loss of RM755,284. The acquisition of Timeless Commitment Sdn Bhd had the following effect on the Group's assets and liabilities on the acquisition date:

	Fair value recognised on acquisition
Property, plant and equipment	1
Goodwill	1
Cash and cash equivalents	1
Trade and other payables	(1)
Net identified assets	2
Less: Non-controlling interests on acquisition	-
Group's share of net assets	2
Goodwill on acquisition	-
Consideration paid, satisfied in cash	2
Cash and cash equivalents acquired	(1)
Net cash outflow	1

(ii) Acquisition of Ayamas Shoppe Sdn Bhd, Rasamas Holdings Sdn Bhd and Roaster's Chicken Sdn Bhd

In the previous financial year, Kara Holdings Sdn Bhd, a subsidiary of the Corporation completed the Sales and Purchase Agreement with QSR Brands (M) Holdings Sdn Bhd to acquire Ayamas Shoppe Sdn Bhd, Rasamas Holdings Sdn Bhd and Roaster's Chicken Sdn Bhd for a cash consideration of RM11,960,967. The acquisition of Kara Holdings Sdn Bhd had the following effect on the Group's assets and liabilities on the acquisition date:

	Fair value recognised on acquisition
Property, plant and equipment	28
Inventories	6
Trade and other receivables	7
Cash and cash equivalents	1
Trade and other payables	(4)
Net identified assets	38
Less: Non-controlling interests on acquisition	-
Group's share of net assets	38
Bargain purchase on acquisition (Note 5)	(26)
Consideration paid, satisfied in cash	12
Cash and cash equivalents acquired	(1)
Net cash outflow	11

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18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of subsidiaries in 2014 (continued)

(iii) Acquisition of Asia Logistics Council Sdn Bhd

In the previous financial year, Asia Logistics Council Sdn Bhd became a subsidiary of the Group with effective interest holding of 53.6% through Asia Economic Development Fund Limited ("AEDFL"), subsidiary of Kulim (Malaysia) Berhad ("KMB") and Johor Logistics Sdn Bhd, subsidiary of Johor Paper And Publishing Sdn Bhd.

	Fair value recognised on acquisition
Property, plant and equipment	1
Intangible assets	1
Short term investment	82
Trade and other payables	(12)
Net identified assets	72
Less: Non-controlling interests on acquisition	(8)
Group's share of net assets	64
Goodwill on acquisition	43
Consideration paid	107

(iv) Acquisition of PT Wisesa Inspirasi Nusantara ("PT WIN") and Asia Economic Development Fund Limited ("AEDFL")

In the previous financial year, Kulim (Malaysia) Berhad ("KMB") Group acquired 8,318,000 ordinary shares in PT WIN representing 74% of the issued and paid up share capital of PT WIN for a total purchase consideration of RM58 million. Following the acquisition of the interest, PT WIN became a subsidiary of the KMB Group.

In the previous financial year, KMB sent a notice of conversion to AEDFL to excercise its right to convert the ICCULS into ordinary shares of AEDFL. Following the conversion of the Irredeemable Convertible Cumulative Unsecured Loan Securities ("ICCULS") into ordinary shares, KMB held 54.21% of the total issued and paid-up share capital of AEDFL, thus rendering AEDFL as subsidiary of the KMB Group.

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18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of subsidiaries in 2014 (continued)

(iv) Acquisition of PT Wisesa Inspirasi Nusantara ("PT WIN") and Asia Economic Development Fund Limited ("AEDFL") (continued)

The acquisition of PT WIN and AEDFL had the following effects on the KMB Group's assets and liabilities on the acquisition date:

	Fair value recognised on acquisition		
	PT WIN	**AEDFL**	**Total**
Property, plant and equipment	79	-	79
Inventories	-	69	69
Cash and cash equivalents	1	-	1
Trade and other payables	-	(1)	(1)
Net identified assets	80	68	148
Less: Non-controlling interests on acquisition	(21)	(21)	(42)
Group's share of net assets	59	47	106
Goodwill on acquisition	-	-	-
Consideration paid, satisfied in cash	59	47	106
Cash and cash equivalents acquired	(1)	-	(1)
Net cash outflow	58	47	105

(v) Acquisition of BDC Specialist Hospital Sdn Bhd ("BDCSB")

In the previous financial year, the Group via Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") acquired 100% equity interest in BDCSB comprising 2 ordinary shares of RM1.00 each for an aggregate cash consideration of RM17 million.

The acquisition of BDCSB had the following effects on the Group's assets and liabilities on the acquisition date:

	Fair value recognised on acquisition
Property, plant and equipment	17
Net identified assets	17
Less: Non-controlling interests on acquisition	-
Group's share of net assets	17
Goodwill on acquisition	-
Consideration paid	17

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18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Disposal of equity interest in subsidiary in 2014

(i) Disposal of Damansara Realty Berhad

In the previous financial year, the Corporation disposed of its entire interest in Damansara Realty Berhad for a total consideration of RM79 million. This resulted in a gain on disposal of subsidiary amounting RM90 million. The effects of the disposal are summarised below:

	Fair value on disposal
Property, plant and equipment	24
Land held for property development	57
Investment properties	5
Property development cost	24
Inventories	2
Goodwill at cost	1
Other receivables	47
Cash and bank balances	43
Deferred tax liabilities	(1)
Trade and other payables	(191)
Loan and borrowings	(22)
Net liabilities	(11)
Non-controlling interests	-
Net liabilities attributable to the Group	(11)
Proceeds from disposals	(79)
Gain on disposals (Note 5)	(90)
Cash inflows arising on disposals:	
Cash consideration	79
Cash and cash equivalents of subsidiaries disposed	(43)
Net cash inflows on disposal	36

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18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Disposal of equity interest in subsidiary in 2014 (continued)

(ii) In the previous financial year, the Corporation disposed of its entire interest in Amiza Publishing Sdn Bhd, Century Nexus (M) Sdn Bhd, Johor Land (H) Sdn Bhd, Johor Toys Sdn Bhd and disposed of its entire interest through its subsidiaries as listed below to third parties:

(1) Johor Foods Sdn Bhd disposed of its subsidiaries, Meatpackers Sdn Bhd and Asia Pacific Food Traders Sdn Bhd;

(2) Johor Capital Holdings Sdn Bhd disposed of its subsidiaries, Amazing Cuisine Sdn Bhd and Persada Antarabangsa (Johor) Sdn Bhd;

(3) JCorp Hotels and Resorts Sdn Bhd disposed of its subsidiaries, DPIM Consult Sdn Bhd and Tiram Air Sdn Bhd;

(4) Johor Franchise Development Sdn Bhd disposed of its subsidiaries, JKing Sdn Bhd, Johor Hotels International Sdn Bhd and The World of Secret Garden Sdn Bhd;

(5) Johor Logistics Sdn Bhd disposed of its subsidiaries Great Allied Engineering Sdn Bhd;

(6) JSEDC Properties Sdn Bhd disposed of its subsidiaries, Tropika Landskap Sdn Bhd; and

(7) Sindora Ventures Sdn Bhd disposed of its subsidiaries, Tajasukan Sdn Bhd.

The effects of the disposal are summarised below:

	Fair value on disposal
Investment properties	2
Investment in associates	12
Other receivables	1
Cash and bank balances	1
Trade and other payables	(32)
Net liabilities	(16)
Non-controlling interests	-
Net liabilities attributable to the Group	(16)
Proceeds from disposals	-
Gain on disposals (Note 5)	(16)
Cash outflows arising on disposals:	
Cash consideration	-
Cash and cash equivalents of subsidiaries disposed	(1)
Net cash outflows on disposal	(1)

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19. INVESTMENT IN ASSOCIATES

	Group		Corporation	
	2015	2014	2015	2014
Unquoted shares in Malaysia, at cost	137	137	36	36
Unquoted shares outside Malaysia	55	55	-	-
Share of post-acquisition retained profits and reserves less losses	75	76	-	-
	267	268	36	36

(a) Details of the Group's associates are as follows:

	Country of incorporation	Principal activities	Percentage of ownership interest held by the Group* 2015	2014	Accounting model applied
Held by the Corporation:					
Panca Pesona Sdn Bhd	Malaysia	Industrial land and property developer	40.00%	40.00%	Equity method
Larkin Sentral Property Sdn Bhd	Malaysia	Operator of a transport terminal, renting of shop lots and wet market	39.00%	39.00%	Equity method
Bertam Properties Sdn Bhd	Malaysia	Estate management	20.00%	20.00%	Equity method
Revertex (Malaysia) Sdn Bhd	Malaysia	Processing of rubber and chemical	30.07%	30.07%	Equity method
Kedah Medical Centre Sdn Bhd	Malaysia	Operating as a specialist hospital	45.65%	45.65%	Equity method
Hospital Penawar Sdn Bhd	Malaysia	Operating as a specialist hospital	30.00%	30.00%	Equity method
Healthcare Technical Services Sdn Bhd	Malaysia	Project management and engineering maintainance services for specialist	30.00%	30.00%	Equity method
Vejthani Public Company Limited	Thailand	International specialist hospital	23.37%	23.37%	Equity method

* Equals to the proportion of voting rights held

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

	Larkin Sentral Property Sdn Bhd		Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Other individually immaterial		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Non-current assets	184	170	18	41	97	98	59	63	48	61	406	433
Current assets	3	4	94	180	166	148	244	243	146	100	653	675
Total assets	187	174	112	221	263	246	303	306	194	161	1,059	1,108
Non-current liabilities	11	13	4	86	18	19	-	2	6	23	39	143
Current liabilities	16	16	-	43	32	50	121	118	61	33	230	260
Total liabilities	27	29	4	129	50	69	121	120	67	56	269	403
Net assets	160	145	108	92	213	177	182	186	127	105	790	705

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19. INVESTMENT IN ASSOCIATES (CONTINUED)

(ii) Summarised Statements of Comprehensive Income

	Larkin Sentral Property Sdn Bhd		Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Other individually immaterial		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	12	12	219	189	189	134	459	474	189	158	1,068	967
Profit before tax from continuing operation	17	15	21	5	60	28	65	27	40	23	203	98
Profit for the financial year from continuing operations	15	13	16	2	46	21	56	20	31	17	164	73
Total comprehensive income	15	13	16	2	46	21	56	20	31	17	164	73
Dividend received from the associates during the financial year	-	-	1	-	-	-	-	-	16	14	17	14

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19. INVESTMENT IN ASSOCIATES (CONTINUED)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Larkin Sentral Property Sdn Bhd		Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Other individually immaterial		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net assets at 1 January	151	134	92	90	177	166	186	206	97	90	703	686
Prior year adjustment	(6)	(2)	-	-	-	-	-	-	-	-	(6)	(2)
Profit for the financial year	15	13	16	2	46	21	56	20	31	17	164	73
Dividend received from the associates during the financial year	-	-	-	-	(10)	(10)	(60)	(40)	(1)	(2)	(71)	(52)
Net assets at 31 December	160	145	108	92	213	177	182	186	127	105	790	705
Interest in associates	39.00%	39.00%	23.37%	23.37%	20.00%	20.00%	30.07%	30.07%				
Group share of net assets	62	57	25	22	43	35	55	56	53	44	238	214
Goodwill	-	-	20	39	6	6	15	15	(12)	(6)	29	54
Carrying value of group's interest in associates	62	57	45	61	49	41	70	71	41	38	267	268

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19. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) Aggregate information of associates that are not individually material.

	Group 2015	Group 2014 Restated
The Group's share of profit before tax from continuing operations	16	10
The Group's share of profit after tax from continuing operations	12	7
The Group's share of total comprehensive income	12	7

20. INVESTMENT IN JOINT VENTURES

	Group 2015	Group 2014
At cost		
Shares unquoted in Malaysia	1,267	1,267
Share of post-acquisition reserves	20	(21)
	1,287	1,246

The Group has voting rights of its joint arrangements ranging from 51.00% to 54.47% (2014: 51.00% to 54.47%). Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities are classified as joint ventures of the Group.

(a) Details of the Group's joint ventures are as follows:

Name	Country of incorporation	Percentage of ownership interest* 2015	Percentage of ownership interest* 2014	Principal activities	Accounting model applied
Massive Equity Sdn Bhd	Malaysia	51.00%	51.00%	Note (i)	Equity method
Tepak Marketing Sdn Bhd	Malaysia	54.47%	54.47%	Note (ii)	Equity method

* equals to the proportion of voting rights held

These joint ventures have the same reporting period as the Group:

(i) The principal activity is investment holding of QSR Brands (M) Holdings Sdn Bhd, a group mainly involved in the business of quick service restaurant.

(ii) The principal activities consist of contract packing of tea and tea trading.

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20. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of Massive Equity Sdn Bhd and Tepak Marketing Sdn Bhd is set out below. The summarised information represents the amounts in the joint ventures and not the Group's share of those amounts.

(i) Summarised Statements of Financial Position

	Massive Equity Sdn Bhd		Tepak Marketing Sdn Bhd		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Non-current assets	3,915	3,846	2	3	3,917	3,849
Cash and cash equivalents	270	243	1	1	271	244
Other current assets	503	754	19	11	522	765
Total current assets	773	997	20	12	793	1,009
Total assets	4,688	4,843	22	15	4,710	4,858
Current liabilities (excluding trade and other payables and provisions)	115	204	-	-	115	204
Trade and other payables and provisions	616	516	10	4	626	520
Total current liabilities	731	720	10	4	741	724
Non-current liabilities (excluding trade and other payables and provisions)	1,459	1,700	-	-	1,459	1,700
Trade and other payables and provisions	3	3	-	-	3	3
Total non-current liabilities	1,462	1,703	-	-	1,462	1,703
Total liabilities	2,193	2,423	10	4	2,203	2,427
Net assets	2,495	2,420	12	11	2,507	2,431

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20. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of Massive Equity Sdn Bhd and Tepak Marketing Sdn Bhd is set out below. The summarised information represents the amounts in the joint ventures and not the Group's share of those amounts (continued).

(ii) Summarised Statements of Comprehensive Income

	Massive Equity Sdn Bhd		Tepak Marketing Sdn Bhd		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue	4,016	3,853	8	30	4,024	3,883
Depreciation and amortisation	197	217	-	-	197	217
Interest income	2	3	-	-	2	3
Interest expense	150	126	-	-	150	126
Profit before tax	140	39	2	2	142	41
Income tax expense	83	94	1	1	84	95
Profit/(loss) after tax	57	(52)	1	1	58	(51)
Other comprehensive income	9	-	-	-	9	-
Total comprehensive income/(loss)	66	(52)	1	1	67	(51)

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures.

	Massive Equity Sdn Bhd		Tepak Marketing Sdn Bhd		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Net assets at 1 January	2,420	2,472	11	10	2,431	2,482
Profit/(loss) for the financial year	66	(52)	1	1	67	(51)
Other comprehensive income	9	-	-	-	9	-
Net assets at 31 December	2,495	2,420	12	11	2,507	2,431
Interest in joint ventures	51.00%	51.00%	54.47%	54.47%	-	-
Group's share of net assets	1,273	1,234	7	6	1,280	1,240
Goodwill	11	10	(4)	(4)	7	6
Carrying value of Group's interest in joint ventures	1,284	1,244	3	2	1,287	1,246

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21. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Group		Corporation	
	2015	2014	2015	2014
Assets of disposal group classified as held for sale:				
Property, plant and equipment	13	3,459	-	-
Land and development expenditure	4	4	-	-
Investment properties	37	36	37	63
Intangible assets	-	161	-	-
Inventories	-	573	-	-
Trade and other receivables	-	545	-	-
Prepayments	-	15	-	-
Cash and bank balances	-	59	-	-
Tax recoverable	-	7	-	-
	54	4,859	37	63
Liabilities directly associated with disposal group classified as held for sale:				
Loans and borrowings	-	866	-	-
Trade and other payables	-	174	-	-
Deferred tax liabilities	-	1,045	-	-
	-	2,085	-	-

22. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

	Group			Corporation		
	31.12.2015	31.12.2014 Restated	1.1.2014 Restated	31.12.2015	31.12.2014 Restated	1.1.2014 Restated
Provisions	25	47	58	21	28	40
Unutilised tax losses	156	113	37	139	81	20
Others	76	-	-	-	-	-
Total deferred tax assets	257	160	95	160	109	60
Investment properties	(179)	(99)	(55)	(163)	(102)	(79)
Property, plant and equipment	(311)	(224)	(804)	-	(1)	(1)
Others	-	(20)	(173)	-	-	-
Total deferred tax liabilities	(490)	(343)	(1,032)	(163)	(103)	(80)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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22. DEFERRED TAX (CONTINUED)

Movement of deferred tax assets and liabilities during the year are as follows:

	Group		Corporation	
	2015	2014 Restated	2015	2014 Restated
At 1 January	(103)	(880)	108	59
Prior year adjustment:				
Investment properties	(80)	(57)	(102)	(79)
At 1 January (restated)	(183)	(937)	6	(20)
(Charged)/credited to profit or loss:				
Property, plant and equipment	(87)	14	1	3
Investment properties	(80)	(44)	(61)	(12)
Tax losses	43	86	58	36
Provisions	(22)	(11)	(7)	(1)
Others	106	(15)	-	-
	(40)	30	(9)	26
(Charged)/credited to other comprehensive income:				
Property, plant and equipment	(10)	(3)	-	-
	(10)	(3)	-	-
Attributable to discontinued operation:				
Property, plant and equipment	-	951	-	-
Tax losses	-	(10)	-	-
Others	-	103	-	-
	-	1,044	-	-
Foreign currency exchange differences adjustment:				
Property, plant and equipment	-	(385)	-	-
Others	-	68	-	-
	-	(317)	-	-
As at 31 December	(233)	(183)	(3)	6

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22. DEFERRED TAX (CONTINUED)

Movement of deferred tax assets and liabilities during the year are as follows (continued):

	Group			Corporation		
	31.12.2015	31.12.2014 Restated	1.1.2014 Restated	31.12.2015	31.12.2014 Restated	1.1.2014 Restated
Presented after appropriate offsetting as follows:						
Deferred tax assets	257	160	95	-	6	-
Deferred tax liabilities	(490)	(343)	(1,032)	(3)	-	(20)
	(233)	(183)	(937)	(3)	6	(20)

Unrecognised deferred tax assets

The amount of unutilised tax losses and other deductible temporary differences (which has no expiry) for which no deferred tax assets are recognised is as follows:

	Group	
	2015	2014
Unabsorbed capital allowance	182	185
Unutilised tax losses	278	286
Others	284	64
	744	535

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23. TRADE AND OTHER RECEIVABLES

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Current				
Trade receivables	1,086	726	9	44
Less: Allowance for impairment	(91)	(102)	-	(17)
	995	624	9	27
Other receivables	609	327	265	82
Less: Allowance for impairment	(31)	(37)	(13)	(5)
	578	290	252	77
Deposits	30	63	-	15
Amount due from related parties	-	-	590	615
Less: Allowance for impairment	-	-	(365)	(387)
	30	63	225	243
Amount due from associates	6	15	6	8
Less: Allowance for impairment	-	(1)	-	(1)
	6	14	6	7
	1,609	991	492	354

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are widely dispersed, cover a broad spectrum of manufacturing and distribution and have a variety of end markets in which they sell. The Group's historical experience in collection of trade receivable falls within the recorded allowances. Due to these factors, the management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

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23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Ageing analysis of trade receivables

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

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Neither past due nor impaired	382	402	-	-
1 to 30 days past due not impaired	119	84	-	27
31 to 60 days past due not impaired	57	52	-	-
61 to 90 days past due not impaired	33	37	-	-
91 to 120 days past due not impaired	27	10	-	-
More than 121 days past due not impaired	377	39	9	-
	995	624	9	27
Impaired	91	102	-	17
	1,086	726	9	44

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are mainly from regular customers that have been transacting with the Group, where there is no expectation of default. None of these balances have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group and the Corporation have trade receivables amounting to RM613 million (2014: RM222 million) and RM9 million (2014: RM27 million) respectively, that are past due at the reporting date but not impaired. These relate to a number of independent customers for whom there is no recent history of default. These balances are not secured.

Receivables that are impaired

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

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Movement in allowance account:				
At 1 January	102	114	17	48
Charge for the financial year	21	14	-	-
Reversal of impairment losses	(32)	(26)	(17)	(31)
At 31 December	91	102	-	17

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23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired (continued)

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

(b) Amount due from related parties and advances to associates

These amounts are unsecured, non-interest bearing and are repayable upon demand.

Amount due from related parties that are impaired

At the reporting date, the Corporation has provided an allowance of RM365 million (2014: RM387 million) for impairment of related parties.

There has been reversal of provision made in the Corporation allowance account for the financial year ended 31 December 2015 of RM22 million (2014: RM14 million).

(c) Other receivables that are impaired

At the reporting date, the Group and the Corporation have provided an allowance of RM31 million (2014: RM37 million) and RM13 million (2014: RM5 million) respectively for impairment of other receivables.

There has been reversal of provision made in the Group's allowance account for the financial year ended 31 December 2015 of RM6 million (2014: RM10 million). The Corporation has made an additional provision in the allowance account of RM8 million (2014: RM nil) during the financial year.

24. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Future development

	Group		Corporation	
	2015	2014 Restated	2015	2014
At cost:				
Freehold land	30	80	-	-
Leasehold land	69	69	3	3
Development expenditure	20	15	23	23
At 1 January	119	164	26	26
Cost incurred during the financial year:				
Freehold land	-	34	-	-
Leasehold land	7	-	7	-
Development expenditure	14	4	-	4
	21	38	7	4

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24. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(a) Future development (continued)

	Group		Corporation	
	2015	2014 Restated	2015	2014
Less charged to Statement of Comprehensive Income:				
Leasehold land	(1)	(69)	-	-
	(1)	(69)	-	-
Transfer from/(to):				
Current development				
- Freehold land (Note 24 (b))	33	(2)	49	-
- Leasehold land (Note 24 (b))	(1)	-	-	-
- Development expenditure (Note 24 (b))	26	-	26	-
Investment properties (Note 15)	-	69	-	-
	58	67	75	-
Disposal of subsidiaries:				
Freehold land	-	(39)	-	-
Development expenditure	-	(35)	-	-
Disposal/write off:				
Freehold land	(7)	(3)	-	-
Development expenditure	-	(4)	-	(4)
At 31 December	190	119	108	26
At cost:				
Freehold land	56	30	49	-
Leasehold land	74	69	10	3
Development expenditure	60	20	49	23
At 31 December	190	119	108	26

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24. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(b) Current development

	Group		Corporation	
	2015	**2014 Restated**	**2015**	**2014**
At cost:				
Freehold land	146	144	50	50
Leasehold land	396	334	82	87
Development expenditure	1,852	1,662	830	808
At 1 January	2,394	2,140	962	945
Cost incurred during the financial year:				
Leasehold land	7	1	1	1
Short term leasehold land	-	1	-	-
Development expenditure	502	379	-	22
	509	381	1	23

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24. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(b) Current development (continued)

	Group		Corporation	
	2015	**2014 Restated**	**2015**	**2014**
Cost recognised as an expense in Statement of Comprehensive Income:				
- previous financial year	(1,532)	(1,263)	(532)	(509)
- current financial year	(303)	(269)	(4)	(23)
	(1,835)	(1,532)	(536)	(532)
Transfer (to)/from:				
Future development				
- Freehold land (Note 24 (a))	(33)	2	(49)	-
- Leasehold land (Note 24 (a))	1	-	-	-
- Development expenditure (Note 24 (a))	(26)	-	(26)	-
Inventories	(45)	(1)	-	-
Investment properties (Note 15)	8	66	-	-
	(95)	67	(75)	-
Rescinded project	-	(182)	-	-
Disposal of subsidiaries:				
Development expenditure	-	(6)	-	-
Disposal/write off:				
Leasehold land	(4)	(6)	(4)	(6)
At 31 December	969	862	348	430

Development land for the Group with carrying amount of RM109 million (2014: RM106 million) are pledged as security for borrowings.

As at 31 December 2015, title for land with carrying amount of RM293 million (2014: RM316 million) are not registered in the names of certain subsidiaries and are in the process of being transferred to the names of the subsidiaries.

Land with carrying amount of RM1 million (2014: RM1 million) are not registered in the name of certain subsidiaries but are held in escrow by the State Authority of Johor for the beneficial interest of the subsidiaries until the entire land has been sold in subdivided lots to purchasers.

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25. INVENTORIES

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Stores and materials	24	54	-	-
Stock of produce	4	4	-	-
Finished goods	97	36	-	-
	125	94	-	-
Shops and houses	22	17	3	8
Land and buildings	19	63	19	64
	166	174	22	72

Inventories of the Corporation at carrying amount of RM1 million (2014: RM1 million) are pledged as security for borrowings. Inventories of the Corporation with carrying amount of RM12 million (2014: RM12 million) are registered in the name of subsidiaries.

26. OTHER CURRENT ASSETS

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Prepayments	52	47	-	7

27. DERIVATIVE FINANCIAL INSTRUMENT

	Group Notional amount		Group Carrying amount	
	2015	**2014**	**2015**	**2014**
Cash flow hedges:				
Current assets				
Interest rate swap	375	375	1	2

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28. CASH AND BANK BALANCES

	Group		Corporation	
	2015	2014 Restated	2015	2014
Cash at banks and on hand	866	580	56	39
Fixed deposits with:				
Licensed banks	172	233	55	46
Licensed financial institutions	1,360	226	-	-
Other financial institutions	3	9	-	-
Cash and bank balances	2,401	1,048	111	85

Included in the deposits with licensed banks are the following amount subject to restriction:

	Group		Corporation	
	2015	2014	2015	2014
Pledged with licensed banks for bank guarantee facilities provided to subsidiaries/third parties	8	5	-	-
Restricted usage under SUKUK	17	16	-	-
Restricted usage under Government Grant	-	-	20	19
	25	21	20	19

The currency profile of cash and cash equivalents is as follows:

	Group		Corporation	
	2015	2014 Restated	2015	2014
Ringgit Malaysia	2,377	1,005	111	85
Indonesian Rupiah	12	19	-	-
Australian Dollar	11	15	-	-
Singapore Dollar	1	9	-	-
	2,401	1,048	111	85

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28. CASH AND BANK BALANCES (CONTINUED)

The weighted average interest rates of deposits, bank and cash balances that were effective at the reporting date were as follows:

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Deposits with licensed banks	3.89%	3.50%	3.60%	3.40%
Deposits with licensed financial institutions	4.00%	4.13%	-	-
Deposits with other financial institutions	3.10%	3.07%	-	-

Deposits of the Group and of the Corporation have an average maturity of 41 days (2014: 49 days) and 30 days (2014: 30 days) respectively.

Included in cash and bank balances of the Group is an amount of RM74 million (2014: RM105 million) of which the utilisation is subject to the Housing Developers (Housing Development Account) Regulations 2002.

29. OTHER LONG TERM LIABILITIES

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Government Grant	286	261	275	243
Land lease rental received in advance	151	78	115	47
Other long term payables	51	46	-	-
Deposits	14	26	-	-
Others	-	4	-	-
	502	415	390	290

<u>Government Grant</u>

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
At cost:				
At 1 January	420	407	243	235
Grant received during the financial year	42	13	35	8
At 31 December	462	420	278	243
Accumulated amortisation:				
At 1 January	159	151	-	-
Amortisation (Note 5)	17	8	3	-
At 31 December	176	159	3	-
Balance as at 31 December	286	261	275	243

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29. OTHER LONG TERM LIABILITIES (CONTINUED)

Land lease rental received in advance

	Group 2015	Group 2014	Corporation 2015	Corporation 2014
At cost:				
At 1 January	88	70	47	32
Additions	78	18	68	15
At 31 December	166	88	115	47
Accumulated amortisation:				
At 1 January	10	9	-	-
Recognition of income for the financial year	5	1	-	-
At 31 December	15	10	-	-
Carrying amount as at 31 December	151	78	115	47

This represents money received in advance from sub leases for period of 30 to 60 years.

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 2015	Group 2014	Corporation 2015	Corporation 2014
Under 1 year	2	5	-	-
1 to 2 years	2	1	-	-
2 to 3 years	2	1	-	-
Over 3 years	45	39	-	-
At 31 December	51	46	-	-

Deposits

Deposits represent amounts received from consultants, which are repayable on death, retirement (at age 65) or disability of the consultants. Deposits are forfeited on termination of a consultant's practice either by the Group due to events of breach or on early termination by the consultant. However, the deposits may be refunded to the consultants if approval from the Boards of Directors is obtained.

Deposits previously measured at cost, are now measured at fair value initially and subsequently at amortised 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 consultants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS

	Group		Corporation	
	2015	2014 Restated	2015	2014
Non-current				
Secured:				
Finance lease	66	67	-	-
Term loans	1,321	1,304	-	-
Islamic Debt Securities	352	402	-	-
Islamic Medium Term Notes ("IMTNs")	2,956	2,956	2,956	2,956
Redeemable Cumulative Convertible Preference Shares ("RCCPS")	17	-	-	-
Islamic Bonds	1,450	653	-	-
Federal Government loans	122	118	-	-
Unsecured:				
Term loans	110	164	-	-
Federal Government loans	57	18	13	18
Redeemable Preference Shares	281	248	-	-
	6,732	5,930	2,969	2,974
Current				
Secured:				
Bank overdrafts	16	65	-	-
Revolving credits	318	619	-	-
Islamic Committed Revolving Credit Facility/ Scheduled Payment Arrangement ("CRCF"/"SPA")	-	3	-	-
Bankers' acceptance	2	1	-	-
Finance lease	46	29	-	-
Term loans	258	231	-	-
Islamic Debt Securities	20	-	-	-
Bridging loans	134	657	-	-
Unsecured:				
Bank overdrafts	30	51	-	-
Revolving credits	154	473	-	-
Bankers' acceptance	2	-	-	-
Term loans	249	55	-	-
Federal Government loans	56	62	56	62
	1,285	2,246	56	62
Total loans and borrowings	8,017	8,176	3,025	3,036

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Group's loans and borrowings:

At 31 December 2015	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Bank overdrafts	On demand	16	16	-	-	-
Revolving credits	-	318	318	-	-	-
Bankers' acceptance	On demand	2	2	-	-	-
Finance lease	2015-2019	112	46	21	33	12
Term loans	2015-2029	1,579	258	483	634	204
Islamic Debt Securities	2016-2023	372	20	30	200	122
Islamic Medium Term Notes ("IMTNs")	2017-2022	2,956	-	-	394	2,562
Islamic Bonds	2013-2018	1,450	-	-	654	796
Bridging loans	On demand	134	134	-	-	-
Federal Government loans	2015-2034	122	-	6	26	90
Redeemable Cumulative Convertible Preference Shares ("RCCPS")	2015-2020	17	-	-	17	-
Unsecured:						
Bank overdrafts	On demand	30	30	-	-	-
Revolving credits	-	154	154	-	-	-
Bankers' acceptance	On demand	2	2	-	-	-
Term loans	2015-2019	359	249	55	55	-
Federal Government loans	2015-2022	113	56	7	7	43
Redeemable Preference Shares	2018	281	-	-	-	281
Total		8,017	1,285	602	2,020	4,110

At 31 December 2014 (restated)	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Bank overdrafts	On demand	65	65	-	-	-
Revolving credits	-	619	619	-	-	-
Bankers' acceptance	On demand	1	1	-	-	-
Finance lease	2015-2019	96	29	36	31	-
Term loans	2015-2029	1,535	231	272	444	588
Islamic Committed Revolving Credit	-	3	3	-	-	-
Islamic Debt Securities	2016-2023	402	-	130	-	272
Islamic Medium Term Notes ("IMTNs")	2017-2022	2,956	-	-	394	2,562
Islamic Bonds	2013-2018	653	-	-	653	-
Bridging loans	On demand	657	657	-	-	-
Federal Government loans	2015-2034	118	-	-	3	115
Unsecured:						
Bank overdrafts	On demand	51	51	-	-	-
Revolving credits	-	473	473	-	-	-
Term loans	2015-2019	219	55	55	109	-
Federal Government loans	2015-2022	80	62	7	10	1
Redeemable Preference Shares	2018	248	-	-	-	248
Total		8,176	2,246	500	1,644	3,786

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Corporation's loans and borrowings:

At 31 December 2015	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	-	-	394	2,562
Unsecured:						
Federal Government loans	2015-2022	69	56	7	6	-
Total		3,025	56	7	400	2,562
At 31 December 2014						
Secured:						
Islamic Medium Term Notes ("IMTNs")	2017-2022	2,956	-	-	394	2,562
Unsecured:						
Federal Government loans	2015-2022	80	62	7	10	1
Total		3,036	62	7	404	2,563

	Group 2015	2014
Finance lease liabilities		
Minimum lease payments:		
Not later than 1 year	46	29
Later than 1 year and not later than 2 years	24	40
Later than 2 years and not later than 5 years	34	31
More than 5 years	12	-
	116	100
Future finance charges on finance leases	(4)	(4)
Carrying amount of finance lease liabilities	112	96
Non-current	66	67
Current	46	29
Total	112	96

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Weighted average effective interest rates of borrowings at the reporting date:				
Bank overdrafts	7.92	7.89	-	-
Revolving credits	4.19	3.65	-	-
Term loans	6.81	6.18	-	-
Federal Government loans	3.51	4.33	4.83	4.83
Bankers' acceptance	3.99	3.07	-	-
Bridging loans	6.13	5.53	-	-
Finance lease	3.70	3.86	-	-
Islamic Bonds	5.13	5.51	-	-
Islamic Debt Securities	6.61	5.42	-	-
Islamic Medium Term Notes ("IMTNs")	3.67	3.67	3.67	3.67
Redeemable Preference Shares	4.00	4.00	-	-

Group borrowings: Period of maturity or repricing

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 year and not later than 5 years	Later than 5 years	Total
As at 31 December 2015					
Fixed	153	324	1,664	3,052	5,193
Floating	1,132	278	356	1,058	2,824
Total	1,285	602	2,020	4,110	8,017
As at 31 December 2014 (restated)					
Fixed	872	304	1,394	3,731	6,301
Floating	1,374	196	250	55	1,875
Total	2,246	500	1,644	3,786	8,176

Corporation borrowings: Period of maturity or repricing

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 year and not later than 5 years	Later than 5 years	Total
As at 31 December 2015					
Fixed	56	7	400	2,562	3,025
As at 31 December 2014					
Fixed	62	7	404	2,563	3,036

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Estimated fair values

Except as disclosed below the carrying amounts of all borrowings at the reporting date approximate their fair values:

	Group		Corporation	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
As at 31 December 2015				
Term loans - floating	1,566	1,565	-	-
Islamic Bonds	1,450	1,441	-	-
Islamic Medium Term Notes (“IMTNs”)	2,956	2,960	2,956	2,960
Federal Government loans	235	242	69	76
At 31 December 2014				
Term loans - floating	1,051	1,077	-	-
Islamic Medium Term Notes (“IMTNs”)	2,956	2,960	2,956	2,960
Federal Government loans	80	83	80	83

Significant covenants

Corporation

Islamic Medium Term Notes (“IMTNs”)

On 14 June 2012, the Corporation entered into an Islamic Medium Term Notes (“IMTNs”) Programme of up to RM3.0 billion, under the Syariah principle of Wakalah Bil Istithmar with Maybank Investment Bank (“MIB”) (“Facility Agent”) and, MIB and CIMB Investment Bank (“CIMB”) (“Joint Lead Arrangers”). The IMTNs was issued in 3 series as follows:

Series	Principal amount	Tenure (Years)	Profit rate (% per annum)	Maturity date
Series 1	400	5	3.48	14 Jun 2017
Series 2	800	7	3.68	14 Jun 2019
Series 3	1,800	10	3.84	14 Jun 2022
	3,000			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Corporation (continued)

Islamic Medium Term Notes ("IMTNs") (continued)

The frequency of the expected periodic distribution ("Profit Payment") should be on a semi-annual basis or such other period of frequency to be agreed between the Corporation and the Joint Book Runners ("JBRs") prior to each issuance of the IMTNs.

The Federal Government of Malaysia ("GOM") has agreed to guarantee (irrevocably and unconditionally) the Corporation's payment obligations under the IMTNs in accordance with Loans Guarantee (Bodies Corporate) Act, 1965, that subject to the Guaranteed amount (the nominal value of the IMTNs guaranteed by the GOM shall not exceed RM3.0 billion in aggregate) for the period of 11 years from the date of first issuance of the IMTNs.

In consideration of the provision of guarantee by the GOM, the Corporation being a body corporate declared by the Minister of Finance ("MOF") pursuant to the Loans Guarantee (Declaration of Bodies Corporate) (Johor Corporation) Order 2012 [P.U(A)128/2012] agreed to pay on an annual basis the Guarantee Fee of 0.01% for the first 5 years and 0.02% for the 6th year onwards based on the outstanding IMTNs.

Subsequent to the issuance, the IMTNs may not be offered, sold, transferred or otherwise disposed of directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to categories of person falling with Schedule 6 or Section 229(1)(b), of the Capital Market and Services Act, 2007, as amended from time to time.

The IMTNs is not listed on Bursa Malaysia Securities Berhad or any other stock exchange.

There is no specific financial covenant associated with the IMTNs issued by the Corporation other than in the event of default, the entire IMTNs become immediately due and repayable.

Federal Government loans

On 17 July 2002, the Corporation had applied for a restructuring of its Federal Government loans amounting to RM86.97 million (inclusive of outstanding interest) to the MOF with the following options:

(i) to pay off the loans by exchange of properties; or

(ii) to restructure the loans into a soft loan repayable after 10 years with interest.

The GOM via its letter from the MOF dated 5 September 2013, stated the following:

(i) Period for loan repayment to be rescheduled for 15 years, commencing on 2014, whereby such loan repayment to be made twice a year;

(ii) Interest rate of 4% per annum to be imposed on the outstanding loans;

(iii) Late payment interest of 2% per annum will be imposed in case the loan repayment does not comply with the agreed schedule;

(iv) Exemption on the accrued interest will be approved if the loan repayment is as per agreed schedule;

(v) State Government must secure the loan with the land of "Ladang Kelapa Sawit Tunjuk Laut" and "Perindustrian Tanjung Langsat".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Corporation (continued)

Federal Government loans (continued)

The Corporation via its letter to MOF dated 25 September 2013, generally agreed on all terms suggested by MOF except for the abovementioned term (v). However, the Corporation suggested such term to be replaced with a new term, whereby the Corporation will execute legal assignment on sales proceed of industrial land, in which the value is not less than the total loan or up to the outstanding loan once the proposed loan reschedule been approved such industrial lands measuring approximately 55.278 acres can be sold within a 5 to 7 years period due to aggressive demands for land in Tanjung Langsat Industrial area. Thus, the outstanding loans can be settled in a shorter period.

GOM via its letter dated 28 October 2013, had acknowledged the Corporation's suggestion. MOF had asked the Corporation via the State Government to make an assessment on the said land with assistance from Jabatan Penilaian dan Perkhidmatan Hartanah ("JPPH"). The restructuring scheme will be secured by the said land.

GOM has also stated that such restructuring scheme will be subject to the following terms and conditions:

(i) Period of repayment is 15 years with semi annual repayment on 1 June and 1 December every year;

(ii) Interest rate of 4% per annum for each existing loan;

(iii) Late payment interest of 2% per annum will be imposed if the payment not accordance to the schedule; and

(iv) Exemption on accrued interest for each agreement will be only approved if the payment is accordance to the agreed schedule. Any failure to comply with this schedule, accrued interest shall be paid in lump sum in 16th year.

MOF via its letter dated 28 October 2013, has agreed on terms and conditions for the restructuring of the outstanding loans.

The assessment was made by JPPH in December 2013. JPPH via its letter dated 13 February 2014 to the Corporation has furnished the market value of the said land and concluded that its current market value is reasonable.

In connection with the application by the Corporation for a restructuring of its Federal Government Loans, GOM via its letter dated 6 January 2015, had agreed on the application amounting to RM52,322,367 for projects under the Corporation and the exemption on the accrued interest amounting to RM17,419,604.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Corporation (continued)

Federal Government loans (continued)

The projects involved under the loans restructuring are as follows:

Project	Repayment date	No of installment	Annuity amount (RM)
Skim Amanah Saham Johor and Dana Johor	1 June and 1 December (Starting 2015 - 2029)	30	1,076,584
Ladang Kelapa Sawit Tunjuk Laut	1 June and 1 December (Starting 2015 - 2029)	30	1,739,886
Tanjung Langsat Industrial Project	1 June and 1 December (Starting 2015 - 2029)	30	1,739,886
Johor Industrial Energy Development	1 June and 1 December (Starting 2015 - 2029)	30	1,739,886

GOM has also stated that such restructuring are subject to the following terms and conditions:

(i) Period of repayment is to 15 years starting from 2015 with semi annual repayment on 1 June and 1 December;

(ii) Interest rate of 4% per annum for each existing loan;

(iii) Late payment interest of 2% per annum will be imposed if the payment not accordance to the schedule; and

(iv) Exemption on interest accrued for each agreement will be only approved if the repayment is in accordance to the schedule. Any failure to comply with this schedule, the interest accrued shall be paid in lump sum in 16th year.

As at the date of this report, the agreement for the restructuring scheme has yet to be finalised.

Subsidiaries

(a) In connection with the significant term loan facilities granted to Kulim (Malaysia) Berhad ("KMB"), KMB has agreed on the following significant covenants with the lenders:

(i) the ratio of the total borrowings to the consolidated shareholders' funds does not exceed 125% at all times;

(ii) KMB will procure and ensure that each of its subsidiary companies does not and/or will not enter into any agreements which impose restrictions on each of the subsidiary companies' ability to make or pay dividend or other forms of distributions to the shareholders.

The secured borrowings of KMB are secured by charges over certain fixed deposits and property, plant and equipment, and corporate guarantee from KMB.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015
AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(b) Tanjung Langsat Port Sdn Bhd ("TLP") has been granted:

(i) Islamic Debt Securities-Tawarruq Revolving Credit-i

Working Capital Facility ("WCF") of up to RM10 million. The Facility is for a period of 1 to 3 months and subject to yearly review. The facility is subject to profit rate of Islamic Cost of fund ("i-COF") plus 2.25% per annum. On 18 August 2014, TLP made the first drawdown of the facility ammounting to RM3,920,000 for a period of 3 month and subject to further roll over. Current interest rate ranges from 6.05% to 6.10% per annum (2014: 6.05% to 6.10% per annum). The facility is secured against the amount due from Efinite Structure Sdn Bhd (a subsidiary of the Corporation) contributed by an assignment of TLP's revenue.

(ii) Soft loan from GOM

On 13 February 2013, TLP had entered into a Loan Agreement with the GOM amounting to RM110,800,000 for the construction of Berth 8 and Berth 9. The facility is repayable within 20 years commencing after the 6th month at the third year from the date of the first withdrawal. The facility was fully withdrawn during the financial year and the first semi-annual repayment is expected to commence on 8 September 2016 and subject to interest of 4% per annum (2014: 4% per annum).

Using the prevailing market interest rate for a similar loan of 6.95%, the fair value of the soft loan has been estimated at RM79,242,450 as at 13 February 2013. The difference of RM31,557,550 between the gross proceeds and the fair value of the soft loan is benefit derived from the below-market interest rate and is recognised as deferred income.

The facility is secured over:

(i) A legal assignment by the Corporation of all rights interest and title in respect of two plots of vacant commercial land identified as Lot H and Lot I all within Tanjung Langsat Industrial Area, Mukim of Sungai Tiram, District of Johor Bahru, Johor;

(ii) Third party first legal charge 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 Account;

(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 Account;

(vii) Letter of subordination by the Corporation in respect of all advances made by the Corporation to TLP amounting to RM5,000,000 only; and

(viii) Letter of negative pledge by TLP not to incur any indebtness with any financial institution other than those disclosed prior to the date of the Loan Agreement by TLP to the GOM and other indebtness made by TLP in ordinary course of its business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(c) (i) On 21 November 2013, JCorp Capital Solutions Sdn Bhd ("JCSSB") entered into a new Facility Agreement, with a licensed bank for a margin trading facility of up to a maximum aggregate sum of RM26 million. The facility is subject to interest of 7.75% per annum or not less than the bank's Base Lending Rate ("BLR") plus 1.5% per annum and shall include such revised rate thereof as may be notified by the bank from time to time. The facility shall be subjected to a half yearly review.

The purpose of the facility was to part finance the acquisition of quoted shares and warrants in KMB.

The facility was secured by a third party memorandum of legal charge to be created by JCSSB in favour of the bank over 17.5 million of KPJ Healthcare Berhad ("KPJ") quoted shares which was financed by the facility and purchased by the Corporation prior to the drawdown of the facility. The total outstanding amount of the facility must not exceed 50% of the market value of the quoted shares. The Corporation shall partially repay the facility or top up with additional quoted shares if it breaches the 50% limit as determined by bank. The facility is also secured by a charge over the Interest Reserve Account of the Corporation, the security debenture and letter of authorisation.

(ii) On 20 November 2013, JCSSB entered into a new Facility Agreement with a licensed bank. The limit of the facility is RM50 million. The facility is subject to interest at 6.5% per annum. Interest shall be calculated on the actual number of days elapsed over a 365 days per year and shall be payable in arrears at the end of interest period. The facility shall be subjected to 4 semi annual instalments. The repayment period is within 2 years after first drawdown in January 2014.

The purpose of the facility is for advancement to the Corporation to finance its subscription of rights issue entitlement, direct and indirect, under the proposed renounceable rights issue of up to 43,962,072 KPJ shares held on the entitlement date together with up to 87,924,144 free detacheable new warrants ("Warrants") on the basis of 2 warrants for every 1 rights share subscribed for ("the Proposed Right Issues").

The facility was secured by a third party's first legal charge over sufficient number of Ordinary Shares of KPJ quoted on Bursa Malaysia Securities Berhad to provide a minimum security cover ratio of 1.0 times over the facility amount prior to drawdown and third party first legal charges over all the Rights Share financed under the facility.

(iii) On 3 July 2014, JCSSB entered into a new Facility Agreement with a licensed bank for a short term loan facility of up to RM78 million. The repayment period is 2 years from the date of first drawdown in October 2014.

The purpose of the facility is to onward lend the facility to the Corporation to finance the conversion of 24,753,600 KMB warrants into new KMB share on a 1 for 1 basis at a conversion price of RM3.13 per share for each warrant.

The facility is subject to an interest of 2.50% per annum above the Bank's Cost of Funds with monthly rests.

The facility is secured by a third party first legal charge by way of Memorandum of Deposit of shares over 25,000,000 units of KMB shares with a minimum security cover ratio of 1.0 times over 24,753,600 KMB shares upon conversion from warrants financed under the facility and by a charge over Debt Service Reserve Account.

(iv) On 21 July 2014, the Margin Trading Facility Agreement dated 21 November 2013 with a licensed bank was revised and increased the maximum aggregate sum from RM26 million to RM98.5 million. The purpose is to finance the conversion of 23,000,000 units of KMB warrants into new KMB share of a 1 for 1 basis at a conversion price of RM3.13 per share.

NOTES TO THE FINANCIAL STATEMENTS

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AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(c) (iv) The facility is subject to interest at 7.75% per annum or not less than bank's BLR, whichever is lower. The facility is secured by a fresh Margin Trading Facility Agreement of up to RM98.5 million, memorandum of legal charges over the same securities to be executed by the Corporation and such other documents as may be advised by the bank's solicitors.

(d) Redeemable Preference Shares

In financial year 2013, the subsidiary, Business Chronicles Sdn Bhd ("BCSB") issued 1,265,305 Islamic Non-Cumulative Redeemable Preference Shares ("RPS-i") at an issue price of RM1,000 each, consist of a par value of RM0.01 and a share premium of RM999.99. The RPS-i is issued at the following key terms:

(i) A tenure of 8 years from the date of issue;

(ii) A projected dividend of 10% a year, subject to the availability of profits and cash;

(iii) Redemption by cash or by distribution of shares in the joint venture:

- Redeemable at anytime during the tenure at the discretion of either the issuer or RPS-i holder for cash, and the redemption amount is subject to a Internal Rate of Return ("IRR") at a minimum of 12% per annum and a maximum of 20% per annum.

- In the event of Initial Public Offering ("IPO") of the joint venture, the RPS-i is to be redeemed by distribution of the IPO shares in the joint venture to the RPS-i holders.

The RPS-i is held by several parties and certain of the parties have subsequently entered into a Deed of Termination Agreement with BCSB and waived all their rights and obligations on the RPS-i held by them. Accordingly, the portion of the RPS-i that were terminated is classified as equity instrument while the remaining RPS-i of RM280,985,600 is classified as liability.

In prior year 2014, one of the RPS-i holders disposed of 150,000 RPS-i shares to the Corporation.

(e) Pursuant to the Asset Rationalisation Programme ("Programme") involving Efinite Structure Sdn Bhd ("ESSB"), the Corporation, Tanjung Langsat Port Sdn. Bhd. ("TLP"), Damansara Assets Sdn. Bhd. ("DASB") and Johor City Development Sdn. Bhd. ("JCD"), ESSB has entered into Sukuk Ijarah Facility Agreement and Tawarruq Master Facility Agreement with Affin Investment Bank Berhad ("Affin Investment"), Bank Islam Malaysia Berhad ("BIMB") and Bank Kerjasama Rakyat Malaysia ("Bank Rakyat"), Affin Islamic Bank Berhad ("Affin Islamic") and Pacific Trustees Berhad ("Trustees") on 24 June 2013 to obtain the following:

(i) Islamic securities under the principle of Ijarah ("Sukuk Ijarah") up to RM184 million in nominal value with maturity periods between 3 to 10 years. The Sukuk Ijarah is subject to profit rates ranging from 6.55% to 6.77% (2014: 6.85% to 7.33%) per annum;

(ii) Syndicated Islamic Term Financing ("i-TF") of up to RM235 million with maturity periods between 3 to 10 years. The i-TF is subject to profit rates ranging between 6.50% to 6.62% (2014: 5.82% to 6.35%) per annum; and

(iii) Working Capital Facility ("WCF") of up to RM10 million for TLP. The facility is for a period 1 or 3 months and subject to yearly review. The WCF is subject to profit rate of Islamic Cost of Fund ("i-COF") plus 2.25% per annum.

NOTES TO THE FINANCIAL STATEMENTS

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AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(e) The Sukuk Ijarah, i-TF and WCF are secured, on "pari passu" basis premised on the proportion of the outstanding nominal amount of the Sukuk Ijarah, i-TF and WCF, by the following in favour of the Security Trustee:

(i) A third party fixed and floating charges by way of debenture over all present and future assets of TLP excluding the two berths currently under construction and identified as Berth 8 (located adjacent to Berth 5 at liquid jetty) and Berth 9 (located adjacent to Berth 1 at the liquid jetty);

(ii) A third party assignment of all revenue of TLP and up to 60% of the revenue derived from the operations of Berth 8 and Berth 9;

(iii) A third party deed of assignment by the Corporation on 649.021 acres of industrial land including of rights over sales proceeds in Tanjung Langsat Industrial Area ("TLIA") including the necessary covenants to perfect all security in relation to the assignment including procuring the issuance of the respective documents of title upon enforcement of the same;

(iv) An assignment and charge over the Designated Account by ESSB and TLP of its respective present and future rights, titles, benefits, and interests in and under then purview of the Designated Accounts; and all monies standing to the credit of the Designated Accounts;

(v) An assignment by ESSB over the Ijarah Agreement entered into between ESSB and the Corporation;

(vi) An assignment of proceeds by the Corporation under the Lease Agreement of 5.0 acres of industrial land to KTL Offshore Pte. Ltd.;

(vii) An assignment of proceeds by the Corporation under any future lease agreements of land identified as PLO 3, Mukim Sungai Tiram, District Johor Bahru with a total land area of 3.572 acres in TLIA;

(viii) A debenture creating a fixed and floating charges over existing and future assets of ESSB;

(ix) Letter of Awareness from the Corporation;

(x) A third party assignment of all applicable takaful/insurance policies in respect of the land in TLIA and the Tanjung Langsat Port, in form and substance satisfactory to Solicitor/Sukukholders and i-TF Financiers;

(xi) A third party assignment of the Corporation's present and future rights, title, interest and benefits in and under the Sale and Purchase Agreement ("SPA") entered into between the Corporation and TLP in respect of 148.424 acres of land;

(xii) A third party assignment of the Corporation's present and future rights, title, interest and benefits in and under the SPA entered into between the Corporation and DASB in respect of 109.323 acres of land; and

(xiii) A third party assignment of the Corporation's present and future rights, title, interest and benefits in and under the SPA entered into between the Corporation and JCD in respect of 188.697 acres of land.

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30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(e) *Significant Financial Covenants*

Under the Sukuk Ijarah, ESSB should maintain a Finance Service Cover Ratio (“FSCR”) of not less than 1.25 times.

FSCR is defined as Consolidated Net Operating Cashflow for the year plus opening cash balances of ESSB (including balances maintained in the Designated Accounts) divided by total Finance Service for the 12 month period.

Consolidated Net Operating Cashflow is defined as net operating cashflow of ESSB plus net operating cashflow of TLP plus proceeds from sale of TLIA which forms part of security under the Sukuk Ijarah, i-TF and WCF.

Finance Service is defined as the aggregate of:

(a) All finance charges (including but not limited to periodic distribution amount, profit, commissions and/or fees) required to be paid in connection with all financing facilities of ESSB and TLP during the relevant period; and

(b) All net principal repayments/redemptions made in connection with all financing facilities of ESSB and TLP during the relevant period.

The FSCR shall be tested on yearly basis, whereby ESSB shall be required to provide a written confirmation duly signed by ESSB’s auditor certifying the compliance of the financial covenants within 120 days from its respective fiscal year end.

Borrowings Facility Description

The purpose of the facility is to finance the Programme whereby the Corporation acquired all non-movable assets of TLP together with all of the industrial land or landed properties forming part of the TLIA covering approximately 649.021 acres (“Ijarah Assets”) belonging to TLP, DASB and JCD, all of which are wholly owned subsidiaries of the Corporation.

Under the Programme, TLP, DASB and JCD had entered into the relevant SPAs with the Corporation for the sale of the beneficial rights and titles to the Ijarah Assets.

ESSB, on behalf of the Sukukholders, had entered into an Asset Purchase Agreement with the Corporation whereby it sold the beneficial rights of the Ijarah Assets for a price of up to RM411 million.

In return, ESSB had issued Sukuk Ijarah to the respective Sukukholders. The Sukuk Ijarah shall represent the respective Sukukholders’ undivided proportionate interest in the Trust Assets.

The proceeds from the Sukuk Ijarah and i-TF will be utilised for the purchase of the Ijarah Assets (covering only 202.577 out of 649.021 acres of land) under the Asset Purchase Agreement. The Ijarah Rental shall be determined every six months at an agreed margin over agreed benchmarks.

Upon completion of the Assets Purchase Agreement, ESSB had entered into Ijarah and Servicing Agency Agreements with the Corporation to lease the Ijarah Assets and appoint the latter as the servicing agent to be responsible for the performance, maintenance, structural repair, related payment and ownership expenses in respect of the Ijarah Assets.

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30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(e) In the event of the parcels of land forming the Ijarah Assets are to be sold to third party, ESSB agrees to enter into an Asset Sale Agreement to sell the portion of Ijarah Assets to the Corporation. The proceeds received from the Corporation in respect of the Asset Sale Agreement shall use to fulfill the Corporation's Ijarah Rental payment obligation.

ESSB had appointed an independent trustee, Pacific Trustee Berhad, as the Sukuk Trustee to act on behalf of Sukukholders.

Upon the maturity of the Sukuk Ijarah and no event of default has occurred, the Ijarah Assets shall be returned to the Corporation either by way of hibah or sale at nominal value.

(f) Borrowings for KPJ Healthcare Berhad ("KPJ").

(i) Borrowings for KPJ are secured by:

(a) fixed charge on certain landed properties of KPJ;

(b) fixed and floating charges on certain assets of KPJ by way of debenture;

(c) letter of awareness, letter of comfort and letter of subordinates from Johor Corporation;

(d) a negative pledge over some of the fixed and floating assets of KPJ;

(e) fixed first and floating charge over some movable and immovable assets of KPJ;

(f) finance leases are effectively secured as the rights to the leased asset revert to the lessor in the event of default;

(g) an assignment of the proceeds to be received from the disposal of the building;

(h) corporate guarantee provided by KPJ to its subsidiary; and

(i) jointly and severally guaranteed by certain Directors of KPJ.

(ii) Islamic Commercial Papers/Islamic Medium Term Notes ("ICP/IMTN")

Salient features of the ICP/IMTN are as follows:

(a) Total outstanding nominal value of ICPs and IMTNs (collectively known as "Notes") shall not exceed RM500 million.

(b) The tenure of the Facility is up to 7 years from date of the first issuance of any Notes (25 April 2011) under the Facility.

(c) ICP has a maturity subject to the management tenure, either 1, 2, 3, 6, 9 and 12 months and are mandatorily redeemed at nominal value upon maturity date which expired on 16 November 2014.

(d) IMTN has a maturity of 1 year but not more than 7 years and on condition that the IMTN shall not mature beyond the expiry of the tenure of the Facility. The IMTN shall be mandatorily redeemed at nominal value upon maturity date. The interest for the IMTN shall be payable semi-annually upon maturity of IMTN.

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30. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(f) (ii) (e) The ICP/IMTN Facility is issued on a clean basis and shall be fully repaid at the end of the tenure of the Facility.

(f) The ICP/IMTN Facility is secured by Memorandum of charge over designated account identified as Finance Service Reserve Account ("FSRA") and Corporate Guarantee Agreement was issued by KPJ in favour of the appointed trustee (known as "Security Trustee").

In the prior financial year, the ICP/IMTN used the KPJ's investment in its associate, Al-'Aqar Healthcare REIT, amounting to RM234,963,962 (2014: RM234,963,962) as underlying assets as required under the Islamic Facilities requirement.

The ICP/MTN was fully settled and cancelled on 16 November 2014.

The proceeds which were raised from the ICP issue during the financial year have been utilised by KPJ in the following manner:

	2015	2014
At 1 January	-	499
Issued during the financial year for working capital	800	-
Full settlement of the ICP outstanding	-	(499)
At 31 December	800	-

(iii) Bridging loan

The bridging loan facility of KPJ's subsidiary was obtained from a local financial institution which bear an interest rate of 5.15% per annum. It was secured with a Corporate Guarantee given by KPJ.

The facility was obtained on a short term basis to refinance the outstanding amount under the existing ICP/IMTN of RM499 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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31. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Current				
Trade payables	765	715	9	4
Other payables	1,002	837	536	683
Amount owing to related companies	-	-	356	917
Amount owing to a subsidiary	-	-	20	-
Trade accruals	179	232	9	8
Accrued billings (property development)	-	79	-	-
Amount due to other shareholders of subsidiaries	3	7	-	-
Amount due to associates	8	13	6	8
Provision	77	77	-	-
	2,034	1,960	936	1,620
Non-current				
Amount owing to a subsidiary	-	-	352	453
Total	2,034	1,960	1,288	2,073

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on a 60-day (2014: 60-day) term.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2014: average term of six months).

(c) Amount owing to related companies, associates and other shareholders of subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

(d) Amount owing to a subsidiary

This amount is unsecured, bearing interest between 6.55% to 6.77% (2014: 5.82% to 7.33%) per annum. The amount owing to a subsidiary is repayable for a period of between 3 to 10 years pursuant to Ijarah Agreement entered into between the subsidiary and the Corporation on 24 June 2013.

NOTES TO THE FINANCIAL STATEMENTS
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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 operation where functional currencies are different from that of the Group's presentation currency.

(d) Fair value adjustments reserve

The fair value adjustments reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

(e) Equity transaction reserves

The equity transaction reserves comprise the differences between the share of non-controlling interests in subsidiaries acquired/ disposed and the consideration paid/received.

(f) Revenue reserve

The revenue reserve comprise of the portion of business profit retained by the Group and the Corporation for investment in future growth.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Other than as disclosed in the financial statements, the significant related party transactions of the Group and the Corporation are as follows:

	Group		Corporation	
	2015	2014	2015	2014
Paid/payable to subsidiaries:				
Purchases of fresh fruit bunches	-	-	41	-
Management fees	-	-	4	14
Purchases property, plant and equipment	-	-	31	-
Rental expenses	-	-	1	5
Interest expenses	-	-	32	-
Maintenance expenses	-	-	14	-
Concession expenses	-	-	2	-
Marketing expenses	-	-	14	-
Debt due from a related party	-	-	-	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Other than as disclosed in the financial statements, the significant related party transactions of the Group and the Corporation are as follows (continued):

	Group		Corporation	
	2015	2014	2015	2014
Receipt/receivable from government-related entity:				
Sale of industrial land to Pesuruhjaya Tanah Persekutuan	23	-	23	-
Receipt/receivable from subsidiaries:				
Sale of property, plant and equipment	-	-	-	17
Sale of goods	-	-	84	-
Interest income	-	-	-	46
Dividend	-	-	324	126
Management fee expenses	-	-	1	1
Profit sharing	-	-	1	-
Rental income	-	-	24	10
Concession fee	-	-	-	24

34. COMMITMENTS

(a) Capital commitments

	Group		Corporation	
	2015	2014	2015	2014
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	332	217	-	29
Not contracted for	290	497	-	-
	622	714	-	29
Analysed as follows:				
Property, plant and equipment	456	502	-	-
Development expenditure	12	29	-	29
Investment properties	154	183	-	-
	622	714	-	29

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

34. COMMITMENTS (CONTINUED)

(b) Non-cancellable operating lease commitments - as lessee (continued)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2015	**2014**
The future minimum lease payments:		
Not later than 1 year	37	150
Later than 1 year and not later than 5 years	137	332
More than 5 years	91	194
	265	676

35. CONTINGENCIES

(a) Tanjung Langsat Port Sdn Bhd ("TLP")

(i) In March 2011, one of the Tanjung Langsat Port Sdn Bhd's ("TLP") customer had written to TLP giving preliminary notice of claim on the product loss due to the fire at Tanjung Langsat Port in 2008. However, the claim needs to be resolved by Dispute Resolution Committee ("DRC") at initial stage under clause 26.1 of the Storage Agreement which was entered between TLP and the customer.

The customer is seeking for damages for product losses and uninsured losses of approximate range from USD36 million to USD226 million arising out of the closure of the facility as a result of the fire incident in 2008.

TLP may have a counter claim amounting to RM115 million for the loss of fees payable by the customer to TLP for the facilities and cost incurred by TLP in respect of the repair works carried out to the destroyed premises.

The Arbitral Tribunal was constituted. The hearing of the arbitration began on 2 May 2013 and was concluded on 8 May 2013. During the course of the hearing, oral evidence of witnesses of both parties were recorded.

On 23 December 2013, the Arbitral Tribunal delivered its award on all matters except on matters relating to the issue of costs. The majority of the Arbitral Tribunal granted the following reliefs, in favour of the customer:

(i) USD20,747,275 being the value of the customer's product that was destroyed in the fire incident;

(ii) USD2,108,497 being the additional costs, fees and expenses that the customer had incurred as a result of the fire incident;

(iii) USD368,547 being the refund of the excess Advance Storage Fee Payment paid by the customer to TLP;

(iv) USD118,374,250 being damages for the customer's loss of use of the facility for a minimum lifespan of the Storage Agreement, being a period of 7 years up until 31 May 2015; and

(v) TLP to pay the customer simple interest on all the sums awarded at the 3 month London Interbank Offered Rate ("LIBOR") for USD as at the date of the Award plus 1% calculated from the date of the Award until full payment of the sums awarded.

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AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

35. CONTINGENCIES (CONTINUED)

(a) Tanjung Langsat Port Sdn Bhd ("TLP") (continued)

(i) On 1 April 2014, TLP has filed an application to the High Court to set aside the arbitration award of USD141,230,022 and the hearing for this application had commenced in 2015. On 13 November 2015, the court has dismissed this application. TLP had filed an appeal to the Court of Appeal on the decision and the hearing for this appeal had commenced on 16 February and awaiting for further procedures. TLP has also initiated an arbitration proceeding against its Engineering, Procurement Construction and Commissing ("EPCC") contractor on 7 April 2014 to indemnify on back to back basis and the Hearing of this arbitration has been fixed on August 2016 and September 2016. In line with the above initiatives, the directors of TLP shall not make further provision to the sum USD22,855,772 (RM75,316,626.13) and also in the opinion that this amount should not be subjected to any fluctuations due to changes in foreign exchange rate.

As at 31 December 2015, the provision of USD23,224,319 in respect of item (i), (ii) and (iii) above has been provided in the books of TLP. As for the item (iv) above, the Directors of TLP, based on the opinion of legal expert, are of the opinion that the Award can be impeached and set aside.

(ii) On 10 October 2014, TLP was served with a Notice of Arbitration from one of its customers for the alleged failure of TLP to provide adequate jetty and berthing facilities. The proceeding is still at initial stage and the parties are discussing on the disclosure of documents for determination by the arbitration. No amount of claim have been quantified by both parties. Hearings have been fixed from 28 November 2016 to 16 December 2016.

(b) KPJ Healthcare Berhad ("KPJ")

(i) KPJ is subject to litigation in the ordinary course of business arising from its subsidiaries hospital operations. The Directors are of the opinion, based on legal advice and malpractice insurance, that no significant expose will require recognition.

NOTES TO THE FINANCIAL STATEMENTS

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AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

36. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Corporation as at 31 December are categorised into the following classes:

Group	**2015**	**2014 Restated**
Loans and receivables:		
Trade and other receivables (Note 23)	1,609	991
Cash and bank balances (Note 28)	2,401	1,048
Other investments (Note 13)	1	43
	4,011	2,082
Financial assets at fair value through profit or loss:		
Other investments (Note 13)	136	97
Interest rate swap (Note 27)	1	2
	137	99
Available-for-sale financial assets:		
Other investments (Note 13)	260	106
	397	205
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 31)	2,034	1,960
Loans and borrowings (Note 30)	8,017	8,176
	10,051	10,136

Corporation	**2015**	**2014**
Loans and receivables:		
Trade and other receivables (Note 23)	492	354
Cash and bank balances (Note 28)	111	85
	603	439
Financial assets at fair value through profit or loss:		
Other investments (Note 13)	121	46
	121	46
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 31)	1,288	2,073
Loans and borrowings (Note 30)	3,025	3,036
	4,313	5,109

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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 audit committee provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group applies cash flow hedge accounting on those hedging relationships that qualify for hedge accounting.

The following sections provide details regarding the Group's and the Corporation's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Corporation's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Corporation minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to invest cash assets safely and profitably. The Group has no significant concentration of credit risk and it is not the Group's policy to hedge its credit risk. The Group has in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

Exposure to credit risk

At the reporting date, the Group's and the Corporation's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantees have not been recognised in the financial statements as the fair value on initial recognition was not material.

Credit risk concentration profile

Other than the amounts due from the subsidiaries to the Corporation, the Group and the Corporation are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23. Deposits with banks and other financial institutions and investments are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

SECTION 1
SECTION 2
SECTION 3
SECTION 4
SECTION 5
SECTION 6

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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 Corporations objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

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

At 31 December 2015 Group	On demand or within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	2,034	-	-	2,034
Loans and borrowings	1,304	2,768	4,203	8,275
Total undiscounted financial liabilities	3,338	2,768	4,203	10,309
Corporation				
Financial liabilities:				
Trade and other payables	936	397	-	1,333
Loans and borrowings	57	408	2,563	3,028
Total undiscounted financial liabilities	993	805	2,563	4,361

At 31 December 2014 (restated) Group	On demand or within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	1,960	-	-	1,960
Loans and borrowings	2,295	2,408	3,724	8,427
Total undiscounted financial liabilities	4,255	2,408	3,724	10,387
Corporation				
Financial liabilities:				
Trade and other payables	1,620	484	-	2,104
Loans and borrowings	62	419	2,601	3,082
Total undiscounted financial liabilities	1,682	903	2,601	5,186

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

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

The Group's and the Corporation's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk whereas those issued at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, a change of 100 basis points ("bp") in interest rates would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Corporation	
	2015	**2014**	**2015**	**2014**
Interest rate:				
100 bp increase in interest rates	741	711	297	295
100 bp decrease in interest rates	(741)	(711)	(297)	(295)

(d) Foreign currency risk

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

The Group operates internationally and is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. These transactions are denominated principally in United States Dollar ("USD").

It is not the Group's policy to hedge its transactional foreign currency risk exposure.

The Group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. It is not the Group's policy to hedge foreign currency translation risk. The Group maintains bank accounts denominated in foreign currencies, primarily in USD, as a natural hedge against foreign currency risk.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date was:

	Group Denominated in USD	
	2015	**2014**
Trade payables	(48)	(1)
Net exposure in the statement of financial position	(48)	(1)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	Profit net of tax		Other comprehensive income net of tax	
	2015	**2014**	**2015**	**2014**
USD				
Strengthened 5% (2014: 5%)	(18)	(40)	(1)	4
Weakened 5% (2014: 5%)	18	40	1	(4)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed in the Bursa Malaysia. These instruments are classified as fair value through profit or loss or available-for-sale financial assets.

Commodity price

The Group uses derivative financial instruments (forward sales and purchases of Malaysian palm oil) to guarantee a minimum price for the sale of its own palm oil and to close out positions previously taken out. Cash flow hedge accounting is applied on such derivatives price risk. During the financial year the Group does not have a significant exposure to commodity price risk.

Fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

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

	Note
Trade and other receivables	23
Loans and borrowings (except for certain loans and borrowings of which their fair values are disclosed in Note 30)	30
Trade and other payables	31

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value (continued)

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

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

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Derivatives

Interest rate swap contracts are valued using a valuation technique with market observable input. The most frequently applied valuation technique include forward pricing and survey models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot, forward rates and interest rate curves.

Financial guarantees

The Group provides financial guarantees to banks for credit facilities granted to certain subsidiaries. The fair value of such guarantees is not expected to be material as the probability of the subsidiaries defaulting is remote.

Fair value hierarchy

The Group held the following financial instruments carried at fair value in the Statements of Financial Position:

Group **At 31 December 2015**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Unquoted shares	-	-	210	210
Quoted shares	44	-	-	44
Quoted warrants	74	-	-	74
Fund investments	-	68	-	68
Derivative financial instruments	-	1	-	1
Investment properties	-	-	3,272	3,272
	118	69	3,482	3,669

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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 2014 (restated)**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Unquoted shares	-	-	91	91
Quoted shares	65	-	-	65
Quoted warrants	32	-	-	32
Fund investments	-	15	-	15
Derivative financial instruments	-	2	-	2
Investment properties	-	-	4,045	4,045
Fixed deposit	-	-	43	43
	97	17	4,179	4,293

Corporation **At 31 December 2015**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Unquoted shares	-	-	23	23
Quoted shares	30	-	-	30
Quoted warrants	68	-	-	68
Investment properties	-	-	1,391	1,391
	98	-	1,414	1,512

Corporation **At 31 December 2014 (restated)**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Unquoted shares	-	-	4	4
Quoted shares	14	-	-	14
Quoted warrants	28	-	-	28
Investment properties	-	-	1,177	1,177
	42	-	1,181	1,223

During the reporting period ended 31 December 2015 and 2014, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

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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 debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected cash flows, projected capital expenditures and projected strategic investment opportunities.

Management monitors capital based on a net gearing ratio. The gearing ratio is calculated as net debt divided by shareholders' equity. Net debt is calculated as borrowings less cash and cash equivalents.

	Group	
	2015	**2014 Restated**
Bank borrowings (Note 30)	8,017	8,176
Less: Cash and bank balances (Note 28)	(2,401)	(1,048)
Net debt	5,616	7,128
Total Equity	7,721	7,329
Debt-to-equity ratios	0.73	0.97

There were no changes in the Group's approach to capital management during the financial year.

There is a capital requirement imposed by the Bank Negara Malaysia to an indirect subsidiary which involves in insurance brokering and consultancy.

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39. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on an arm's length basis or negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and land use rights.

Business segments

The Group comprises the following main business segments:

- Oil Palm – Oil palm plantation, crude palm oil processing, plantation management services and consultancy
- Healthcare – Hospitals and healthcare services
- Property – Property development, housing development, property investment and real estate investment trust
- Intrapreneur ventures – Sea transportation, parking management, sales of wood-based products and bulk mailing and printing
- Quick service restaurant – Pizza Hut, Ayamas and Kentucky Fried Chicken outlets

Other operations of the Group mainly comprise operations which are not of sufficient size to be reported separately.

Geographical segments

The Group's business segments are managed on a worldwide basis, they operate in two main geographical areas:

- Malaysia – Mainly plantation operations, healthcare operations, property, quick service restaurant and investment activities
- Indonesia – Mainly plantation operations

In presenting information on the basis of geographical segments, segments revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

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39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments

Group As at 31 December 2015	Palm oil	Healthcare	Property	Intrapreneur ventures	Quick service restaurant	Others	Group
External revenue	847	2,847	695	64	58	807	5,318
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	847	2,847	695	64	58	807	5,318
Results							
Segment results (external)	60	216	488	2	(26)	233	973
Unallocated income							34
Unallocated costs							(107)
Profit from operations							900
Finance costs							(411)
Share of results of associates	-	(6)	9	-	-	21	24
Share of results of joint venture	-	-	-	-	36	-	36
Profit before tax							549
Tax							(125)
Profit after tax from continuing operations							424
Profit from discontinued operations							1,316
Profit for the financial year							1,740

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39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group As at 31 December 2015 (continued)	Palm oil	Healthcare	Property	Intrapreneur ventures	Quick service restaurant	Others	Group
Other information							
Segment assets	5,385	3,864	3,720	92	1,065	3,131	17,257
Associates	-	71	118	-	-	78	267
Joint ventures	-	-	-	-	1,287	-	1,287
Unallocated assets							2
Consolidated total assets							18,813
Segment liabilities	426	2,257	2,108	82	16	5,906	10,795
Unallocated liabilities							297
Consolidated total liabilities							11,092
Capital expenditure	308	367	15	-	4	245	939
Depreciation and amortisation	74	140	5	2	4	149	374

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39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group **As at 31 December 2014 (restated)**	**Palm oil**	**Healthcare**	**Property**	**Intrapreneur ventures**	**Quick service restaurant**	**Others**	**Group**
External revenue	779	2,512	761	204	-	331	4,587
Inter-segment revenue	-	-	-	-	-	-	-
Total revenue	779	2,512	761	204	-	331	4,587
Results							
Segment results (external)	131	199	522	35	1	150	1,038
Unallocated income							49
Unallocated costs							(113)
Profit from operations							974
Finance costs							(370)
Share of results of associates	-	49	4	-	-	(29)	24
Share of results of joint venture	-	-	-	-	(27)	-	(27)
Profit before tax							601
Tax							(121)
Profit after tax from continuing operations							480
Profit from discontinued operations							247
Profit for the financial year							727

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39. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

Group As at 31 December 2014 (restated)	Palm oil	Healthcare	Property	Intrapreneur ventures	Quick service restaurant	Others	Group
Other information							
Segment assets	6,020	3,190	3,410	894	1,038	2,197	16,749
Associates	-	107	(4)	-	-	165	268
Joint ventures	-	-	-	-	1,246	-	1,246
Unallocated assets							2,085
Consolidated total assets							20,348
Segment liabilities	3,635	1,920	1,482	484	-	5,494	13,015
Unallocated liabilities							4
Consolidated total liabilities							13,019
Capital expenditure	441	584	373	150	-	73	1,621
Depreciation and amortisation	341	119	5	35	-	51	551

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

39. SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format - Business segments

Group	Sales (External) 2015	Sales (External) 2014	Total Assets 2015	Total Assets 2014 Restated	Capital Expenditure 2015	Capital Expenditure 2014
Malaysia	5,214	4,493	16,663	18,614	939	1,621
Indonesia	53	49	143	130	-	-
Other countries	51	45	446	83	-	-
	5,318	4,587	17,252	18,827	939	1,621
Associates			267	268		
Joint ventures			1,287	1,246		
Unallocated assets			7	7		
Total assets			18,813	20,348		

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO FINANCIAL YEAR END

1. Johor Corporation ("the Corporation")

(a) On 25 March 2015, the Corporation had signed the Acceptance of Offer to purchase a piece of land measuring approximately 128.88 acres, PLO 11 – PLO 16, Mukim Sedenak from its wholly-owned subsidiary, TPM Technopark Sdn Bhd ("TPM"). The parties expressly agreed that the terms and conditions of this offer are binding on the parties and upon acceptance will form a binding sale and purchase between parties.

The purchase consideration of RM22,456,052 will be payable in accordance to the terms and conditions to be mutually agreed between the parties.

Subsequently on 3 September 2015, the Corporation had entered into a Sale and Purchase Agreement with Pesuruhjaya Tanah Persekutuan and Pihak Berkuasa Wilayah Pembangunan Iskandar to sell the piece of land for total consideration of RM22,456,052.

The sale was completed during the financial year.

(b) A total of 45,352,100 free warrants were held by the Corporation in conjuction with the share split and bonus issue by Kulim (Malaysia) Berhad ("KMB") on 28 February 2011. The warrants have an exercise period of five (5) years commencing 28 February 2011 and expiring on 27 February 2016. The carrying value as at reporting date was RM48,526,747.

Subsequent to the financial year end, management has not exercised the warrants upon expiry in line with KMB's plan to undertake a Selective Capital Reduction ("SCR") and repayment exercise as disclosed in Note 40.2(d).

2. Kulim (Malaysia) Berhad ("KMB")

(a) On 10 December 2014, KMB announced that Kulim Energy Nusantara Sdn Bhd ("KENSB"), a wholly owned subsidiary of KMB had entered into a Conditional Subscription and Shares Purchase Agreement ("CSSPA") with PT Citra Sarana Energi ("CSE") and its existing shareholders namely, PT Wisesa Inspirasi Sumatera and PT Inti Energi Sejahtera, to acquire a 60% equity interest in CSE to participate in the exploration and development of an Oil and Gas field in South West Bukit Barisan Block, Central Sumatera, Indonesia for a total cash consideration of approximately USD133.55 million (equivalent to approximately RM466.81 million).

On 11 November 2015, KMB announced that the parties had mutually agreed to extend the Condition Precedent ("CP") period for another six (6) months from 7 November 2015 to 6 May 2016.

On 10 February 2016, KMB announced that it had entered into a supplemental agreement dated 7 February 2016 to revise the total cash consideration under the CSSPA from USD133.55 million to USD80 million. In addition, the supplemental agreement included a call option for KENSB to acquire an additional 5% equity interest in CSE for a consideration of USD4.67 million (equivalent to approximately RM19.79 million). The call option will expire a year from the date of the supplemental agreement.

As at the reporting date, the Group is in the midst of completing the various conditions precedent as defined in the CSSPA.

(b) On 6 March 2015, KMB announced that Asia Economic Development Fund Limited ("AEDFL"), a subsidiary of KMB had on 5 March 2015, entered into the following agreements:

(i) A share sale agreement with Johor Logistics Sdn Bhd ("JLSB"), a subsidiary of the Corporation in relation to the proposed acquisition of 2,109,212 ordinary shares in Asia Logistics Council Sdn Bhd ("ALC Shares") representing approximately 30% equity interest in ALC, for a total consideration of approximately RM23.17 million (subsequently revised to RM51.19 million via a supplemental agreement dated 25 February 2016) to be satisfied by the issuance of 158,958 ordinary shares in AEDFL ("Proposed Acquisition");

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40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

(b) (ii) A conditional subscription agreement with KMB in relation to the subscription of 271 new Redeemable Non-Cumulative Convertible Preference Shares ("RCPS") in AEDFL at a nominal value of USD13.55 million (equivalent to approximately RM47.36 million); and

(iii) A shareholder's loan agreement with ALC to grant and make available to ALC a loan of up to USD25.0 million (equivalent to approximately RM87.38 million).

The above transactions were completed during the financial year.

(c) On 9 October 2014, Sime Darby Plantation Sdn Bhd ("SDP") served a takeover notice on NBPOL and announced its intention to make a cash offer to acquire all NBPOL shares at an offer price of GBP7.15 or PNG Kina 28.79 per NBPOL share ("Offer").

On 23 October 2014, KMB announced that it had received the formal offer document ("Offer Document") from SDP and that the Offer would be presented to the shareholders of KMB at an Extraordinary General Meeting ("EGM") to be convened to consider the Offer.

Acceptance of the Offer would entail KMB disposing of its entire equity interest in NBPOL comprising of 73,482,619 ordinary shares in NBPOL, to SDP for a disposal consideration of approximately GBP525.4 million (equivalent to approximately RM2.86 billion).

On 3 December 2014, the KMB's shareholders voted to accept the Offer from SDP at the Extraordinary General Meeting convened to consider the Offer.

On 27 January 2015, Sime Darby Berhad ("Sime Darby"), the parent of SDP, announced that SDP had obtained clearance from the European Commission on its proposed takeover of NBPOL.

On 18 February 2015, Sime Darby announced that all conditions precedent in the Offer Document had been fulfilled and that the Offer was now unconditional.

On 26 February 2015, KMB announced that the disposal of NBPOL was complete following the receipt of the cash consideration from SDP. Accordingly, NBPOL ceased to be a subsidiary of the KMB Group as at the said date.

(d) On 5 November 2015, KMB announced that the Board of Directors of KMB ("Board") has received a letter from its major shareholder, Johor Corporation ("the Corporation") and parties acting in concert, requesting for KMB to undertake a Selective Capital Reduction ("SCR") and repayment exercise pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Offer" or "Proposed SCR"). The Proposed SCR entails a capital repayment of the proposed cash amount of RM4.10 per ordinary share of RM0.25 each in KMB held by the entitled shareholders of KMB on an entitlement date to be determined later.

On 18 November 2015, KMB announced that Board had at a meeting held on 17 November 2015 deliberated on the contents of the Offer Letter and has decided to present the Proposed SCR to shareholders of KMB for their consideration.

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40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

(d) On 14 December 2015, KMB announced that, the Board, had on 14 December 2015, appointed Am Investment Bank Berhad as the Independent Adviser to advise the Entitled Shareholders and the non-interested directors of KMB in relation to the Proposed SCR.

The Proposed SCR exercise is currently ongoing and is expected to be completed in the second half of 2016.

(e) On 4 January 2016, KMB announced that it had procured the consent of Corporation to accelerate the vesting of all unvested share options under the KMB Employee Share Option Scheme ("ESOS").

Under KMB ESOS, the share options offered to eligible KMB employees were divided into 5 tranches which vest on 31 December 2013, 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017. Given that the Proposed SCR (further details disclosed in Note 2 (d)) is expected to be completed before the vesting of the last 2 tranches of the share options, the ESOS Committee had proposed to accelerate the vesting of the remaining tranches.

The accelerated vesting of the share options was completed on January 2016 and will be taken up as an expense in the financial statements during the year ending 31 December 2016.

(f) On 20 January 2016, KMB announced that it had on, 19 January 2016 completed the acquisition of 51% equity interest in Classruum Technologies Sdn Bhd ("CRTSB") for a total consideration of RM2.142 million.

CRTSB is involved in the information, communication and technology ("ICT") business.

(g) On 10 February 2016, KMB announced that its 74% owned Indonesian subsidiary, PT Wisesa Inspirasi Nusantara ("PT Win") had entered into 4 conditional share purchase agreements ("CSPA(s)") with the following Indonesian companies:

(i) PT Agro Maju Raya ("PT AMR") and PT Mitra Plantation ("PT MP") in relation to the proposed acquisition of 95% equity interest in PT Nusa Persada Indonesia ("PT NPI");

(ii) PT AMR in relation to the proposed acquisition of 95% equity interest in PT Surya Panen Subur ("PT SPS");

(iii) PT Agri Capital Resources ("PT ACR") in relation to the proposed acquisition of 95% equity interest in PT Tempirai Palm Resources ("PT TPR"); and

(iv) PT ACR in relation to the proposed acquisition of 95% equity interest in PT Rambang Agro Jaya ("PT RAJ").

Collectively, PT NPI, PT SPS, PT TPR and PT RAJ are referred to as the Target Companies whereas PT AMR, PT MP and PT ACR are referred to as the Vendors.

The total consideration for the Target Companies is IDR1.64 trillion (approximately RM509.35 million) comprising:

(i) purchase consideration of IDR781.01 billion (approximately RM242.89 million); and

(ii) settlement of outstanding shareholders' loans and advances of the Target Companies of IDR856.79 billion (approximately RM266.46 million).

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40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

(g) As at 31 December 2015, the total landbank held by the Target Companies was approximately 105,000 hectares (under Ijin Usaha Perkebunan), of which approximately 83,000 hectares are under Hak Guna Usaha and 34,000 hectares have been planted.

Currently, the KMB and the Vendors are in the midst of fulfilling the various conditions precedent in the various CSPAs.

3. Larkin Sentral Management Sdn Bhd ("LSM")

In 2004, the Group's indirect subsidiary, LSM entered into a first tripartite agreement, renewable on an annual basis, with Pelaburan Johor Berhad ("PJB") and Amanah Raya Berhad ("ARB"), the manager and trustee for both Amanah Saham Johor ("ASJ") and Dana Johor ("DJ") respectively for the implementation of a price revival scheme ("PRS") for the unit holders of both ASJ and DJ. Under the scheme, the unit holders may request PJB to repurchase up to five hundred units or 10% of their present shareholding in ASJ and DJ, whichever is higher, at a repurchase price of RM1 and RM0.50 for each unit of ASJ and DJ respectively. In this scheme, LSM's role is to purchase from PJB units of ASJ and DJ which PJB is required to repurchase from unit holders of ASJ and DJ.

On 4 February 2008, LSM entered the fifth tripartite agreement where LSM was no longer offered to purchase units from PJB however LSM continued to provide the funds required to enable PJB to repurchase the units from unit holders at the PRS price on ex-gratia basis.

In June 2008, the ASJ was terminated upon resolution for termination been passed in ASJ's unit holders meeting in accordance to the Guidelines on Unit Trust Funds.

Prior to 2012, LSM had entered into the tenth tripartite agreement with PJB and AmanahRaya Trustees Berhad ("ART") for the provision of funds on ex-gratia basis for units of DJ repurchased by PJB.

LSM subsequently entered into the twelfth tripartite agreement on 26 June 2012 with PJB and ART to implement the Skim Penambahbaikan Dana Johor ("SDJ1"), an enhancement to the earlier PRS whereby unitholders of DJ were offered to sell their units to PJB at price of RM1.00 per unit and to be paid additional payment of RM0.50 per unit for all units repurchased under the previous PRS. The offer period is between 2 July 2012 to 1 July 2013. Under this agreement, LSM 's role is as the purchasing agent for the Corporation, purchase the units of DJ from PJB at SDJ1 price of RM1.00 per unit and that LSM holds the repurchased units on trust for the Corporation who is absolute beneficial owner.

On 10 May 2013, the thirteenth agreement was entered whereby LSM agreed to extend the period related to the purchase of DJ units to 31 December 2013 and subsequently entered into fourteenth tripartite agreement to extend the period to 31 March 2014.

On 21 January 2014, the fifteenth tripartite agreement was entered between LSM, PJB and ART whereby the parties agreed to further extend the period to 30 June 2014 and to implement the final term of SDJ1 on a date to be mutually agreed and LSM is liable to provide sufficient funds for the ex-gratia payment. In addition, with effect from 1 January 2014, LSM was no longer required to purchase DJ units from PJB. However, LSM shall provide to PJB sufficient funds for the difference between the RM1.00 and the net asset value of DJ and also the additional payment of RM0.50 per unit under the previous PRS.

On 9 December 2015, the sixteenth agreement was entered between LSM, PJB and ART whereby the parties agreed to revive implement the SDJ1 for Fourth Quarter with effect from 7 September 2015 to 31 December 2015 (or such other date to be determined by the parties).

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40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

3. Larkin Sentral Management Sdn Bhd ("LSM") (continued)

LSM is liable for the ex-gratia payment for the eligible unit holders who are entitled to an ex-gratia amount of RM200 each or below. For those entitled to ex-gratia amount each exceeding RM200, the settlement will be by the equivalent allocation of unit in Al-Salam REIT which is initially allocated to Damansara Assets Sdn Bhd.

As at 31 December 2015, total ex-gratia to be paid by LSM to the eligible unit holders amounted to RM419.

4. Al-Salam REIT ("Al-Salam")

Al-Salam was established on 26 March 2015 and listed on 29 September 2015 with 580,000,000 units of shares on the main market of Bursa Malaysia Securities Berhad. It was established to invest, directly and indirectly, in a diversified portfolio of Shariah-compliant with the properties that produce income from commercial retail, office and industrial real estate and related assets including shopping complex, office buildings, college buildings, warehouse and grocery store.

Al-Salam is managed by Damansara REITS Managers Sdn Bhd ("DREIT"), a wholly owned subsidiary of Damansara Assets Sdn Bhd ("DASB"), which is a wholly owned subsidiary of the Corporation.

As at 31 December 2015, the Corporation and its subsidiaries collectively hold 63.6% equity interest of Al-Salam.

5. KPJ Healthcare Berhad ("KPJ")

On 3 November 2014, Point Zone (M) Sdn Bhd ("Point Zone") (a wholly-owned subsidiary of KPJ) received the authorisation from the Securities Commission Malaysia to establish the Sukuk Programmes. The Sukuk Programmes is the proposed Islamic Commercial Papers ("ICP") pursuant to an ICP Programme and proposed Islamic Medium Term Notes ("IMTN") pursuant to an IMTN Programme, with a combined limit of up to RM1.5 billion in Nominal Value for the Sukuk Programmes and a sub-limit of RM500 million in Nominal Value for the ICP Programme, based on the Shariah principle of Murabahah. The proceeds raised from the Sukuk Programmes shall be utilised to refinance the outstanding amount under the existing Islamic Commercial Papers/Islamic Medium Term Notes Programme of up to RM450 million and to advance to KPJ to finance the expansion and working capital requirements of the KPJ group's healthcare and healthcare related businesses (including to finance/refinance any borrowings incurred in relation thereto).

The ICP Programme shall have a tenure of 7 years from the first issuance date whilst the IMTN Programme shall have a tenure of 10 years from the first issuance date.

6. Al-'Aqar Healthcare REIT ("Al-'Aqar")

During the current financial year, the fund issued 32 million new unit (2014: RM nil) at an issue price of RM1.25 per unit equivalent to RM40 million (2014: RM nil) and capitalised listing expenses amounting to RM284,373 (2014: RM nil).

7. Langsat Marine Terminal Sdn Bhd ("Langsat")

On 8 July 2015, Langsat entered into sub-lease agreement with a third party for lease of a land known as PLO 232, situated in Mukim Sg. Tiram, Daerah Johor Bahru measuring approximately 20 acres. The lease term is 30 years for consideration of RM33,149,138 (exclusive of goods and sales tax) and are payable within the first 36 months commencing on 8 July 2015.

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41. PRIOR YEAR ADJUSTMENT

During the financial year, the Group and the Corporation made the following prior year adjustments:

(i) The Group previously wrongly classified certain properties as investment properties as a subsidiary of the Group had classified the properties as investment properties, as the properties were rented to another subsidiary within the Group. In accordance with FRS 116 ‘Property, Plant and Equipment’, adjustments had been made to the opening balances and relevant comparative information to reclassify the properties from investment properties to property, plant and equipment (recognised by the Group at fair value as the Group is using the revaluation model in respect of the properties), including the necessary adjustments to reverse the fair value adjustments previously recognised and to reinstate the revaluation reserve.

(ii) In 2014, the Group made a settlement of liability through the purchase of 150,000 Redeemable Preference Shares – Islamic (“RPS-i”) issued by a subsidiary, Business Chronicles Sdn Bhd (“BCSB”) from one of the RPS-i holders. The premium paid on the purchase amounting to RM49 million had previously been recognised as goodwill and the interest previously accrued of RM21 million to the previous RPS-i holder had not been reversed. During the financial year, the Group had made the appropriate prior year adjustment to expense off the goodwill and interest previously accrued of RM28 million and the relevant comparative information of the Group had been restated accordingly.

(iii) The Group previously wrongly classified a property as property, plant and equipment instead of investment properties, although the property is held for rental purposes. In accordance with FRS 140 ‘Investment Property’, adjustments had been made to the opening balances and relevant comparative information to reclassify the property from property, plant and equipment to investment properties, including reversing depreciation charged and to recognise the fair value adjustments of the property as investment property accordingly.

(iv) Deferred tax liabilities in respect of fair value changes of investment properties had not been previously recognised by the Corporation, as required by FRS 112 ‘Income Tax’. As a result, adjustments had been made to the opening balances and relevant comparative information of the Group and the Corporation had been restated accordingly.

(v) The Group and the Corporation are using the fair value model to recognise investment properties. Fair value changes in respect of certain investment properties had not been previously recognised by the Corporation, as required by FRS 140 ‘Investment Property’. As a result, adjustments had been made to the opening balances and relevant comparative information of the Group and the Corporation had been restated accordingly.

In addition, certain comparatives have been restated to conform with current year’s presentation.

The effects of the prior year adjustments and restatement of comparatives are as follows:

Group

(a) Impact on the Group’s Statement of Comprehensive Income:

	Financial year ended 31 December 2014				
	As previously reported RM	**Restatement of comparatives RM**	**As previously reported (after restatement) RM**	**Prior year adjustment RM**	**As restated RM**
Revenue	4,695	(108)	4,587	-	4,587
Other income	809	-	809	44	853
Administrative expenses	976	(108)	868	21	889
Other expenses	208	-	208	49	257
Profit before tax	627	-	627	(26)	601
Tax	98	-	98	23	121

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41. PRIOR YEAR ADJUSTMENT (CONTINUED)

Group (continued)

(b) Impact on the Group's Statement of Financial Position:

	As at 1 January 2014				
	As previously reported RM	**Restatement of comparatives RM**	**As previously reported (after restatement) RM**	**Prior year adjustment RM**	**As restated RM**
Property, plant and equipment (carrying amount)	8,631	-	8,631	1,155	9,786
Investment properties	3,554	-	3,554	(1,248)	2,306
Deferred tax assets	97	(2)	95	-	95
Deferred tax liabilities	(977)	2	(975)	(57)	(1,032)
Capital reserve	(1,056)	766	(290)	-	(290)
Asset revaluation reserve	-	(766)	(766)	(7)	(773)
Revenue reserve	(1,598)	-	(1,598)	157	(1,441)

	As at 31 December 2014				
	As previously reported RM	**Restatement of comparatives RM**	**As previously reported (after restatement) RM**	**Prior year adjustment RM**	**As restated RM**
Property, plant and equipment (carrying amount)	6,044	-	6,044	1,168	7,212
Land held for property development	50	69	119	-	119
Investment properties	4,045	(146)	3,899	(1,213)	2,686
Intangible assets	351	-	351	(49)	302
Other investments	203	43	246	-	246
Property development costs	785	77	862	-	862
Cash and bank balances	1,091	(43)	1,048	-	1,048
Deferred tax liabilities	(263)	-	(263)	(80)	(343)
Loans and borrowings	(8,197)	-	(8,197)	21	(8,176)
Capital reserve	(1,064)	772	(292)	-	(292)
Asset revaluation reserve	-	(772)	(772)	(12)	(784)
Revenue reserve	(1,972)	-	(1,972)	165	(1,807)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

AMOUNTS IN RM MILLION UNLESS OTHERWISE STATED

41. PRIOR YEAR ADJUSTMENT (CONTINUED)

Corporation

(a) Impact on the Corporation's Statement of Comprehensive Income:

	Financial year ended 31 December 2014				
	As previously reported RM	**Restatement of comparatives RM**	**As previously reported (after restatement) RM**	**Prior year adjustment RM**	**As restated RM**
Other income	238	-	238	48	286
Profit before tax	160	-	160	48	208
Tax	36	-	36	(23)	13

(b) Impact on the Corporation's Statement of Financial Position:

	As at 1 January 2014				
	As previously reported RM	**Restatement of comparatives RM**	**As previously reported (after restatement) RM**	**Prior year adjustment RM**	**As restated RM**
Deferred tax assets/ (liabilities)	59	-	59	(79)	(20)
Revenue reserve	(1,267)	-	(1,267)	79	(1,188)

	As at 31 December 2014				
	As previously reported RM	**Restatement of comparatives RM**	**As previously reported (after restatement) RM**	**Prior year adjustment RM**	**As restated RM**
Investment properties	1,177	-	1,177	48	1,225
Deferred tax assets	108	-	108	(102)	6
Revenue reserve	(1,461)	-	(1,461)	54	(1,407)

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2015 were authorised for issue on 17 March 2016 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 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS**				
A	**PALM OIL**				
	ACTIVE COMPANIES				
	Dami Australia Pty Limited	Research and production of oil palm seeds (Disposed on 26 February 2015)	Australia	-	27.99
	EPA Management Sdn Bhd	Investment holding and provision of plantation management services and consultancy	Malaysia	61.19	55.16
	Kula Palm Oil Limited	Oil palm cultivation and processing (Disposed on 26 February 2015)	Papua New Guinea	-	22.39
	Kulim (Malaysia) Berhad #	Oil palm plantation, investment holding and property investment	Malaysia	61.19	57.16
	Kulim Energy Sdn Bhd	Investment holding	Malaysia	48.95	45.73
	Kulim Plantations (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	61.19	57.16
	Kumpulan Bertam Plantations Berhad	Oil palm plantation	Malaysia	58.45	54.01
	Mahamurni Plantations Sdn Bhd	Oil palm plantation	Malaysia	61.19	57.16
	New Britain Nominees Limited	Operate as legal entity for New Britain Palm Oil Ltd Share Ownership Plan (Disposed on 26 February 2015)	Papua New Guinea	-	27.99
	New Britain Oils Limited	Refinery (Disposed on 26 February 2015)	United Kingdom	-	27.99
	New Britain Palm Oil Limited $	Oil palm plantation (Disposed on 26 February 2015)	Papua New Guinea	-	27.99
	New Britain Plantation Services Pte Limited	Oil palm plantation (Disposed on 26 February 2015)	Singapore	-	27.99

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
Plantation Contracting Sevices Limited	Contractual earthworks and roadworks projects (Disposed on 26 February 2015)	Papua New Guinea	-	27.99
Poliamba Limited	Oil palm cultivation (Disposed on 26 February 2015)	Papua New Guinea	-	22.39
Pristine Bay Sdn Bhd	Investment holding	Malaysia	31.12	29.15
PT Kulim Agro Persada	Management service	Indonesia	61.19	57.16
Ramu Agri-Industries Limited	Oil palm, cultivation of sugar cane and other agriculture produce (Disposed on 26 February 2015)	Papua New Guinea	-	27.99
Guadalcanal Plains Palm Oil Limited	Operate as legal entity for New Britain Palm Oil (Disposed on 26 February 2015)	Solomon Islands	-	22.39
JTP Trading Sdn Bhd	Trading of tropical fruits	Malaysia	61.19	57.16
Kulim Topplant Sdn Bhd	Production of oil palm clones	Malaysia	36.71	34.30
Selai Sdn Bhd	Oil palm plantation	Malaysia	61.19	57.16
SIM Manufacturing Sdn Bhd	Manufacturers and dealers in rubber products of all kinds and articles made from rubber	Malaysia	55.07	51.44
SG Lifestyles Sdn Bhd (formerly known as The Secret of Secret Garden Sdn Bhd)	Trading and marketing of personal care products	Malaysia	61.19	57.16
Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	61.19	57.16
United Malayan Agricultural Corp Berhad	Oil palm plantation	Malaysia	61.19	57.16
Cita Tani Sdn Bhd	Cultivation of sugar cane and other agriculture produce	Malaysia	61.19	57.16

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
Kulim Safety Training and Services Sdn Bhd	OSHA training and services	Malaysia	45.89	57.16
Pembangunan Mahamurni Sdn Bhd	Investment holding	Malaysia	61.19	57.16
Danamin (M) Sdn Bhd	Providing a non-destructive testing services and performing electrical engineering works for oil and gas, marine, chemical and construction industries	Malaysia	45.89	34.30
Akli Resources Sdn Bhd	Provider of in-house and external training programme	Malaysia	61.19	54.30
Edaran Badang Sdn Bhd	Dealer in agricultural machinery and parts	Malaysia	61.19	42.87
Extreme Edge Sdn Bhd	Computer equipment supplier and services	Malaysia	45.89	42.87
Kulim Civilworks Sdn Bhd	Facilities maintenance, project and construction works	Malaysia	60.99	42.87
Kulim Nursery Sdn Bhd	Oil palm nursery and other related services	Malaysia	61.19	42.87
Optimum Status Sdn Bhd	Mill maintenance	Malaysia	45.89	32.15
Perfect Synergy Trading Sdn Bhd	Fertilizer supplier	Malaysia	45.89	32.15
Pinnacle Platform Sdn Bhd	Software maintenance and supplier	Malaysia	58.13	54.30
Renown Value Sdn Bhd	Cultivation of pineapples and other agricultural product	Malaysia	45.89	42.87
Sovereign Multimedia Resources Sdn Bhd	Information and communication technology business	Malaysia	45.89	42.87
Special Appearance Sdn Bhd	Production house and event management	Malaysia	55.07	51.44
E.A. Technique (M) Berhad #	Provision of sea transportation and related services	Malaysia	30.96	31.86

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
Epasa Shipping Agency Sdn Bhd	Shipping and forwarding agent	Malaysia	61.19	57.16
Jejak Juara Sdn Bhd	Manufacturer and dealers in rubber products	Malaysia	44.61	41.68
Johor Shipyard & Engineering Sdn Bhd	Shipbuilding, fabrication of steel structures, engineering services and consultancy	Malaysia	30.96	31.86
Microwell Trading Sdn Bhd	Trading in biochemical fertilizer	Malaysia	36.71	34.30
Microwell Bio Solutions Sdn Bhd	Trading of agriculture fertilizer, water treatment, biotechnology research and development	Malaysia	36.71	34.30
MIT Insurance Brokers Sdn Bhd	Insurance brokers and consultancy	Malaysia	45.89	42.87
MM Vitaoils Sdn Bhd	Producer and wholesale of palm oil and other edible oil and fats	Malaysia	21.42	20.01
Sindora Berhad	Intrapreneur venture business, oil palm plantation and investment holding	Malaysia	61.19	57.16
Sindora Timber Sdn Bhd	Timber logging, processing and sale of sawn timber, timber doors, laminated timber scantling and trading of wood products	Malaysia	50.19	46.89
Sindora Wood Products Sdn Bhd	Property letting	Malaysia	61.19	57.16
Kulim Energy Nusantara Sdn Bhd	Investment holding	Malaysia	61.19	57.16
Asia Economic Development Fund Limited	Investment holding	Hong Kong	78.96	30.99
PT Wisesa Inspirasi Nusantara	Investment holding	Indonesia	45.28	42.30
PT Harapan Barito Sejahtera	Oil palm plantation	Indonesia	43.02	-
PT Wahana Semesta Kharisma	Oil palm plantation	Indonesia	43.02	-

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
PT Sawit Sumber Rejo	Oil palm plantation	Indonesia	43.02	-
Granulab (M) Sdn Bhd	Trading granular synthetic bone graft	Malaysia	60.76	56.02
Asia Logistics Council Sdn Bhd	E-commerce	Malaysia	65.69	53.78
Kulim Smart Technologies Sdn Bhd (formerly known as Rentak Alam Sdn Bhd)	Researching and developing cutting edge solution for oil and gas, healthcare and industrial automation	Malaysia	61.19	100.00
Kulim Livestock Sdn Bhd	Breeding and sales of cattle	Malaysia	61.19	57.16
DORMANT COMPANIES				
Dumpu Limited	Landholding (Disposed on 26 February 2015)	Papua New Guinea	-	27.99
DQ In Sdn Bhd	Dormant	Malaysia	45.89	34.30
EPA Futures Sdn Bhd	Dormant	Malaysia	61.19	57.16
KCW Electrical Sdn Bhd	Dormant	Malaysia	60.99	42.87
KCW Roadworks Sdn Bhd	Dormant	Malaysia	60.99	42.87
Skellerup Foam Products (Malaysia) Sdn Bhd	Dormant	Malaysia	61.19	57.16
Skellerup Latex Products (M) Sdn Bhd	Dormant	Malaysia	61.19	57.16
XCot Tech Sdn Bhd	Dormant	Malaysia	45.89	34.30
Sindora Timber Products Sdn Bhd	Dormant	Malaysia	61.19	57.16
Sindora Trading Sdn Bhd	Dormant	Malaysia	61.19	57.16
KCW Hardware Sdn Bhd	Dormant	Malaysia	60.99	42.87

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
DORMANT COMPANIES (CONTINUED)				
KCW Kulim Marine Services Sdn Bhd	Dormant	Malaysia	60.99	42.87
Sindora Development Sdn Bhd	Dormant	Malaysia	61.16	57.16
JTP Montel Sdn Bhd	Dormant	Malaysia	61.19	57.16
Granulab Marketing Sdn Bhd	Dormant	Malaysia	60.76	56.02
Exquisite Livestock Sdn Bhd	Dormant	Malaysia	61.19	57.16
Tiram Fresh Sdn Bhd	Dormant	Malaysia	50.19	46.89
Skellerup Industries (Malaysia) Sdn Bhd	Dormant	Malaysia	61.19	57.16
Panquest Ventures Limited	Dormant	British Virgin Island	61.19	57.16
Yayasan Ansar	Corporate Social Responsibility	Malaysia	Limited by Guarantee	Limited by Guarantee
B RESTAURANT/FOOD				
ACTIVE COMPANIES				
Ayamas Shoppe Sdn Bhd	Poultry, convenience foodstore chain and investment holding	Malaysia	100.00	100.00
Ayamas Food Corporation Sdn Bhd	Poultry processing and further processing plants and investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity
Ayamas Integrated Poultry Industry Sdn Bhd	Breeder and broiler farms/hatchery, feedmill and investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity
Ayamas Shoppe (Sabah) Sdn Bhd	Convenience food store	Malaysia	65.00	65.00
Ayamazz Sdn Bhd	Push-cart selling food and refreshment (Disposed on 26 June 2015)	Malaysia	-	Joint-controlled entity

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
	B RESTAURANT/FOOD (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Business Chronicles Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Massive Equity Sdn Bhd	Investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity
	QSR Brands (M) Holdings Sdn Bhd	Investment holding and provision of management services	Malaysia	Joint-controlled entity	Joint-controlled entity
	Efinite Value Sdn Bhd	Customer service call centre	Malaysia	Joint-controlled entity	Joint-controlled entity
	Integrated Poultry Industry Sdn Bhd	Poultry processing plant	Malaysia	Joint-controlled entity	Joint-controlled entity
	Kampuchea Food Corporation Co. Ltd	Restaurants	Cambodia	Joint-controlled entity	Joint-controlled entity
	Kentucky Fried Chicken (Malaysia) Sendirian Berhad	Restaurants	Malaysia	Joint-controlled entity	Joint-controlled entity
	Kentucky Fried Chicken Management Pte Ltd	Restaurants	Singapore	Joint-controlled entity	Joint-controlled entity
	KFC (B) Sdn Bhd	Restaurants	Brunei	Joint-controlled entity	Joint-controlled entity
	KFC (Peninsular Malaysia) Sdn Bhd	Restaurants, commissary and investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity
	KFC (Sabah) Sdn Bhd	Restaurants	Malaysia	Joint-controlled entity	Joint-controlled entity
	KFC (Sarawak) Sdn Bhd	Restaurants	Malaysia	Joint-controlled entity	Joint-controlled entity
	KFC Events Sdn Bhd	Sales of food products and vouchers	Malaysia	Joint-controlled entity	Joint-controlled entity
	KFC Holdings (Malaysia) Bhd	Investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
	B RESTAURANT/FOOD (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	KFCIC Assets Sdn Bhd	Property holding	Malaysia	Joint-controlled entity	Joint-controlled entity
	QSR Manufacturing Sdn Bhd	Bakery, trading in consumables and investment holding	Malaysia	Joint-controlled entity	Joint-controlled entity
	QSR Trading Sdn Bhd	Sales and marketing of food products	Malaysia	Joint-controlled entity	Joint-controlled entity
	KFCH Education (M) Sdn Bhd	College/learning institution	Malaysia	Joint-controlled entity	Joint-controlled entity
	Ladang Ternakan Putihekar (N.S) Sdn Bhd	Breeder farms	Malaysia	Joint-controlled entity	Joint-controlled entity
	Mauritius Food Corporation Pvt Ltd	Investment holding (Disposed on 11 December 2015)	Mauritius	-	Joint-controlled entity
	MH Integrated Farm Berhad	Property holding	Malaysia	Joint-controlled entity	Joint-controlled entity
	Tepak Marketing Sdn Bhd	Contract packing	Malaysia	55.28	54.47
	Multibrand QSR Holdings Pte Ltd	Investment holding	Singapore	Joint-controlled entity	Joint-controlled entity
	KFCH Restaurants Private Limited	Restaurants (Disposed on 11 December 2015)	India	-	Joint-controlled entity
	Pintas Tiara Sdn Bhd	Property holding	Malaysia	Joint-controlled entity	Joint-controlled entity
	PHD Delivery Sdn Bhd	Pizza delivery	Malaysia	Joint-controlled entity	Joint-controlled entity
	Pizza Hut Restaurants Sdn Bhd	Restaurants	Malaysia	Joint-controlled entity	Joint-controlled entity
	Pizza Hut Singapore Pte Ltd	Restaurants	Singapore	Joint-controlled entity	Joint-controlled entity

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
	B RESTAURANT/FOOD (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Rasamas Holding Sdn Bhd	Restaurants	Malaysia	100.00	100.00
	Region Food Industries Sdn Bhd	Sauce manufacturing plant	Malaysia	Joint-controlled entity	Joint-controlled entity
	Roaster's Chicken Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	SPM Restaurants Sdn Bhd	Meals on wheels and property holding	Malaysia	Joint-controlled entity	Joint-controlled entity
	Usahawan Bistari Ayamas Sdn Bhd	Operation of "Sudut Ayamas"	Malaysia	Joint-controlled entity	Joint-controlled entity
	WQSR Holdings (S) Pte Ltd	Investment holding	Singapore	Joint-controlled entity	Joint-controlled entity
	QSR Captive Insurance Limited	Captive insurer	Labuan	Joint-controlled entity	Joint-controlled entity
	Rasamas Tebrau Sdn Bhd	Restaurants	Malaysia	89.23	89.23
	KARA Holdings Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	QSR Stores Sdn Bhd	Restaurants	Malaysia	Joint-controlled entity	Joint-controlled entity
	Virtualflex Sdn Bhd	QU card business	Malaysia	100.00	100
	Efinite Revenue Sdn Bhd	Renting of premises	Malaysia	Joint-controlled entity	Joint-controlled entity
	DORMANT COMPANIES				
	Felda Ayamas Ventures Sdn Bhd	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
	Pizza (Kampuchea) Private Limited	Dormant	Cambodia	Joint-controlled entity	Joint-controlled entity
	Chippendales (M) Sdn Bhd	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
	B RESTAURANT/FOOD (CONTINUED)				
	DORMANT COMPANIES (CONTINUED)				
	Hiei Food Industries Sdn Bhd	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
	QSR Brands Bhd	Dormant	Malaysia	51.00	57.16
	QSR Ventures Sdn Bhd	Dormant	Malaysia	51.00	57.16
	Integrated Poultry Industry (Kampuchea) Private limited	Broiler and processing production (Struck off on 22 January 2015)	Kemboja	-	Joint-controlled entity
	Ayamas Contract Farming Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	Cilik Bistari Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	Bakers' Street Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	KFC (East Malaysia) Sdn Bhd	Dormant (Struck off on 30 April 2015)	Malaysia	-	Joint-controlled entity
	Rangeview Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	Pizza Hut Holdings (Malaysia) Sdn Bhd	Dormant (Struck off on 30 April 2015)	Malaysia	-	Joint-controlled entity
	Signature Chef Foodservice& Catering Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	Wangsa Progresi Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	WP Properties Holdings Sdn Bhd	Dormant (Struck off on 28 August 2015)	Malaysia	-	Joint-controlled entity
	Yayasan Amal Bistari	Corporate Social Responsibilities (In the process of striking off)	Malaysia	Limited by Guarantee	Limited by Guarantee

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
B	**RESTAURANT/FOOD (CONTINUED)**				
	DORMANT COMPANIES (CONTINUED)				
	Rasamas Sdn Bhd (Brunei Darussalam)	Dormant (In the process of striking off)	Brunei	Joint-controlled entity	Joint-controlled entity
	Ayamas Shoppe (Brunei) Sendirian Berhad	Dormant (In the process of striking off)	Brunei	Joint-controlled entity	Joint-controlled entity
	Asbury's (Malaysia) Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	Gratings Solar Sdn Bhd	Dormant (In the process of striking off)	Malaysia	Joint-controlled entity	Joint-controlled entity
	Restoran Keluarga Sdn Bhd	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
	Yes Gelato Sdn Bhd	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
	KFC India Holdings Sdn Bhd	Dormant	Malaysia	Joint-controlled entity	Joint-controlled entity
C	**HEALTHCARE**				
	ACTIVE COMPANIES				
	Ampang Puteri Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Bandar Baru Klang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Damansara Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Diaper Technology Industries Sdn Bhd	Providing IT services and rental of software	Malaysia	34.86	35.93
	FP Marketing (S) Pte Ltd	Distributor of pharmaceutical products	Singapore	37.18	38.33
	Hospital Penawar Sdn Bhd	Specialist hospital	Malaysia	11.15	11.50
	Hospital Pusrawi SMC Sdn Bhd	Specialist hospital	Malaysia	11.60	11.96

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
ACTIVE COMPANIES (CONTINUED)				
Ipoh Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	36.60	37.73
Jeta Gardens (Qld) Pty Ltd	Retirement village and aged care services	Australia	21.25	21.91
Johor Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
Kajang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
Kedah Medical Centre Sdn Bhd	Specialist hospital	Malaysia	16.97	17.50
Kota Kinabalu Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	36.06	37.18
Advanced Healthcare Solutions Sdn Bhd	Healthcare IT system service	Malaysia	37.18	38.33
KPJ Healthcare Berhad #	Investment holding	Malaysia	37.18	38.33
Kuantan Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	29.72
Kuching Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	26.03	26.83
Kumpulan Perubatan (Johor) Sdn Bhd	Investment holding and specialist hospital management	Malaysia	37.18	38.33
Lablink (M) Sdn Bhd	Lab and pathology services	Malaysia	37.18	38.33
Maharani Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
Medical Supplies (Sarawak) Sdn Bhd	Pharmaceutical dealer and outlets	Malaysia	27.89	28.75
Pahang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	26.03	26.83
Pasir Gudang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
	C HEALTHCARE (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Penang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Perdana Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	22.52	23.21
	PharmaCARE Sdn Bhd	Providing human resource, training services and rental of human resource information system	Malaysia	37.18	38.33
	Pharmaserv Alliances Sdn Bhd	Distributor of pharmaceutical products	Malaysia	37.18	38.33
	Point Zone (M) Sdn Bhd	Treasury company	Malaysia	37.18	38.33
	PT Khasanah Putera Jakarta Medical	Specialist hospital	Indonesia	27.89	28.75
	PT Khidmat Perawatan Jasa Medika	Specialist hospital	Indonesia	29.74	30.66
	Pusat Pakar Kluang Utama Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Pusat Pakar Tawakal Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Puteri Nursing College Sdn Bhd	Nursing college	Malaysia	37.18	38.33
	Puteri Specialist Hospital (Johor) Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Selangor Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	22.31	23.00
	Sentosa Medical Centre Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Seremban Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Sibu Geriatric Health & Nursing Centre Sdn Bhd	Providing aged care services	Malaysia	37.18	38.33
	Sibu Medical Centre Corporation Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	SMC Healthcare Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
	C HEALTHCARE (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	KPJ Eyecare Specialist Sdn Bhd	Eye centre	Malaysia	37.18	38.33
	Sterile Services Sdn Bhd	Sterile services	Malaysia	37.18	38.33
	Taiping Medical Centre Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Tawakal Holdings Sdn Bhd	Investment holding	Malaysia	37.18	38.33
	Sri Manjung Specialist Centre Sdn Bhd	Specialist hospital	Malaysia	36.60	37.73
	Rawang Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Vejthani Public Company Limited	Specialist hospital	Thailand	8.69	8.96
	Fabricare Laundry Sdn Bhd	Laundry services	Malaysia	35.32	36.41
	Healthcare IT Solutions Sdn Bhd	Healthcare IT services	Malaysia	26.03	26.83
	Skop Yakin (M) Sdn Bhd	General merchandise	Malaysia	37.18	34.03
	Teraju Farma Sdn Bhd	Supplier of pharmaceutical products	Malaysia	27.89	28.75
	KPJ Dhaka Pte Ltd	Specialist hospital	Bangladesh	37.18	38.33
	Miri Specialist Hospital Sdn Bhd (formerly known as Bima Galeksi Sdn Bhd)	Specialist hospital	Malaysia	26.03	26.83
	Energy Excellent Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Perlis Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	22.31	23.00
	Bandar Dato Onn Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Massive Hybrid Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	UTM KPJ Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1	**CORE BUSINESS (CONTINUED)**				
	C HEALTHCARE (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	BDC Specialist Hospital Sdn Bhd	Specialist hospital	Malaysia	37.18	38.33
	Healthcare Technical Services Sdn Bhd	Project management and engineering maintenance services	Malaysia	18.17	-
	Pride Outlet Sdn Bhd	Maintenance service for medical equipment	Malaysia	27.89	-
	Open Access Sdn Bhd	KPJ wellness	Malaysia	37.18	38.33
	DORMANT COMPANIES				
	Bukit Mertajam Specialist Hospital Sdn Bhd	Dormant	Malaysia	37.18	38.33
	Amity Development Sdn Bhd	Dormant	Malaysia	37.18	38.33
	Bayan Baru Specialist Hospital Sdn Bhd	Dormant	Malaysia	20.45	21.08
	Freewell Sdn Bhd	Dormant	Malaysia	29.74	30.66
	KPJ Mediktv Sdn Bhd	Dormant	Malaysia	37.18	38.33
	Malaysian Institute of Healthcare Management Sdn Bhd	Dormant	Malaysia	27.89	28.75
	Pharmacare Surgical Technologies (M) Sdn Bhd	Dormant	Malaysia	37.18	38.33
	Renal Link Sentosa Sdn Bhd	Dormant	Malaysia	37.18	38.33
	PT Al-Aqar Bumi Serpong Damai	Dormant	Malaysia	37.18	-
	PT Al-Aqar Permata Hijau	Dormant	Malaysia	37.18	-
	KPJ Education Services Sdn Bhd	Dormant	Malaysia	37.18	38.33
	Crossborder Aim (M) Sdn Bhd	Dormant	Malaysia	37.18	-
	Crossborder Hall (M) Sdn Bhd	Dormant	Malaysia	37.18	-

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
1 CORE BUSINESS (CONTINUED)				
D PROPERTY				
ACTIVE COMPANIES				
Advance Development Sdn Bhd	Property developer	Malaysia	100.00	100.00
Johor Land Berhad	Property developer	Malaysia	100.00	100.00
Revertex (Malaysia) Sdn Bhd	Processing and marketing of latex and other related products	Malaysia	30.07	30.07
Pembinaan Prefab Sdn Bhd	Rental of factory building	Malaysia	100.00	100.00
Bertam Properties Sdn Bhd	Estate management	Malaysia	20.00	20.00
BP Plantations Sdn Bhd	Plantation	Malaysia	20.00	20.00
Penang Golf Resort Bhd	Management of golf course	Malaysia	20.00	20.00
Bandar Baru Majidee Development Sdn Bhd	Property development	Malaysia	100.00	100.00
DORMANT COMPANIES				
Bertam Golf Management and Services Sdn Bhd	Nursery operation	Malaysia	20.00	20.00
Mutiara Golf Properties Sdn Bhd	Golf course management	Malaysia	20.00	20.00
Premium Angle Development Sdn Bhd	Dormant	Malaysia	100.00	100.00
2 NON-CORE BUSINESS				
SME/NON-SME				
ACTIVE COMPANIES				
IPPJ Sdn Bhd	Entrepreneurial training programmes and seminars	Malaysia	75.00	79.00
Johor Skills Development Centre Sdn Bhd	Industrial training centre	Malaysia	75.00	75.00
Maruah Emas Sdn Bhd	Islamic pawnshop	Malaysia	100.00	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Pro Biz Solution Sdn Bhd	Business centre	Malaysia	85.00	85.00
	Rajaudang Aquaculture Sdn Bhd	Management services and breeding of tiger prawns	Malaysia	75.00	75.00
	Syarikat Pengangkutan Maju Berhad	Investment holding and bus services	Malaysia	77.62	90.01
	Teraju Fokus Sdn Bhd	Security services	Malaysia	30.00	30.00
	Rajaudang Trading Sdn Bhd	Wholesale activities	Malaysia	69.46	69.46
	Akademi Mutawwif Sdn Bhd	Training of mutawwif	Malaysia	100.00	100.00
	Aquabuilt Sdn Bhd	Rental of tiger prawns hatchery	Malaysia	100.00	100.00
	Bukit Damansara Development Sdn Bhd	Investment holding, ownership of buildings	Malaysia	100.00	100.00
	Ihsan Permata Sdn Bhd	Providing consultancy and management services for cattle breeding	Malaysia	100.00	100.00
	Convenue Marketing Sdn Bhd	Marketing of convention centre	Malaysia	75.00	79.00
	Damansara Assets Sdn Bhd	Property management	Malaysia	100.00	100.00
	Damansara REIT Managers Sdn Bhd	REITs management company	Malaysia	100.00	100.00
	DHealthcare Centre Sdn Bhd	Healthcare service provider	Malaysia	54.12	53.90
	Damai Ecotech Sdn Bhd	Marketing and managing orchards	Malaysia	100.00	100.00
	Hotel Selesa (JB) Sdn Bhd	Hotel operations	Malaysia	100.00	100.00
	Hotel Selesa Sdn Bhd	Hotel operations	Malaysia	100.00	100.00
	Intrapreneur Development Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	JCorp Hotels and Resorts Sdn Bhd	Investment holding	Malaysia	100.00	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Johor Capital Holdings Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Johor Foods Sdn Bhd	Investment holding and oil palm plantation	Malaysia	100.00	100.00
	Johor Franchise Development Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Pro Corporate Management Services Sdn Bhd	Corporate secretarial services and share registrar	Malaysia	100.00	100.00
	Johor Logistics Sdn Bhd	Warehousing	Malaysia	100.00	100.00
	Johor Silica Industries Sdn Bhd	Silica sand quarrying	Malaysia	100.00	100.00
	Johor Ventures Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Kumpulan Perbadanan Johor Sdn Bhd	Management services	Malaysia	100.00	100.00
	Langsat Marine Base Sdn Bhd	Provision of marine base engineering services	Malaysia	100.00	100.00
	MC-JTP Concept Sdn Bhd	Rental and warehouse owner	Malaysia	100.00	100.00
	Pacific Forest Industries Sdn Bhd	Timber activities	Malaysia	10.28	10.28
	Panca Pesona Sdn Bhd	Industrial land and property developer	Malaysia	40.00	40.00
	Pelaburan Johor Berhad	Management of unit trust	Malaysia	100.00	100.00
	Penawar Express Line Berhad	Express bus services	Malaysia	77.62	90.01
	Permodalan Teras Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Premier Revenue Sdn Bhd	Insurance agent	Malaysia	100.00	100.00
	PT Padang Industrial Park	Industrial land development	Indonesia	55.00	55.00
	Puteri Hotels Sdn Bhd	Hotel operations	Malaysia	100.00	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Rajaudang Sdn Bhd	Investment holding and rental of ponds for breeding of tiger prawns	Malaysia	100.00	100.00
	Sibu Island Resorts Sdn Bhd	Island resorts operator	Malaysia	100.00	100.00
	SPMB Holdings Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Sri Gading Land Sdn Bhd	Industrial land development	Malaysia	51.00	51.00
	Tanjung Langsat Port Sdn Bhd	Development of industrial land and provider of port services	Malaysia	100.00	100.00
	Techno SCP Sdn Bhd	Industrial land development	Malaysia	60.00	60.00
	Tenaga Utama (Johor) Bhd	Investment holding	Malaysia	69.76	69.76
	Tg. Langsat Development Sdn Bhd	Industrial land development	Malaysia	100.00	100.00
	Total Project Management Sdn Bhd	Property management	Malaysia	100.00	100.00
	Larkin Sentral Property Sdn Bhd	Provider of technical services	Malaysia	39.00	39.00
	TPM Technopark Sdn Bhd	Industrial land development	Malaysia	100.00	100.00
	Yakin Tea Sdn Bhd	Rental of plantation	Malaysia	62.24	62.24
	Johor City Development Sdn Bhd	New township development	Malaysia	100.00	100.00
	Pagoh Highland Resorts Sdn Bhd	Plantation	Malaysia	60.00	60.00
	Langsat Marine Terminal Sdn Bhd	Forwarding agent and warehousing developer	Malaysia	100.00	100.00
	Langsat OSC Sdn Bhd	Marine supply base and oil field supply centre	Malaysia	51.00	51.00
	Intrapreneur Value Creation Sdn Bhd	To provide financial services, stocks and other securities based on syariah compliance	Malaysia	100.00	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	ACTIVE COMPANIES (CONTINUED)				
	Efinite Structure Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	BDO Assets Management Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Synergy Mall Management Sdn Bhd	Property management	Malaysia	100.00	100.00
	JCorp Capital Solutions Sdn Bhd	Land survey services	Malaysia	100.00	100.00
	Timeless Commitment Sdn Bhd	Manage and operate a master licensee agreement to develop, open and operate licensed outlet	Malaysia	51.00	51.00
	Le Petite Gourmet Sdn Bhd	Manage and operate a franchised food and beverages outlet	Malaysia	51.00	51.00
	Aiman Lifestyle Sdn Bhd	Manage and operate a franchised food and beverages outlet	Malaysia	51.00	51.00
	Selasih Catering Sdn Bhd	Restaurant	Malaysia	100.00	100.00
	Johor Paper And Publishing Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Damansara Realty Berhad	Investment holding	Malaysia	10.03	-
	HC Duraclean Sdn Bhd	Franchisor of cleaning services	Malaysia	17.93	-
	TMR Urusharta (M) Sdn Bhd	Real estate services, facilities management and consultant	Malaysia	12.05	-
	DORMANT COMPANIES				
	Super Heritage Brand Sdn Bhd	Dormant	Malaysia	100.00	100.00
	Harta Consult Sendirian Berhad	Property management	Malaysia	100.00	100.00
	Effective Corporate Resources Sdn Bhd	Advisors and consultants in company management, administration and finance	Malaysia	100.00	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	DORMANT COMPANIES (CONTINUED)				
	Johor Concrete Products Sdn Bhd	Trading in construction material	Malaysia	51.00	51.00
	Johor Heavy Industries Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	JSEDC Properties Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Kilang Airbatu Perintis Sdn Bhd	Rental of land and coldroom services	Malaysia	88.22	88.22
	Marenban Limited	Cultivation of tea and coffee	Papua New Guinea	100.00	100.00
	Orion Tours Pte Ltd	Ceased operation	Singapore	100.00	100.00
	Palley Investments Limited	Investment holding	British Virgin Island	100.00	100.00
	Paper Automation Sdn Bhd	Trading in paper products	Malaysia	93.58	93.58
	Larkin Sentral Management Sdn Bhd	Property management	Malaysia	100.00	100.00
	Larkin Sentral Sdn Bhd	Property contractor and developer	Malaysia	100.00	100.00
	PJB Capital Sdn Bhd	Portfolio management	Malaysia	100.00	100.00
	Sergam Berhad	Trading of steel bars and building materials	Malaysia	96.78	96.78
	Tanjung Leman Theme Park Sdn Bhd	Dormant	Malaysia	100.00	100.00
	Tiram Tours (S) Pte Ltd	Ceased operation	Singapore	100.00	100.00
	Trapezoid Web Profile Sdn Bhd	Provision of project management and consultancy services and manufacturer of steel products	Malaysia	81.74	81.74
	Westbury Tubular (M) Sdn Bhd	Building and construction work using tubular steel	Malaysia	41.69	41.69

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	DORMANT COMPANIES (CONTINUED)				
	Warren Plantation (Mt.Hagen) Limited	Cultivation of tea and coffee	Papua New Guinea	100.00	100.00
	Tunjuk Laut Resort Sdn Bhd	Rental of ponds for tiger prawns breeding	Malaysia	100.00	100.00
	Advanced Global Corporate Resources Sdn Bhd	Providing management services	Malaysia	100.00	100.00
	Akademi JCorp Sdn Bhd	Engage in a business of education program and training facilities	Malaysia	100.00	100.00
	JCIA Services Sdn Bhd	Corporate assurance and consulting services	Malaysia	100.00	100.00
	Tanjung Tuan Hotel Sdn Bhd	Hotel operations	Malaysia	100.00	100.00
	AB Theme Park Sdn Bhd	Indoor theme park	Malaysia	100.00	100.00
	Bistari Young Entrepreneur Sdn Bhd	Producing, promoting and marketing Catur Bistari and related services	Malaysia	100.00	100.00
	COMPANIES IN WINDING UP PROCESS				
	Asia Pacific Seafoods Pte Ltd	Marketing of seafood products (Winding up on 27 June 2015)	Singapore	-	100.00
	Australian Gold Field N.L.	Gold exploration	Australia	27.73	27.73
	Buat Niaga Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Johor Aluminium Processing Sdn Bhd	Aluminium products	Malaysia	35.00	35.00
	PJB Pacific Advisory Services Sdn Bhd	Securities consultant and advisory	Malaysia	75.00	75.00
	Victoria Gold Mines	Dormant	Australia	27.73	27.73

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	COMPANIES IN WINDING UP PROCESS (CONTINUED)				
	Intrapreneur Development Capital Sdn Bhd	Investment holding	Malaysia	100.00	100.00
	Johor Tea Sdn Bhd	Tea plantation	Malaysia	100.00	100.00
	LY Technologies (M) Sdn Bhd	Distributor of bus and body-parts	Malaysia	51.00	51.00
	Pro Office Services Sdn Bhd	Rental of machines and other related services	Malaysia	100.00	100.00
	COMPANY IN THE PROCESS OF STRIKING OFF				
	Pharmacare (S) Pte Ltd	Pharmaceutical dealer and outlets	Singapore	100.00	100.00
	COMPANY UNDER RECEIVERSHIP				
	Kok Lian Marketing Sdn Bhd	Book publisher	Malaysia	51.19	51.19
3	**LIST OF FUNDS**				
	Al-'Aqar Healthcare REIT	Managing real estate and investment trust	Malaysia	17.52	18.64
	Al-'Aqar Capital Sdn Bhd	Special purpose company for the purpose of raising Islamic Financing for the Fund	Malaysia	17.52	18.64
	Al-'Aqar Australia Pty Ltd	Special purpose company for the purpose of acquisition of Australia property for the Fund	Australia	17.52	18.64
	Al-Salam REIT	Managing real estate and investment trust	Malaysia	60.62	-

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
4	**LIST OF NON-GOVERNMENT ORGANIZATIONS**				
	Incorporate under Companies Act, 1965, managed by the Corporation:				
	ACTIVE COMPANIES				
	Waqaf An-Nur Corporation Berhad	Trustees and manager of waqaf	Malaysia	@	@
	Bistari Johor Berhad	Entrepreneurship club	Malaysia	@	@
	Capaian Aspirasi Sdn Bhd	Islamic insurance agent and Amil Corporate Zakat	Malaysia	*	*
	JCorp Intrapreneur (M) Bhd	Intrapreneurship club	Malaysia	@	@
	Khairat Keluarga Perbadanan Johor Berhad	Employees deceased scheme	Malaysia	@	@
	Makmuran Veneer & Plywood Sdn Bhd	Processing and trading of sawn timber	Malaysia	@	@
	Tiram Travel Sdn Bhd	Sale of flight tickets and package for umrah, haj and tourism	Malaysia	*	*
	Yayasan Johor Corporation	Manage and administer funds for education and charitable purposes	Malaysia	@	@
	Sindora Ventures Sdn Bhd	Investment holding	Malaysia	&	&
	DORMANT COMPANIES				
	PharmaCare Medicine Shoppe Sdn Bhd	Pharmacy franchise	Malaysia	&	&
	Waqaf An-Nur Berhad	Dormant	Malaysia	@	@
	COMPANIES IN WINDING UP PROCESS				
	D.I.M.A. Sdn Bhd	Logging transportation services	Malaysia	&	&
	East Asian Marine Foods Sdn Bhd	Processing and marketing of marine products	Malaysia	&	&
	Excellent Relations Sdn Bhd	To provide IT and other related services	Malaysia	&	&
	Johor Deer Farm Sdn Bhd	Deer farming	Malaysia	&	&

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2015 %	Group Effective Interest 2014 %
4	**LIST OF NON-GOVERNMENT ORGANIZATIONS (CONTINUED)**				
	Incorporate under Companies Act, 1965, managed by the Corporation (continued):				
	COMPANIES IN WINDING UP PROCESS (CONTINUED)				
	Johor Land Manufacturing Sdn Bhd	Production of door framework and iron window	Malaysia	&	&
	Johor Tropical Products Sdn Bhd	Dormant	Malaysia	&	&
	Johorcraft Sdn Bhd	Ceramic production and handicraft marketing	Malaysia	&	&
	Mahin Sdn Bhd	Processing of sawn timber	Malaysia	&	&
	Saujana Jaya Sdn Bhd	Coconut milk processing	Malaysia	&	&
	Vision Possible Berhad	Investment holding	Malaysia	&	&
	Tiram Tours Sdn Bhd	Dormant	Malaysia	&	&
	Johor Land Constructions Sdn Bhd	Production of “premix”	Malaysia	&	&
	Mengkibol Holdings Sdn Bhd	Investment holding	Malaysia	&	&

Listed on the Main Board of Bursa Malaysia Securities Berhad
$ Listed on Port Moresby Stock Exchange (“POMSOX”) and London Stock Exchange
@ Limited by Guarantee
* Subsidiaries of Waqaf An-Nur Corporation Berhad
& Subsidiaries of Waqaf An-Nur Berhad

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