JOHOR CORPORATION

PROPERTY

FOOD & RESTAURANT SERVICES

STRATEGIC INVESTMENT

SPECIALIST HEALTHCARE

ICT

KULIM

DECADES OF GROWTH

HOUSING

CORPORATE RESPONSIBILITY

BCM & INNOVATION

INDUSTRIAL

PORT & SHIPPING

ڤربادنن جوهر

Perbadanan Johor

Membina dan Membela

ANNUAL REPORT 2017

▶ Open Here

About Johor Corporation

Johor Corporation was established as a public enterprise and a statutory body via Johor Corporation Enactment No. 4 1968 (as amended under Enactment No. 5, 1995). As a State-owned Conglomerate, Johor Corporation through its Group of Companies is involved in core businesses encompassing Palm Oils (KULIM), Specialist Healthcare, Food & Restaurant Services, Property, Port Services, Hospitality, Intrapreneur Business as well as Oil & Gas.

Mission

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

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

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

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

Vision

Membina dan Membela

Johor Corporation Core Value 2.0

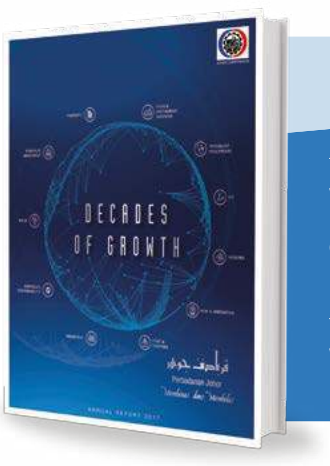
INTEGRITY
We execute our task with trustworthiness, honesty, fairness in line with the law and corporate governance principles.

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

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

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

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



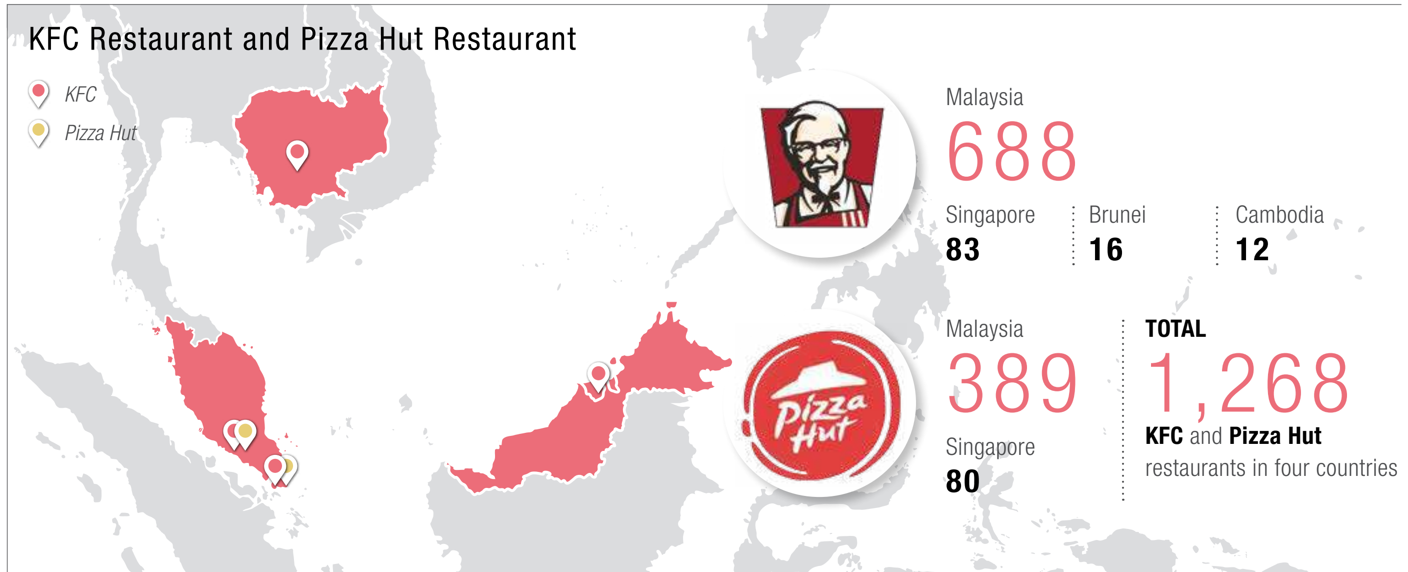
Cover Rationale

The circle on the cover page of Johor Corporation 2017 Annual Report portrays the entity of Johor Corporation that expands in various businesses for decades, not only in Malaysia, but also across regional. This circle similarly shows Johor Corporation's integrity and capability striving in the market after 50 years of its establishment. Eleven small white stroke circles depict the Group of Companies which pioneer various core businesses and at the same time synergise to support Johor Corporation as development instrument and Johor business entity.

The bright colour writing symbolised the upright values, integrity and also good nature of Johor Corporation towards the community which comes from the corporate responsibility programme.

Facts at a Glance

KFC Restaurant and Pizza Hut Restaurant



Malaysia
688

Singapore 83 | Brunei 16 | Cambodia 12

Malaysia
389

Singapore
80

TOTAL
1,268
KFC and **Pizza Hut** restaurants in four countries

KPJ Healthcare Berhad

13,422
staff members

1,022
medical consultants

Commitment by Johor Corporation

RM26.96 mil
contribution to **community activities**

24
operating **Klinik Waqaf An-Nur**

RM713 mil
investments brought by IDD to Johor

RM493.76 mil
contribution to the government through taxation

NEW FEATURE IN THIS 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 report can be accessed via our website at www.jcorp.com.my

Core/Strategic Businesses

KULIM BUSINESSES

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

SPECIALIST HEALTHCARE

KPJ Healthcare Berhad is Malaysia's largest group of private healthcare and specialist medical care. It is a listed entity in the Main Board of Bursa Malaysia since 1994. Managing 25 private hospitals in Malaysia; Jakarta, Indonesia (two) and 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 1,022 medical consultants and 13,422 staff members.

FOOD AND RESTAURANT SERVICES

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

STRATEGIC INVESTMENT INTRAPRENEUR AND O&G BUSINESSES

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

As of 2017, a total of 10 intrapreneur companies were managed through Kulim (Malaysia) Berhad; Johor Corporation (eight); KPJ Healthcare Berhad (six); Waqaf An-Nur Corporation Berhad (two); and QSR Brands (M) Holdings Bhd (one).

PROPERTY

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

- **DAMANSARA ASSETS SDN BHD**
  Managing 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 DEVELOPMENT DIVISION

The Industrial Development Division's main role is to strengthen and implement Johor Corporation's function as the state agent for industrial development in Johor.

- **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, developments of infrastructure as well as being a marketing agent for industrial areas owned by Johor Corporation.
- **TLP TERMINAL SDN BHD**
  Stretched on a 405-hectare area, Tanjung Langsat Port is the gateway and backbone of Tanjung Langsat Industrial Complex (TLIC).

Cover Rationale

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The bright colour writing symbolised the upright values, integrity and also good nature of Johor Corporation towards the community which comes from the corporate responsibility programme.

Chairman's Statement

As one of the state development instrument and contributing specifically towards Johor's economic progress, Johor Corporation's success in various businesses and also in driving mega state projects are achievements to be proud of. As the organisation's tenet and core purpose is 'To Build and To Nurture' (*Membina dan Membela*) it is therefore vital that Johor Corporation continue to have a business continuity mission that is more robust with each passing decade.

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

12 Touchpoints will be pursued by Johor Corporation, involving a cost of more than
RM700 million

Many are unaware of Johor Corporation's trials and tribulations in charting its corporate trajectory upon its embarkation on 18 May 1968, then backed by a loan from the State Government worth RM10 million in the form of plantations. It has since prospered into a conglomerate encompassing numerous industries that are generating assets to the tune of over RM21.795 billion for the Group. Not only has Johor Corporation evolved into a mega-size entity and is gaining traction of emerging into a multinational organisation, but what is even more refreshing is that these accomplishments have been attained merely within five decades of operation.

This remarkable feat is clearly not an overnight success but it is in fact the manifestation of a strong work culture anchored by a high sense of integrity teamwork and discipline among its workforce and management team. Kudos to all!

The task bestowed upon Johor Corporation in advancing the state's economy by merging its efforts with the local government is essential in actualising the state's growth agenda. Throughout my tenure in spearheading the state government's administration beginning May 2013, Johor Corporation has undertaken 24 Touch points of the Johor Budget 2014-2017 that were soundly executed, with the aim of building public interest. In 2018, 12 Touch points will be pursued by Johor Corporation, involving a cost of more than RM700 million.

Amongst the key projects being carried out by Johor Corporation are the likes of B5 Johor Street Market which was launched as early as January 2018, the Ibrahim International Business District (IIBD) - designed to transform Johor Bahru City Centre into a metropolis of world stature, in addition to the construction of Arena Larkin, Muar Furniture Park, Pengerang Industrial Park and the redevelopment of the former Tebrau Camp site, which in its entirety, shall witness socioeconomic impact in the future livelihood of the people of Johor. The seal on these colossal blueprints are in conformity with the state government's vision in grasping the status of a Progressive Johor (*Johor Yang Berkemajuan*) by 2028. In essence, for the next 10 years, Johor Corporation will be developing projects involving infrastructure, development of industrial zones and business zones that vibrate to the beat of international standards, granting public amenities and creating comfortable homes for the people of Johor.

Johor Corporation is also contributing towards Johor Progressive status by means of effectuating the New Wave Investment Policy, establishing an Information Communication Technology (ICT) Development Division and rolling out the ICT Master Plan 2022.

By the same token, Johor Corporation is also standing parallel to the state government's vision in striding towards the Industrial Era 4.0 in embracing the digital era, and thereby, making its debut into new business terrains, premised on the use of technology or a data-based economy. Two of Johor Corporation's initiatives in this space are the establishment of the Robotic City and the Sedenak Iskandar Data Hub (SIDH). These ventures will not only position Johor and Malaysia as an automated investment destination but moreover, as the purveyor of cloud services and a regional database hub. These endeavors would also serve to propel advancements in Artificial Intelligence (AI), robotic automation as well as digital healthcare and retail, all of which will help transform the lifestyle of our society.

Through five decades of success, Johor Corporation has built good ties with various agencies in Johor grounded by the ethos of a Collaborative Johor (*Muafakat Johor*). As the Chairman, I am truly proud of the achievements amassed by Johor Corporation and therefore grateful to all parties that have contributed to and collaborated with Johor Corporation in instrumenting a host of initiatives and projects in or outside of the state of Johor.

It is also through this pages that I express my utmost appreciation and thank you to Yang Berbahagia Encik Izaddeen bin Daud and Yang Berhormat Tuan Haji Mohd Nasir bin Abd Salam, the State Financial Officer of Johor, for their contributions and dedication, guidance and counsel throughout their term as Board Members of Johor Corporation till the end of their services on 31 August 2017 and 19 October 2017, respectively.

I would also like to extend my congratulations to the former Director-General of MARA, Yang Berbahagia Datuk Ibrahim bin Ahmad; Yang Berbahagia Datuk Seri Dr Ismail bin Haji Bakar; the Secretary General of the Ministry of Agriculture and Agro-Based Industry, as well as Yang Berhormat Dato' Haji A. Rahim bin Haji Nin, the new State Financial Officer of Johor, who were appointed to Johor Corporation's Board of Directors on 1 September 2017, 1 October 2017 and 20 October 2017 respectively.

Indeed, the favourable outcomes achieved by Johor Corporation in Financial Year ended 2017, at a point when the equity, commodity and oil markets were threatened by a multitude of sentiments, have a lot to do with the effort and hard work from all of you, the Johor Team. May Allah, the Most Glorified, the Most High, continues to bless us and grant us with ease in all our future undertakings.

Johor Corporation
28 March 2018

Corporate Statement

Johor Corporation remained driven and steadfast in sustaining its business success, championing the state's economic development as well as corporate responsibility initiatives. In 2017, the Group has further intensified its efforts by undertaking various high-impact projects.

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

JOHOR CORPORATION IS ALSO POSITIONING THE ORGANISATION TOWARDS 21ST CENTURY ECONOMIC VALUE CHAIN VIA THE INNOVATION AND INDUSTRY 4.0 AGENDA, INVOLVING DIGITAL ECONOMY AND ROBOTICS, SO AS TO ENSURE BUSINESS CONTINUITY IN THE COMING DECADES.

DECADES OF GROWTH

Spanning five decades in operation interwoven with narratives of challenges and successes, Johor Corporation is now entering a new phase with increasingly promising financial performance for the Group. Johor Corporation remained driven and steadfast in sustaining its business successes, championing the state's economic development as well as executing its corporate responsibility initiatives. In 2017, the Group has further intensified its efforts by undertaking various high-impact projects.

The Group's Financial Performance in 2017

Earnings
RM5,579 million

Profit Before Tax
RM665 million

Profit After Tax
RM542 million

On the whole, Johor Corporation and the Group's performance in 2017 delivered and achieved its targeted KPI largely as a result of individual integrity, teamwork, follow through on our Strategic Plan 2017-2021, and also close cooperation with federal and state agencies.

SUMMARY OF THE GROUP'S PERFORMANCE

In Financial Year ended December 2017, Johor Corporation earnings reached RM245 million, with RM112 million in profit before tax, at the back of RM5,579 million in Group revenue and of RM665 million in Group profit before tax.

Companies in Group have recorded various achievements and business milestones, whilst playing a pivotal role in driving the country's economy and providing employment opportunities in various sectors. Below are a summary of achievements for the Group of Companies and the Divisions in Johor Corporation.

KULIM BUSINESS

Johor Corporation has been the major shareholder of Kulim (Malaysia) Berhad (Kulim) since 1976. To date, in Malaysia, its oil palm plantation stretches 47,098 hectares wide and apart from that, it also cultivates *sentang* or big-leaf mahogany, pineapples and other fruits on a 212 hectares of land.

Driven by 8,754 strong workforce, Kulim Plantation remained on solid footing throughout 2017 despite uncertainty in global market. It remain as the biggest contributor at 67 percent to Kulim Group, delivering earnings of RM1.03 billion.

Moving forward, the Kulim Group will maintain its focus on agronomic activities injected with value add work streams and innovation as well as a means of generating new and sustainable income streams.

SPECIALIST HEALTHCARE BUSINESS

KPJ Healthcare Berhad (KPJ) represents Johor Corporation's interest in the field of specialist healthcare. After 36 years since its founding days which dates way back to 1981, KPJ now takes the lead as a private specialist hospital in Malaysia, with a wide network of 25 medical centres nationwide. KPJ is also spreading its wings regionally with operations in Indonesia, Thailand, Bangladesh and Australia. Its operations are supported by 13,422 staff members and 1,022 medical consultants.

In 2017, KPJ sustained a robust momentum as it delivered more than RM3 billion in revenue for the second consecutive year, as earnings reached RM3.18 billion which is a marked increase from the RM3.02 billion it achieved in 2016.

Moving progressively ahead, KPJ has put forward a number of solid strategies, such as establishing a network of hospitals in major districts in Johor, also with further expansion in other states in Malaysia. KPJ also emphasises transformation that is induced by innovation, with special focus in the upgrading of its IT infrastructure and system improvements, which entails a sizeable RM30 million investment.

Corporate Statement

AS OF 2017, QSR BRANDS REIGNS SUPREME IN OWNING THE LARGEST RESTAURANT CHAIN IN MALAYSIA WITH 688 KFC RESTAURANTS, BESIDES 83 MORE IN SINGAPORE, BRUNEI (16) AND CAMBODIA (12). MEANWHILE, THERE ARE 389 PIZZA HUT RESTAURANTS IN MALAYSIA AND 80 IN SINGAPORE.

FOOD & RESTAURANT SERVICES BUSINESS

Johor Corporation took over QSR Brands (M) Holdings Bhd (QSR Brands) in 2006 and currently holds 51.86 percent of its shares.

As of 2017, QSR Brands reigns supreme in owning the largest restaurant chain in Malaysia with 688 KFC restaurants, besides 83 more in Singapore, Brunei (16) and Cambodia (12). Meanwhile, there are 389 Pizza Hut restaurants in Malaysia and 80 in Singapore, giving a total count of 1,268 KFC and Pizza Hut restaurants that appertain to QSR Brands.

In terms of earnings, 2017 saw KFC Malaysia making an income leap of 8.25 percent which translates into RM2.56 billion from RM2.37 billion in 2016.

With the aim of enhancing its competitiveness, QSR Brands will expand the number of restaurants all over the country as well as throughout ASEAN. Aside from that, they would also conduct a market survey to ensure the company stays relevant in meeting the needs that move in tandem with technological advancement in digital marketing as well as an efficient and fast service.

THE PROPERTY DIVISION

Incorporated in 1972, Johor Land Berhad (JLand) which is the backbone of Johor Corporation's Property Division, had to-date handed-over 35,000 residential and commercial units to fellow buyers.

For the financial year 2017, JLand's reported earnings reached RM486 million, an increase of 40 percent as compared to RM346 million attained in 2016. Net asset had accumulated to RM1.37 billion in 2017 in contrast to RM1.29 billion in the previous year.

In fulfilling the corporate responsibility that it had been entrusted with, JLand remain committed in completing more than 8,000 units of affordable homes until 2025, at a cost of RM1.15 billion.

THE INDUSTRIAL DEVELOPMENT DIVISION

Composed of three companies - TPM Technopark Sdn Bhd, TLP Terminal Sdn Bhd and Johor Skills Development Centre Sdn Bhd (PUSPATRI), the Industrial Development Division (IDD) was set in motion in 2015 with the objective of focusing and creating a more prominent impact of its crucial role in industrial development in Johor.

Being the industrial development segment of Johor Corporation that is accountable in bringing industries to all districts in Johor, the IDD has always forged close alliance with the Johor State Government and the Federal Government, as well as other related government agencies in order to develop each industrial zone. In 2017, at a point in which global

RM21,795 million
the Group's asset value

Contribution Through Taxation

RM493.76 million
Group tax

RM34.14 million
scheduled tax deduction

RM188.56 million
goods and services tax (GST)

RM26.96 million
implementing corporate responsibility

economy painted a gloomy and uncertain scenario, IDD was successful in attracting an investment of RM713 million to Johor.

THE CORPORATE RESPONSIBILTY DIVISION

In keeping with Johor Corporation's mission and vision - 'To Build and To Nurture' (*Membina dan Membela*), the Corporate Responsibility Division which is composed of Waqaf An-Nur Corporation Berhad (WANCorp), Yayasan Johor Corporation and Koperasi Perbadanan Johor have been mandated with the task of realising initiatives to help the less fortunate, besides a host of value-added programmes which deploys skill training, entrepreneurship building and rows on education sector.

The year 2017 witnessed Larkin Sentral Property Berhad playing its part in the Waqaf Saham Larkin Sentral initiative. Apart from that, WANCorp is also involved in monitoring 24 Waqaf An-Nur clinics all over the country, Waqaf An-Nur Hospital in Pasir Gudang, as well as five mobile clinics. Thus far, the chain of clinics had provided 1,443,674 treatments at a nominal cost of RM5 to each patient, including 116,859 treatments to non-Muslim patients.

Its Briged Waqaf™, was involved in humanitarian relief mission and in sending assistance to staff of KPJ Healthcare hospital and KFC restaurants that were affected during the Penang flood in November 2017.

In the education space, Yayasan Johor Corporation carried out various beneficial programmes, namely Tuition Project, the Du-It Professional Financial Management Programme, Entrepreneurship Education, Entrepreneur Programme Class, BIZSiswa IPT Entrepreneurship Education, Semarak Jawi™ Education and the 'Raja Zarith Sofiah Wildlife Defenders Challenge' Programme.

IMPACT OF A STRONG REVENUE, EQUITY AND ASSETS

As at 31 December 2017, Johor Corporation Group assets stood at RM21,795 million. It also contribute significantly to the Federal Government through taxation in which Johor Corporation Group paid RM 493.76 million, which includes RM34.14 million in scheduled tax deduction (STD), RM271.05 million (Income Tax installments) and RM188.56 million (goods and services tax - GST). This is on increase against the RM414.52 million in paid in 2016.

The Johor Corporation Group had also contributed RM26.96 million of its profit to the community and targeted groups in 2017, for the purpose of implementing activities relating to corporate responsibility.

Corporate Statement

Guided by efficient and competent management, the year 2017 marked Johor Corporations ability to pay off its Sukuk Wakalah payment obligation totaling RM505.5 million and RM4.1 million for the Government's Guarantee Fee, in accordance to the fixed schedule. Within the period of June 2012-2017, the overall sukuk payment and guarantee fee that was settled, was RM1,030 million.

CORPORATE EVENTS

The year 2017 was also coloured by a multitude of corporate affairs, official ceremonies and events. Johor Corporation would like to express our appreciation & gratitude to His Majesty The Sultan of Johor and Her Majesty The Permaisuri of Johor for consenting to attend and officiating a number of ceremonies organised by Johor Corporation during the said year.

On 9 September 2017, His Majesty The Sultan of Johor acquiesced to officiate the Waqaf An-Nur Mobile Clinic services in Jemaluang, near Mersing, in conjunction with the '*Kembara Mahkota Johor*' (KMJ) 2017 programme.

His Majesty The Sultan of Johor also consented to attend and officiate the Pre-launch Ceremony of 'Rumah Impian Bangsa Johor, Yayasan Sultan Ibrahim' on 22 March 2017 accompanied by Her Majesty Raja Zarith Sofiah Binti Almarhum Sultan Idris Shah, Permaisuri of Johor.

Again, on 17 January 2017, Her Majesty The Permaisuri of Johor, did us the honour by officiating the KFC Add Hope Fund Handing Over Ceremony at Persada Johor. In addition, Her Majesty also officiated the Add Hope Run - Stop Hunger 2018 Programme on 18 March 2018 at Dataran Perbadanan Putrajaya, Presint 3, Putrajaya.

Prior to that, on 18 June 2017, Johor Corporation, by means of Waqaf An-Nur Corporation Berhad (WANCorp) had rolled-out 'Waqaf Saham Larkin Sentral' which was officiated by His Royal Highness Tunku Idris Iskandar Al-Haj Ibni Sultan Ibrahim, Tunku Temenggong of Johor.

Johor Corporation settled the payment of **Sukuk Wakalah**

RM505.5 million

Within the period of 2012-2017, the entire sukuk **payment and guarantee fee were settled**

RM1,030 million

Another corporate event took place on 16 January 2017, which saw the launch ceremony of the Pengerang Local Authority by YAB Dato' Mohamed Khaled bin Nordin, Chief Minister of Johor.

There was also the Menara JLand Sales and Marketing Gallery Launch Ceremony performed by YAB Dato' Mohamed Khaled bin Nordin, Chief Minister of Johor on 22 January 2017. He was also the Head of Delegation at the MoU signing ceremony between Johor Corporation and Siasun Robot Investment Co Ltd held on 14 May 2017 in Shanghai, China, for the purpose of developing a Robotic City in Johor.

Other than that, 14 companies under the Johor Corporation Group had participated in the Johor Progressive Expo 2017 which was held from 6 until 14 October 2017 at Dataran Mahkota, Kota Iskandar, Iskandar Puteri. In conjunction with the expo, a Bumiputera Entrepreneur Development Roadmap Programme which concerns the State of Johor's Large Scale Halal Chicken Broiler Industry Chain was also launched by the Chief Minister of Johor.

BUSINESS CONTINUITY MISSION

Driven by Business Continuity Management Department, Johor Corporation progressed with the Second Phase of project implementation which include a total of nine projects were executed, including modernisation in Johor Corporation's corporate governance practices and the manifestation of a dashboard system that will enable an integrated implementation of corporate governance.

In a related move, Johor Corporation Investment Committee and Board of Directors have also approved the related business plans, funding and the inception of a special purpose vehicle in order to develop five high impact internet based products/services and one innovative physical development project.

AWARDS AND RECOGNITION

A prestigious recognition made its way to Kulim (Malaysia) Berhad (Kulim) upon winning the Excellence Category award for the Plantation Sector undertake United Nation's Sustainable Development goals at the Global Responsible Business Leadership Award 2017 ceremony.

Kulim was also the recipient of three award categories at the 9 Annual Global CSR Summit and Awards 2017 function. Kulim Pineapple Farm clinched the Fresh Pineapple Exporter Award at the Malaysian Pineapple Industry Board's 60^{th} Anniversary event whilst Danamin (M) Sdn Bhd was awarded a Certificate of Appreciation as an Improved Performance Contractor at the Petronas Contractor Forum 2017.

Not to be outdone, KPJ Healthcare Berhad too received acknowledgement as it took home the MSWG-ASEAN Corporate Governance Recognition 2017 Award.

Over and above, Damansara Assets Sdn Bhd was recognised by SIRIM QAS International Sdn Bhd by upgrading its ISO 9001:2008 certification to ISO 9001: 2015, whereas KOMTAR JBCC was picked The Best Shopping Centre Award in conjunction with the 20^{th} edition of the Malaysia Tourism Awards.

KFC Malaysia made a sweep of five awards in 2017 at the Yum! Asia Franchise Business Unit (AFBU) Brand Conference held in Bangkok, Thailand. Meanwhile, Al-`Aqar Healthcare REIT and Al-Salām REIT won 'The Asia Pacific Best of the Breeds REITs Award'.

Corporate Statement

ON BEHALF OF JOHOR CORPORATION, I WOULD LIKE TO CONVEY MY DEEPEST APPRECIATION TO THE JOHOR STATE GOVERNMENT, THE FEDERAL GOVERNMENT, ALL RELATED BODIES AND BUSINESS PARTNERS, AS WITHOUT STRONG COLLABORATION AND TEAMWORK, WE WILL NOT HAVE BEEN ABLE TO ACHIEVE THESE DECADES OF SUCCESS.

ACKNOWLEDGEMENTS

On behalf of Johor Corporation, I would like to convey my deepest appreciation to the Johor State Government, the Federal Government, all related bodies and business partners, as without strong collaboration and teamwork, we will not have been able to achieve these decades of success.

I would also like to express our deepest thanks and gratitude to the entire Board of Directors for their invaluable contribution, also through the years of support, guidance, and expertise.

My sincere appreciation also goes out to employees and management teams, as without doubt, Johor Corporation's strength are anchored with our 61,872 workforce throughout the Group. They have shown great teamwork, loyalty, perseverance in taking Johor Corporation forward and to where it is today.

Johor Corporation
28 March 2018

Corporate Profile & Information

Corporate Profile & Information

Registered Office

JOHOR CORPORATION
Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru, Johor, Malaysia.
Telephone : +607-219 2692
Fax : +607-223 3175
ISO Fax : +607-224 2692
Email : pdnjohor@jcorp.com.my

Branch Office

JOHOR CORPORATION
KUALA LUMPUR
Level 11, Menara JCorp
No 249 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia.
Telephone : +603-27872692
Fax : +603-27872700

Auditor

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

Principal Banker

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

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

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

- KULIM - Kulim (Malaysia) Berhad.
- Specialist Healthcare - KPJ Healthcare Berhad.
- Food & Restaurant Services - QSR Brands (M) Holdings Bhd.
- Intrapreneur Business.
- Property Division - Johor Land Berhad, Damansara Assets Sdn Bhd, TPM Technopark Sdn Bhd & TLP Terminal Sdn Bhd, Al-`Aqar Healthcare REIT & Al-Salām REIT.
- 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 : 50,994 hectares.
- Indonesia : 14,511 hectares.*

* *Area with Hak Guna Usaha*

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.

Four listed companies in Bursa Malaysia:

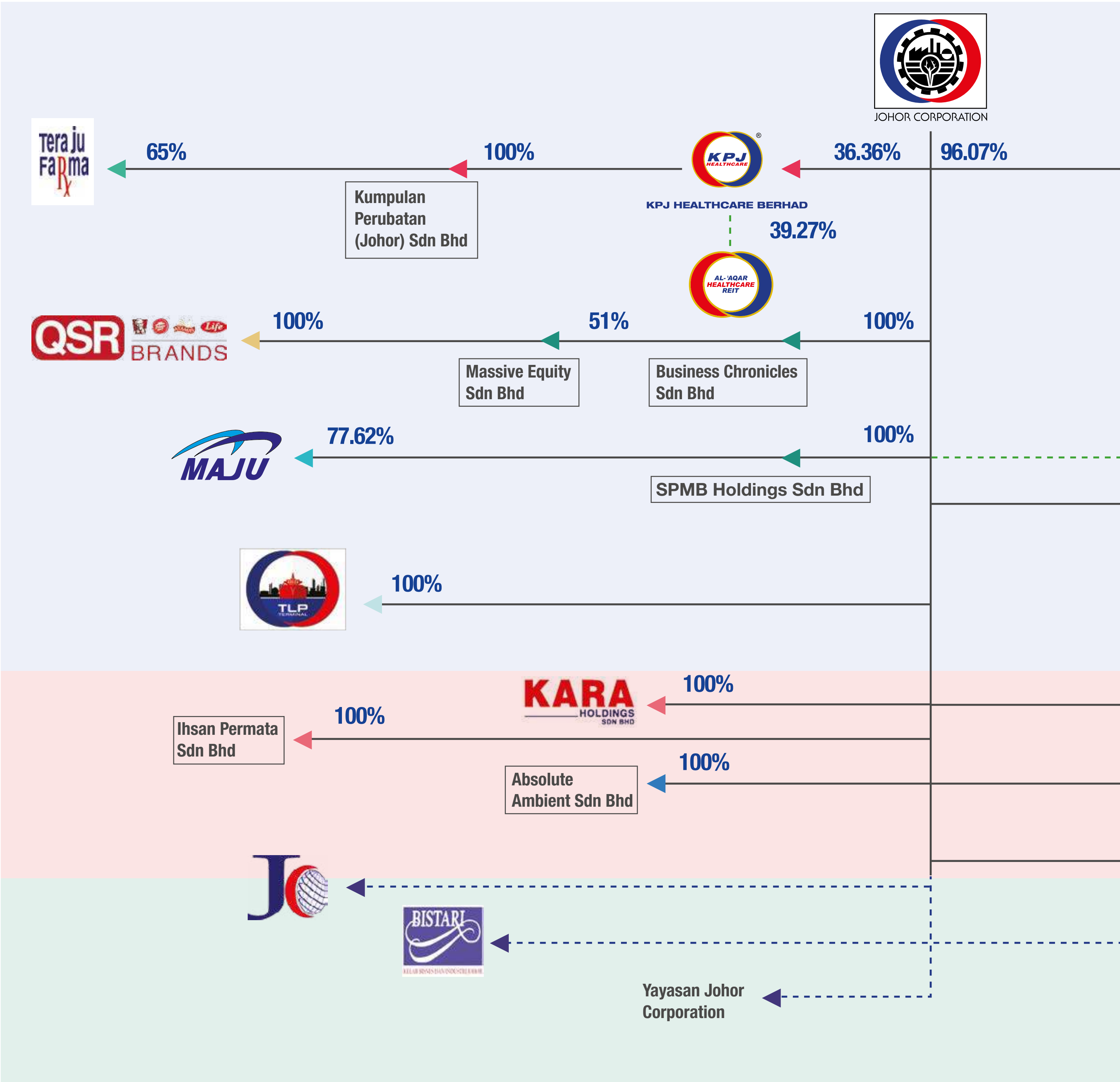
- KPJ Healthcare Berhad.
- E.A. Technique (M) Berhad.
- Al-`Aqar Healthcare REIT.
- Al-Salām REIT.

Number of Companies:
322

Number of Active Companies Within the Group:
224

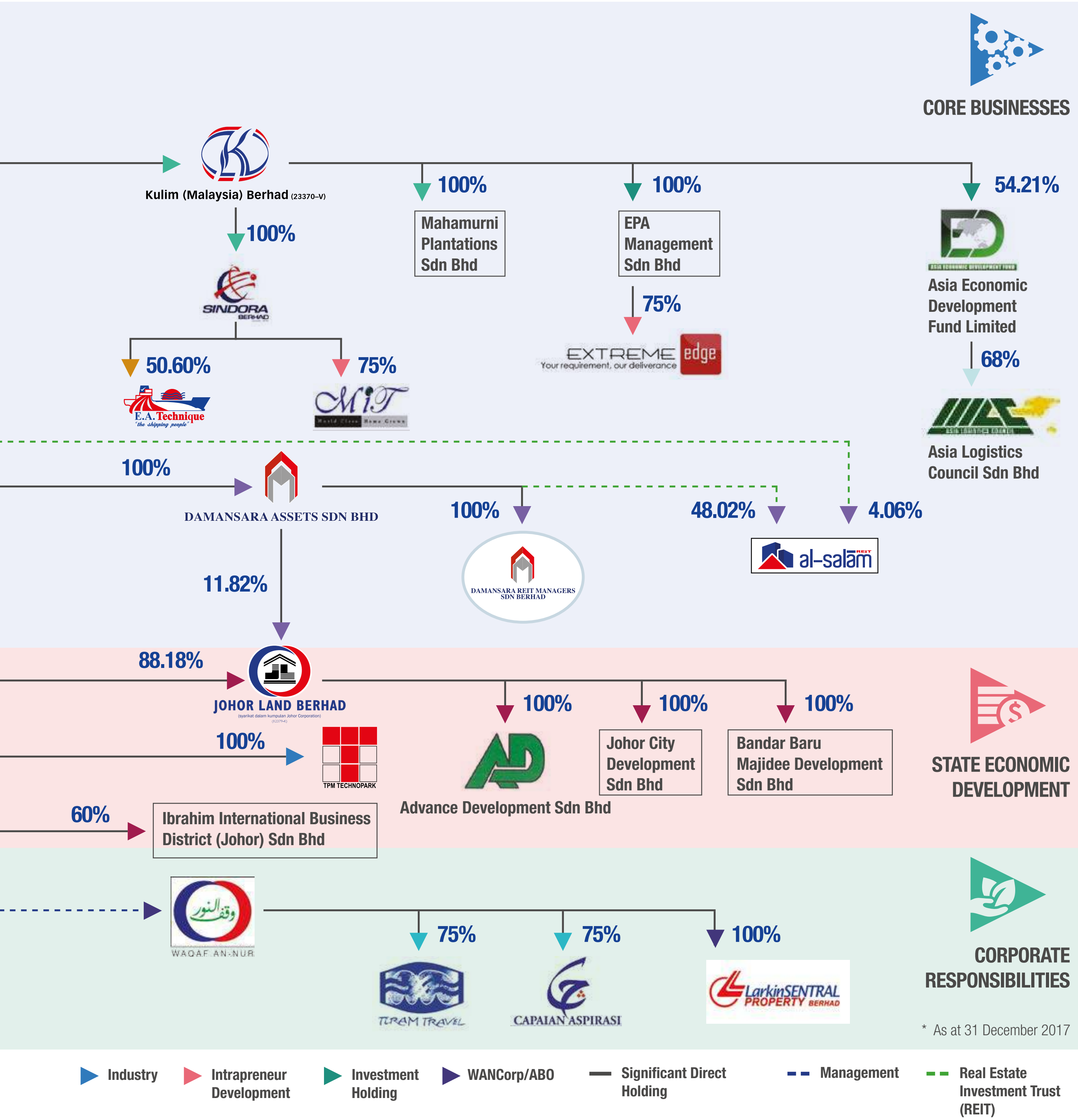
Number of Employees:
61,872
(Note: As at 31 December 2017)

Business & Corporate Structure



Plantation | Specialist Healthcare | Food & Restaurant Services | Property | Intrapreneur | Shipping | Port/ Logistic | RMMJ

Business & Corporate Structure



Board of Directors' Profile

1

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

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

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

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

2

3

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

Appointed President & Chief Executive and Director of Johor Corporation effective 1 December 2010. He holds a Bachelor of Commerce (Accountancy) from University of Wollongong, New South Wales, Australia in 1987. Prior to that, he served as the Chief Financial Officer and Chief Operating Officer of Johor Corporation beginning 1 August 2006, proceeded by his appointment as the Senior Vice President, Corporate Services & Finance of Johor Corporation beginning 1 January 2009 and Acting President & Chief Executive of Johor Corporation beginning 29 July 2010.

4

YB DATO' HAJI AZMI BIN ROHANI
State Secretary of Johor

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

5

YB DATO' ISHAK BIN SAHARI
State Legal Advisor of Johor

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

6

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

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

7

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

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

8

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

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

9

YBHG DATUK SERI DR ISMAIL BIN HAJI BAKAR
Secretary General
Ministry of Agriculture and Agro Based Industry

Appointed Director of Johor Corporation representing the Federal Government effective 1 October 2017. He holds a Doctoral Degree in Economics and Bachelor of Business Administration from University of Hull, United Kingdom and Bachelor of Economics from University of Malaya. He is currently the Secretary General of the Ministry of Agriculture and Agro-Based Industry.

10

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

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

11

YB DATUK HAJI MD JAIS BIN HAJI SARDAY
Chairman
Housing And Local Government Committee

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

12

YBHG DATUK IBRAHIM BIN AHMAD
Chairman
Board Governance & Business Ecosystem Committee

Appointed Independent Director of Johor Corporation effective 1 September 2017. He holds a Masters in Business Administration and Bachelor of Economics (Hons) from Universiti Kebangsaan Malaysia. He is also a Director of Malaysia External Trade Development Corporation (MATRADE). He is currently a Pro Chancellor of University Kuala Lumpur and a member of Council Nations Higher Education Entrepreneur.

13

ENCIK ALFADZILAH BIN HAJI MAT ARIS
Secretary Johor Corporation

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

Board of Investment Committee

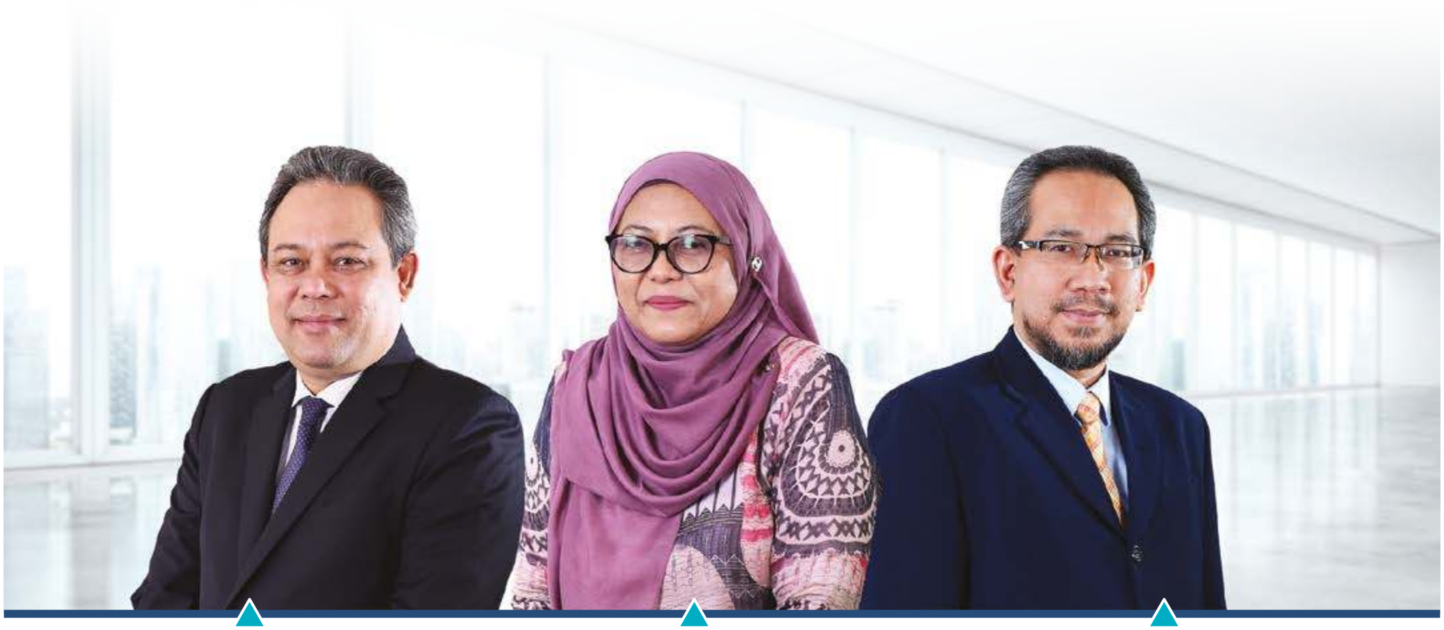
CHAIRMAN

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

MEMBERS

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

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



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

5. YBHG DATO' JAMELAH BINTI JAMALUDDIN
Independent Director

SECRETARY

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

Board Governance & Business Ecosystem Committee

CHAIRMAN

1. YBHG DATUK IBRAHIM BIN AHMAD
Independent Director

MEMBERS

2. YBHG TAN SRI ABU KASSIM BIN MOHAMED
Consultant at Governance and Integrity Centre
Faculty of Law
Universiti Teknologi MARA (UiTM)

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

4. PUAN HAJAH ZAINAH BINTI MUSTAFA
Independant Director

SECRETARY

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

Board Tender & Procurement Committee

CHAIRMAN

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

MEMBERS

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

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

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

SECRETARY

5. TUAN HAJI ABD. RAHIM BIN MUSTAFFA
Deputy General Manager
Land Unit
Industrial Development Division

Group Top Management Committee (TERAJU)

CHAIRMAN

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

MEMBERS

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

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

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

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

6. YBHG DATUK MOHAMED AZAHARI BIN MOHAMED KAMIL
Managing Director
QSR Brands (M) Holdings Bhd

7. TUAN HAJI ZULKIFLY BIN ZAKARIAH
Executive Director
Kulim (Malaysia) Berhad

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

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

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

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

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

13. PUAN ROZANA BINTI RUSLI
Vice President
ICT Advancement Division

14. PUAN WAN SU BINTI ALI
General Manager
Group Legal & Company Secretarial Department

JOINT SECRETARY

15. ENCIK MUHAMMAD IKMALUDDIN BIN ISMAIL
General Manager
Business Intrapreneur & Strategic Collaboration Department

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

Teraju Korporat Committee

CHAIRMAN

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

DEPUTY CHAIRMAN

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

MEMBERS

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

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

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

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

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

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

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

10. PUAN ROZANA BINTI RUSLI
Vice President
ICT Advancement Division

11. PUAN WAN SU BINTI ALI
General Manager
Group Legal & Company Secretarial Department

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

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

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

15. ENCIK MD FAIZAL BIN ABDULLAH
General Manager
Group Corporate Strategy Department

JOINT SECRETARY

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

17. PUAN NURALIZA BINTI ABDUL RAHMAN
Deputy Manager
Group Company Secretarial Department

Executive Committee (EXCO)

CHAIRMAN

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

DEPUTY CHAIRMAN I

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

DEPUTY CHAIRMAN II

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

MEMBERS

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

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

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

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

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

9. TUAN HAJI JAMALLUDIN BIN KALAM
Deputy General Manager
Group Company Secretarial Department

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

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

12. PUAN NINA SAPURA BINTI RAHMAT
Deputy General Manager
Group Corporate Strategy Department

13. ENCIK MOHD KAMAL BIN AHMAD
Senior Manager
Group Branding & Strategic Communications Department

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

15. PUAN JULIAH BINTI YON
Senior Manager
Human Resource Development Department – Value & Culture

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

Executive Committee (EXCO)

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

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

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

20. PUAN NURUL AIDEA BINTI SENIN
Manager
Group Legal Department

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

22. PUAN YUS ZIANA BINTI SELAMAT
Deputy Manager
Group Financial Monitoring & Advisory Department

JOINT SECRETARY

23. ENCIK MOHD FADZLI BIN ABU BAKAR
Deputy Manager
Office of the President & Chief Executive

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

Financial Review

Amounts in RM Million

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Johor Corporation	
	2017	**2016**	**2017**	**2016**
Revenue	**5,579**	5,355	**245**	288
Gross profit	**1,793**	1,722	**226**	232
EBITDA*	**1,482**	1,069	**212**	265
Profit before tax from continuing operations	**665**	541	**112**	112
Income tax	**(123)**	(126)	**1**	8
Profit from continued operations, net of tax	**542**	415	**113**	120
Profit from discontinued operations, net of tax	**(83)**	-	**-**	-
Profit net of tax	**459**	415	**113**	120

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Group		Johor Corporation	
	2017	**2016**	**2017**	**2016**
Non-current assets	**16,941**	15,890	**5,868**	5,692
Current assets	**4,854**	5,190	**1,257**	1,552
Total assets	**21,795**	21,080	**7,125**	7,244
Non-current liabilities	**8,649**	9,072	**4,072**	3,952
Current liabilities	**4,520**	4,221	**1,066**	1,323
Total liabilities	**13,169**	13,293	**5,138**	5,275
Total equity	**8,626**	7,787	**1,987**	1,969
Total equity and liabilities	**21,795**	21,080	**7,125**	7,244

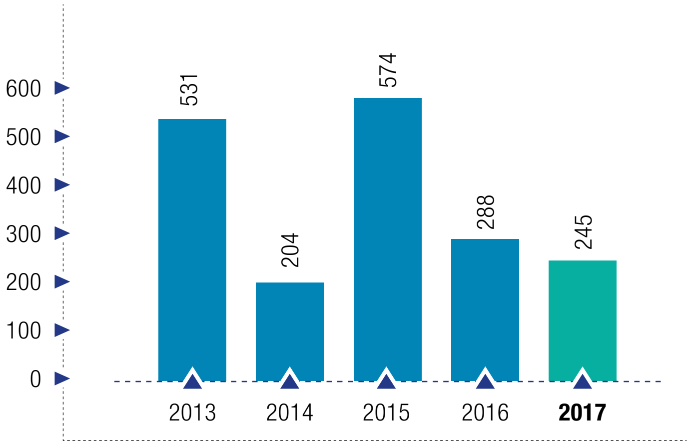
* EBITDA - Earnings before interest, tax, depreciation and amortisation

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

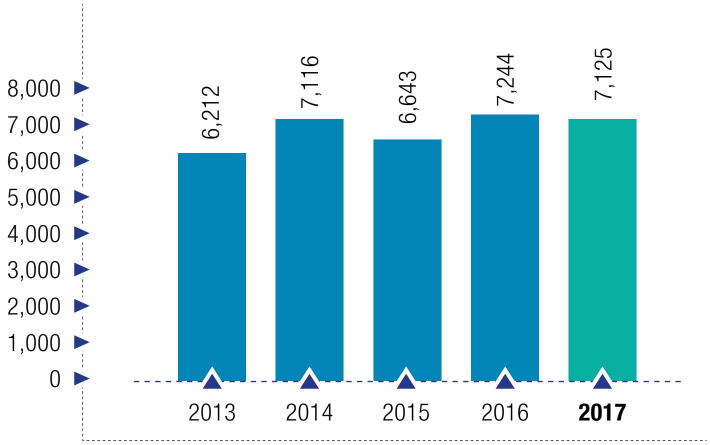
Summary of Financial Performance

(Johor Corporation) 2013-2017

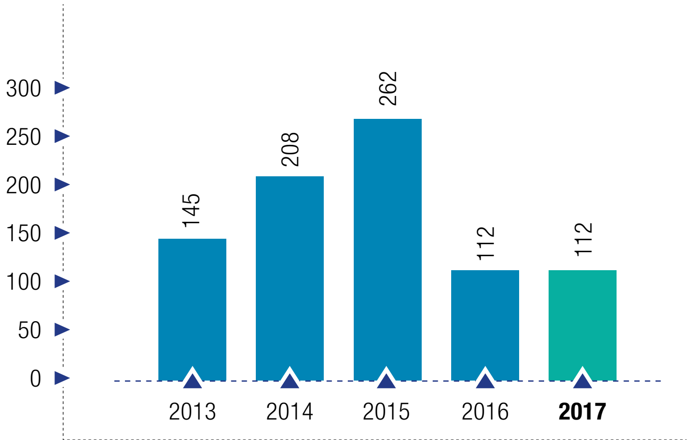
REVENUE RM (MILLION)



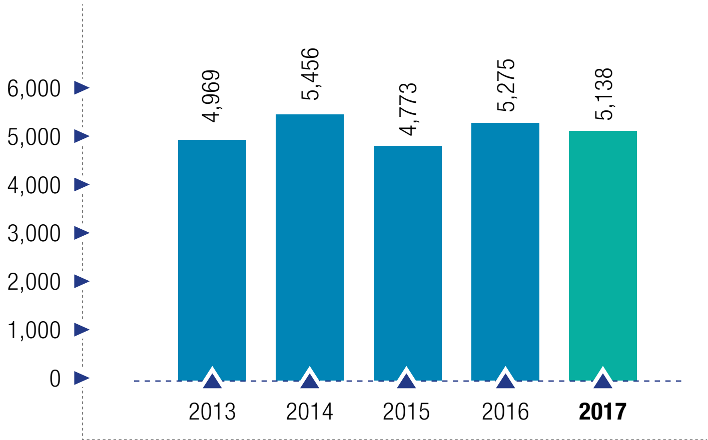
TOTAL ASSETS RM (MILLION)



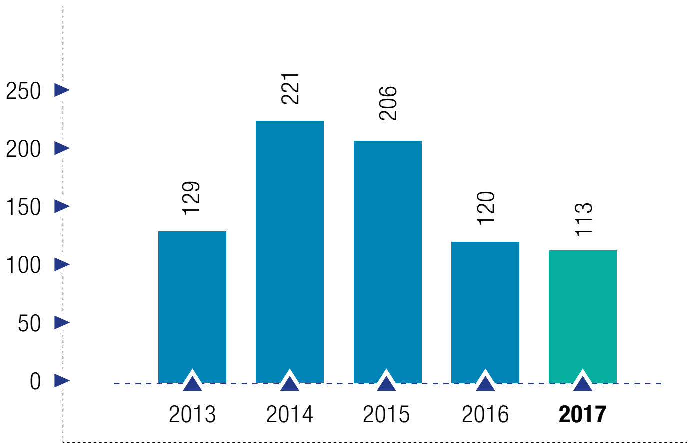
PROFIT BEFORE TAX RM (MILLION)



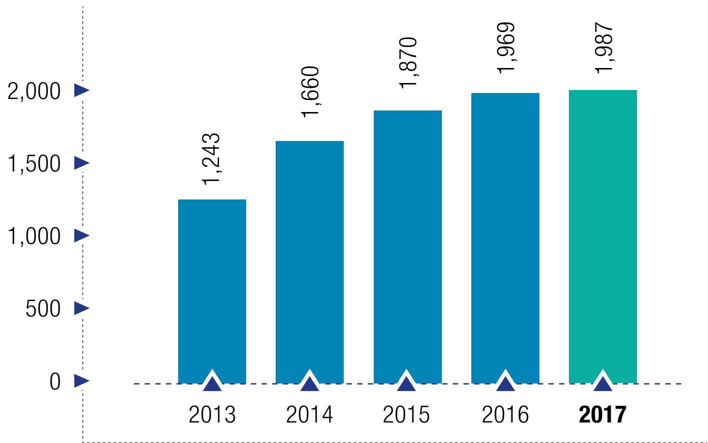
TOTAL LIABILITIES RM (MILLION)



PROFIT AFTER TAX RM (MILLION)

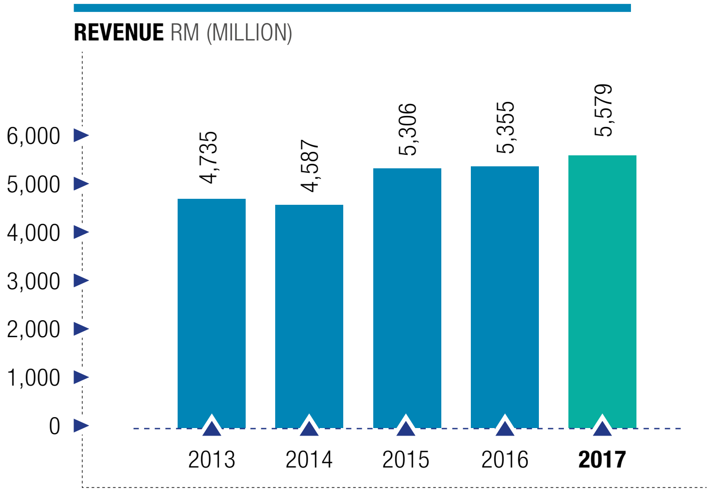


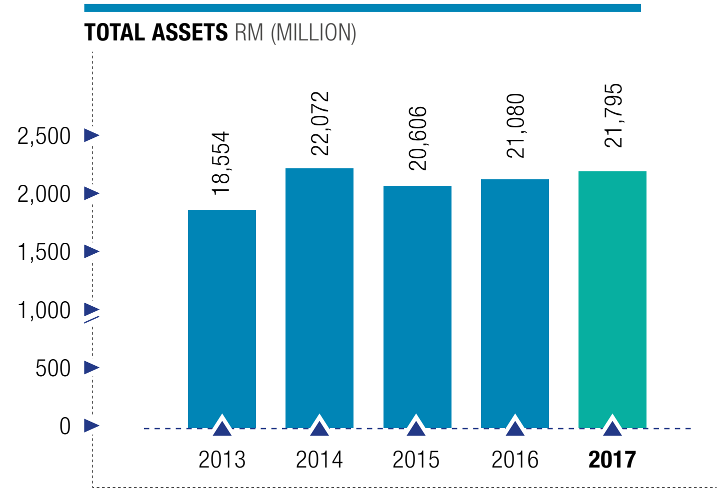
TOTAL EQUITY RM (MILLION)

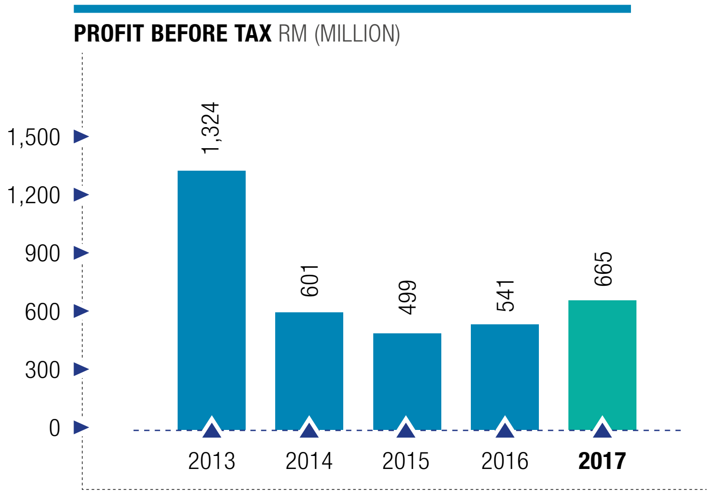


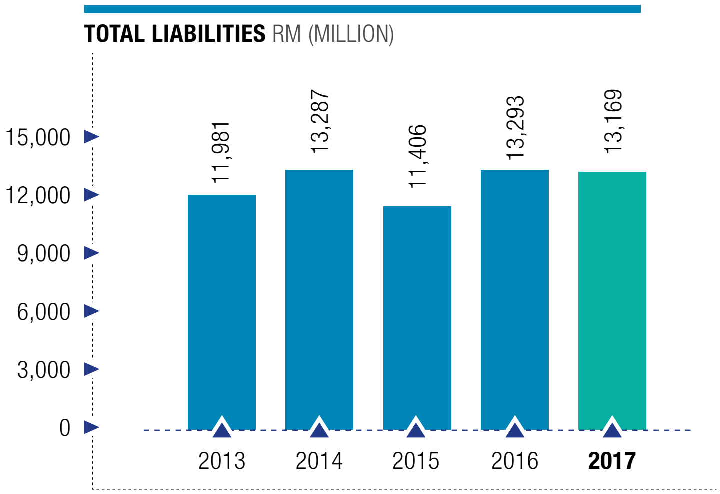
Summary of Financial Performance

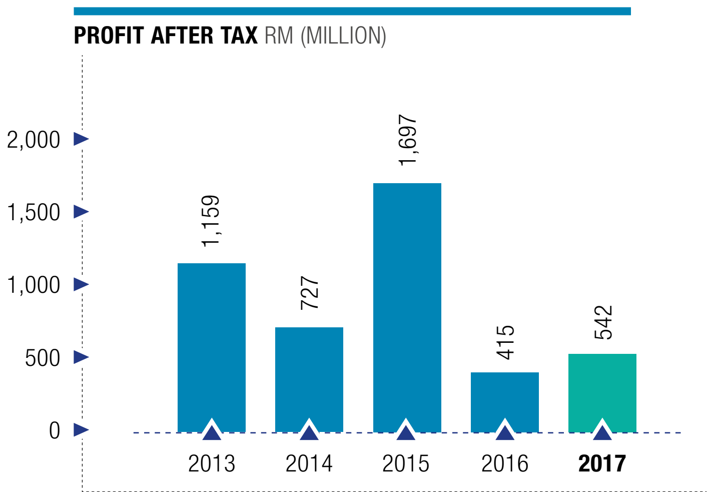
(Group) 2013-2017

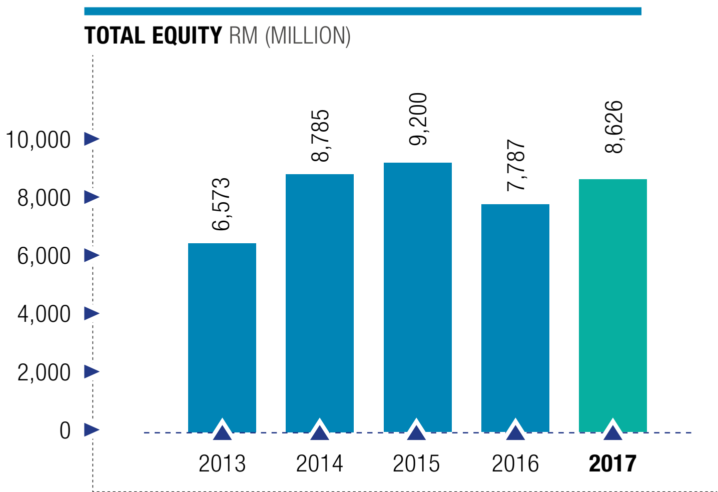












Economic Review

2017 was indeed a better year for Malaysian economy based on a broad measurement of the overall economic activity. After settling down to a modest growth rate of 4.2% in 2016, the nation's gross domestic product (GDP) grew at a faster pace of 5.9% in 2017.

A much firmer growth last year was mainly supported by robust private sector spending and upbeat external demand stemming from continued strength in exports. This has played a part towards the performance of Johor Corporation Group's overall business activities.

Further indication that the local economy did fairly well last year was reflected in its buoyant financial market. Malaysia's benchmark FTSE Bursa Malaysia KLCI (FBMKLCI) for instance, made a comeback by registering almost 10% annual gain last year after a 3% decline in the previous year. Rising global sentiment on the back of economic recovery instigated robust foreign fund inflows into equities across the globe. A total of net foreign inflow amounting to RM10.3 billion throughout last year also led to higher performance of FBMKLCI. Nevertheless, the local benchmark index remained a laggard among its regional peers such as Hong Kong's Hang Seng Index which made an impressive 36% gain.

Malaysian ringgit has also been on the recovery path after a turbulent few years. In line with positive foreign inflows, the local currency chalked up almost 10% annual gain in 2017. Ringgit's improved performance was partly attributable to strengthening Brent crude oil prices that significantly increased by over 20% during the same period. An improving ringgit has had beneficial impact to companies relying on external resources including Johor Corporation.

On the global front, the world's economy and financial markets have been performing quite well despite turbulence arising from political tensions between North Korea and US and intricate *Brexit* negotiations. Global growth surpassed 3% last year supported by a surge of global trade in goods which grew by about 3.6% as projected by the World Trade Organisation. Rising global demand was also substantiated by a surge in commodity prices led by crude oil.

Notwithstanding, there was indeed a decoupling of certain indicators from the overall positive performance of the local economy especially with regard to consumers. Based on surveys conducted by Malaysian Institute of Economic Research (MIER), a gauge of consumer sentiment still hovered below the 100-point optimism threshold in the last quarter of 2017. This is also reflected in consumption pattern, in which business conditions have yet to improve markedly and have yet to make great progress. Employment prospects also remained lacklustre.

Another sign that consumers have continued to tighten their belts or to be wary of their spending was rather muted retail sales. According to data compiled by Retail Group Malaysia (RGM), the nation's retail sales as a gauge of consumption in the first nine months of 2017 only grew by a meagre 1.9% from last year. This weaker consumption can be attributed to inflationary pressures, with both consumers and businesses undermined by rising cost of living and increase in cost of doing business.

Further improvement in commodity market as led by crude oil did not spill over to the nation's palm oil. The prices of Malaysian crude palm oil (CPO) has remained tepid and hovered below RM2,500 per tonne towards the end of 2017 and entering into the new year. In fact, it experienced a downturn from over RM3,000 per tonne early last year. Falling CPO prices have affected the bottom line of the Group's plantation business. Hence, there were indeed obstacles that undermined the Group's business activities throughout last year despite the overall positive picture of the economy.

ECONOMIC PROSPECTS 2018

2018 will be another interesting year for the local economy. This is on the basis that Malaysia is heading for general election and the elected government will pave the way for further development of the economy. Political stability that will normally be reached post-election is crucial with direct impact to the local economy and business confidence.

Growth in the local economy is projected to continue its momentum heading into the new year. Both internal and external factors are still expected to be the main impetus for growth. The local consumers, having adjusted to inflationary pressure should be more supportive of consumption. Moreover, as a result of higher base effect last year, inflationary pressure throughout 2018 will not be as severe as before. Thus, it is expected that we see a more moderate inflation outlook which will hinge on the rise iof commodity prices especially crude oil price; further bolstered by manageable ringgit's movement. These factors should be more encouraging to the group's consumer-related businesses.

Having said that, elevated living costs will continue to plague certain portion of population namely the low to middle income groups who are more vulnerable to economic challenges. In view of this, the Group should factor this into its marketing strategies in order to sustain demand from this segment and remain competitive.

A continued strength in exports, albeit moderate will likely provide support for the local economy. This stem from the still positive global growth trajectory led by China - being one of Malaysia's major trading partners. However, the Chinese economy is likely to grow moderately to around 6.5% this year from 6.9% in 2017 amid stepped-up efforts to contain debt and financial risks. In the longer run, China's economic agenda to reduce dependency on manufacturing sector in favour of services sector to be a major contributor to the economy may have significant impact on the nation's exports.

On the supply side of the local economy, a buoyant growth in the manufacturing sector is likely to persist this year. Global Purchasing Managers' Index (PMI) as an indicator of the economic health of the global manufacturing sector has remained strong at 54.4 in January this year after ending at near seven-year high of 54.5 last year. A reading above 50 signals expansion. Thus, a persistent build-up in global manufacturing activities bodes well for the nation's export oriented industries namely the still dominant electrical and electronics (E&E) industry. This also reflects an overall positive business sentiment and favourable business climate in which the Group can leverage for its further business expansion and to attract foreign direct investments.

Besides China, growth trajectory for 2018 is also dependant on world's biggest economy which is the US, which is expected to enjoy a much higher growth in view of various fiscal stimulus. This includes massive tax cuts to bolster spending, which in turn can lead to higher wage growth and promote a cycle of consumption. Considering that consumption makes up about two thirds of its GDP, this latest impetus would encourage further expansion in US economy, although spill over effects may still depend on its foreign trade policy bent on protectionist agenda instigated by Trump.

Locally, the prospect for further monetary policy tightening this year should be taken into consideration as well which may still lead to higher inflation. Higher interest rates tend to reduce consumption and this has a slowing down effect and will not augur well for overall consumer business activities. Higher interest rates would also result in ballooning borrowing cost, which is bad news for highly leveraged companies. . In this regard, it is crucial for any organisation like Johor Corporation and its Group of companies to maintain a manageable debt level.

Kulim Businesses

An increasingly challenging and rapidly changing environment in 2017, Kulim (Malaysia) Berhad (Kulim) has been resilient to weather all circumstances with sound business acumens and solid strategies. This dynamic and evolving operating environment was also characterised by currency fluctuations, volatility in commodity prices and in changing regulatory landscape.

Revenue
RM1.54 billion

Profit Before Tax
RM43.44 million

As the plantation wing of Johor Corporation, Kulim still faced significant headwinds, with Financial Year 2017 (FY2017) a mixed bag of results for Kulim whilst benefitting from improved commodity prices in 2017. Within the Group, it was a tough year for Oil and Gas (O&G) Division that resulted in lower contribution to Kulim's revenue

The revenue declined marginally to RM1.54 billion in 2017, compared to RM1.61 billion recorded in the previous year. Kulim's core Plantation Segment remained the main contributor to the revenue, accounting for 67% or RM1.03 billion. Profit Before Tax (PBT) decreased from RM59.92 million to RM43.44 million. The decreased by 27.49% in PBT was attributed mainly due losses incurred by subsidiary companies; in which encouraging results from the Plantation Segment were offset by the below par performance of the O&G support businesses. Notwithstanding the results, Kulim were able to deliver RM50 million in dividend payment to its shareholders.

CORPORATE DEVELOPMENTS

Disposal of 76% equity holdings in Classruum Technologies Sdn Bhd

On 22 November 2017, Kulim completed the disposal of its entire 76% equity holdings in Classruum Technologies Sdn Bhd (CRTSB) to Johor Corporation. This is done at the back of assessment that the product of CRTSB which is Classruum.com (a virtual classroom that offers online learning facilities with social media applications), has a much better-fit for Johor Corporation's and the Johor State's educational programmes, named E-Learning Johor.

Disposal of Menara Ansar

On 28 December 2017, Kulim completed the disposal of the 21-storey Menara Ansar at Johor Bahru to Waqaf An-Nur Corporation Berhad (WANCorp), a company established to manage the assets and shares of the Johor Corporation Group endowed for waqaf. Kulim has opted to dispose its investment in Menara Ansar as it would allow Kulim to unlock the value of non-core asset as well as realise the investment in the property. The resulting cash inflow of RM155.78 million including 6% of GST from the sale will be used to repay borrowings and lower Kulim's gearing level.

Rationalisation of investment in Indonesia Plantation at Central Kalimantan

On 28 December 2017, Kulim completed the disposal of 40,645 hectares of plantation landbank at Central Kalimantan (BarUt). The conversion of the BarUt land to *Hak Guna Usaha* (HGU) status has been stalled since 2014.

Only 307 hectares had been planted, with no new developments in 2017 owing to resistance from the local authority and lack of clarity on the land status and legal ownership. As an Roundtable Sustainable Palm Oil (RSPO) certified Group, Kulim take the matter seriously to strike a balance between the business and sustainability principles. The rationalisation on investment was therefore undertaken as part of Kulim exit strategy to unlock the value of BarUt. With the exit from BarUt, Kulim will focus on the development and rehabilitation of plantation in South Sumatera (SumSel), where new planting will commence in stages from 2018.

AWARDS & ACCOLADES

Long recognised for its pioneering stance on sustainability, each and every award or accolade that Kulim receive was especially gratifying. In 2017, Kulim was the winner in the Excellence Category for the Plantation Sector for the Global Responsible Business Leadership Award 2017.

Dividend Payment to Shareholders

RM50 million

Kulim Businesses

The Award builds on the United Nations Sustainable Development Goals and is among the most prestigious forms of recognition for companies from all over the world that have demonstrated leadership in Corporate Responsibility (CR) and Corporate Sustainability.

At the 9th Annual Global CSR Summit Awards 2017, Kulim was the winner in three categories. Kulim has always acknowledged the important role women play in their workforce. Kulim work hard to empower women through various initiatives, notably Women OnWards (WOW) was established in July 2008 as part of a larger women's employee outreach programme. WOW also promotes gender equality and empowers women's knowledge and skill. In recognition of our support of WOW, Kulim won Gold in the Empowerment of Women Award.

Kulim was also honoured with the Bronze in two other categories, for the Best Workplace Practices Award and the CSR Leadership Award. The Global CSR Summit Awards is Asia's most prestigious programme for CR, recognising companies for outstanding, innovative and world-class products, services, projects and programmes.

Not be outdone, its subsidiaries also won their share of awards. Kulim Pineapple Farm (KPF) was awarded the Anugerah Pengeksport Nanas Segar Jaya at the 60th Anniversary of Lembaga Perindustrian Nanas Malaysia (LPNM). Danamin (M) Sdn Bhd was awarded a Certificate of Appreciation as an Improved Performance Contractor at the PETRONAS Contractor Forum 2017.

SEGMENT HIGHLIGHTS

Plantation in Malaysia

2017 was a bumper year for Kulim's plantation operations given the more favourable weather conditions, a relatively more stable workforce in combination with various initiatives to boost productivity. During the year under review, Group's operations in Malaysia (Kulim & Johor Corporation's estate) produced a total of 1,159,769 tonnes of Fresh Fruit Bunches (FFB), a 18.13% increase from 981,734 tonnes produced in 2016. This brought the Yield Per Hectare (YPH) increased to 23.92 tonnes in 2017 from 20.75 tonnes recorded in the previous year. The Group's FFB performance was by far superior as compared to the average yield achieved by the Industry in Johor as well as Peninsular Malaysia, which stood at 20.66 tonnes and 18.70 tonnes respectively.

Total CPO production amounted to **299,981 tonnes**, a **9.74%** increase from **273,354** tonnes recorded in **2016.**

Kulim achieved a higher Kernel Extraction Rate (KER) of **5.39%**, against **5.23%** recorded in **2016.**

Age Profile of Palms

55% **prime mature** areas

38% **immature/ young mature** areas

7% old palms above **23 years**

The Malaysian operations recorded an average Crude Palm Oil (CPO) price of RM2,852 per tonne for 2017 compared to RM2,532 per tonne for the previous year. The average price of Palm Kernel (PK) also improved to RM2,427 per tonne, against RM2,387 per tonne registered in 2016.

Total CPO production from Kulim's mills amounted to 299,981 tonnes, a 9.74% increase from 273,354 tonnes recorded in 2016. During the same period, total production of PK also increased by 12.91% to 79,071 tonnes. The Oil extraction Rate (OER) improved to 20.44%, from 20.40% achieved previously. As in previous years, Kulim's OER is higher than the industry average of 19.21% for Peninsular Malaysia and 19.72% for Malaysia as a whole. Kulim also achieved a higher Kernel Extraction Rate (KER) of 5.39%, against 5.23% recorded in 2016.

To ensure its performance is sustainable, Kulim is committed to a programme of replanting to improve the age profile of its palms and for optimal productivity. In 2017, a total of 2,319 hectares (Kulim and Johor Corporation) were replanted with high yielding clones. Replanting was undertaken on a staggered basis to maximise the crop's potential before felling. As at year end-2017, the Group's planted area in Malaysia comprised 55% prime mature areas, 38% immature/ young mature areas with old palms above 23 years making up another 7%.

Plantation in Indonesia

The 40,645 hectares of plantation land at BarUt was acquired by the Group in early 2014 to diversify its geographical presence into other locations suitable for the cultivation of oil palm. Since then, the conversion of the BarUt land to HGU status has been stalled. In view of the ongoing challenges, Kulim has opted to consolidate its plantation operations in Indonesia.

In South Sumatera, the rehabilitation process has been carried out according to the programme schedule. PT Tempirai Palm Resources (PT TPR) completed 95% of the 2,500 hectares field rehabilitation whilst PT Rambang Agro Jaya (PT RAJ) completed 77% of the 2,500 hectares field rehabilitation. PT RAJ's programme was disrupted by heavy rainfall of more than 45 days during November and December 2017 causing inundated fields.

Progress was also made in infrastructure development, PT TPR has completed 14.7 kilometer (km) of access roads, desilted 27 km of the main canal, completed staff quarters and fertiliser and chemical stores. While, PT RAJ completed 25 km of access road, desilted 39.7 km of main canal, completed staff quarters, weighbridge unit, fertiliser and chemical stores. All construction activities were carried out in compliance with the RSPO's Principles and Criteria.

Kulim Businesses

Out of 3,222 hectares available in PT TPR under HGU, 2,500 hectares has been identified for development. In meeting with RSPO's New Planting Procedures (NPP), PT TPR will engage RSPO certified consultants to carry out respective assessments and determine suitability of further development on the identified area.

INTRAPRENEUR VENTURES (IV)

In 2017, the IV Division recorded a revenue of RM56.23 million, a decline of 2.39% compared with RM57.61 million posted the preceding year. The Division incurred a LBT of RM1.86 million in 2017, from a PBT of RM0.705 million registered previously.

Extreme Edge Sdn Bhd (EESB) was the most profitable company within the Division, generating a profit of RM2.13 million. The other companies that have recorded a satisfactory performance included MIT Insurance Brokers Sdn Bhd, Perfect Synergy Trading Sdn Bhd, Kulim Safety Training and Services Sdn Bhd, Special Appearance Sdn Bhd and Edaran Badang Sdn Bhd.

During the year under review, Kulim undertook a number measures to strengthen its IV business to provide a operational base that will provide the desired results. These measures, included amongst others:

- Cessation of loss-making operations or companies
- Changing the business model of others
- Merging and disposing of companies that were under-performing or that are no longer in line with the Group's strategic vision; and
- Diversification and outsourcing of certain businesses and activities.

OIL & GAS

FY2017 was a challenging one for Kulim's O&G Division. The volatility in crude oil prices and a weaker local currency took its toll on operating performance. Revenue was posted at RM419.71 million, which is a 32.97% decline compared to RM626.17 million achieved the previous year. From a PBT of RM21.03 million recorded in 2016, the Division has slipped into the red with a LBT of RM130.28 million.

The Indonesian O&G venture remains exploratory at the current stage, Kulim has drawn up plans to rationalise its investment. The Plan of Development (POD) approval is expected to be obtained by the first half of 2018.

During the year under review, Kulim subsidiary, E.A. Technique (M) Berhad (EA Tech) contributed of RM366.97 million to Kulim's revenue, a decrease of 37.98% compared with RM591.66 million recorded in 2016. EA Tech posted a LBT of RM131.90 million, against a PBT of RM21.54 million in 2016. The decrease in revenue and loss recorded was attributed mainly due to higher costs incurred in the Engineering, Procurement, Construction, Installation and Commisioning (EPCIC) project against the contracted sum and also increase in administrative expenses.

Besides that, FY2017 was a satisfactory year for Danamin (M) Sdn Bhd (Danamin), an engineering and quality assurance provider that caters to niche industries. Danamin recorded revenue of RM48.08 million in 2017, a 39.36% increase from RM34.50 million posted the previous year. PBT decreased marginally to RM1.12 million, against PBT of RM1.32 million recorded previously.

AGROFOODS – CATTLE PROJECT

Kulim has built a strong portfolio anchored in three business segments: Plantation, O&G and IV. Nonetheless, the Group is continually exploring opportunities to invest in new businesses that are synergistic with its core operations. Kulim foray into Agrofoods meets a two-fold objective.

Firstly, in line with Kulim sustainability agenda, it enables them to promote green activities through the recycling of compost and fruit waste to support the feedlot and cattle rearing activities. Secondly, it helps support our partners and outgrowers in building successful ventures, thereby contributing to the national food security programme.

During the year in review, Kulim made significant strides in its Agrofoods business. Cattle projects generated over RM8.30 million in revenue from the sale of cattle, whilst pineapple plantation continued to prosper with revenue of RM4.70 million.

As at 31 December 2017, the feedlots housed a total of 653 heads of cattle, of which 374 were housed in Feedlot Bukit Nyamuk, 49 heads in Feedlot Lubuk Bakul and 230 heads in Feedlot Peta Temalik. Under the integration segment, the total head count was 6,277 at end-2017, versus 7,208 heads at end-2016. As at year end-2017, Kulim had a total cattle population of 6,930 heads, decreased of 8.39% (2016: 7,565 heads).

Total Cattle Population

6,930 heads

Total Pineapple Production

2,176 tonnes

AGROFOODS – PINEAPPLE BUSINESS

Kulim has been involved in the pineapple industry since 1994. The MD2 pineapple farms production run by Kulim Pineapple Farm (KPF) which located at Ulu Tiram, Johor. As at 31 December 2017, Kulim has some 200.15 hectares planted with the premium MD2 variety of pineapples.

Total production of pineapples in 2017 amounted to 2,176 tonnes of this, 83% were sold domestically with the remainder exported to countries such as the Middle East, South Korea and Europe. Marketed under the brand name of *Melita*, the demand for MD2 pineapples in both local and overseas markets is good.

KPF aims to be a cost leader in the pineapple business, promoting *Melita* as a premium yet affordable brand. In addition to producing premium fruits and suckers, the Group will focus on optimising land usage with a higher density of plants per hectare.

Adding value to the production of fresh fruits, Kulim have also ventured downstream to produce a variety of pineapple-based products. These include tarts, jam, frozen yogurt, chips and drinks retailed under the *Melita* brand.

Outlook for the IV Division

Johor Corporation introduced the JCorp Intrapreneur 2.0 Challenge on December 2016 and implementation across all IV companies was held in 2017. This is to create a conducive ecosystem for intrapreneurs within the context of a 21st Century economic and business landscape. The programme identifies three categories of intrapreneurs, with emphasis on their financial contribution as one of the key bottom lines as well as their business sustainability.

Kulim has been reassessing the performance of the companies it has taken under its wing. Consistent with the corporate direction Kulim have taken, priority will be given to nurturing companies that are related to its core palm oil business.

Kulim stands at the crossroad of a pivotal stage of its development. These are exciting times as Kulim continue to lay the foundations that will anchor new growth to future success. Besides, Kulim has a viable plan and the strategies we have crafted will serve us well in a changing and challenging market environment. Time will show the validation of the Group's vision and the actions taken today.

Outlook for the O&G Division

The below par performance of O&G Segment is only a temporary set-back and is expected to be over with the completion of the EPCIC project by the first half of 2018. No new EPCIC projects will be undertaken in the foreseeable future. With improved operational efficiency and better service quality, the core Floating Storage and Offloading (FSO) business is expected to bring the segment back to greener pastures.

OUTLOOK AND PROSPECTS

Outlook for the Plantation Division

The outlook for FY2018 is promising. As in the previous year, Kulim have set ambitious yet realistic KPIs for the main areas identified in their Balanced Scorecard. The performance of Kulim core Plantation Segment will remain dependent on CPO prices, which in turn, are subject to supply and demand market dynamics and are also sensitive to stiff competition from substitutes. The segment will also be affected by ever rising labour and fertiliser costs as well as increasingly stringent environmental concerns.

However, the Plantation Segment has taken steps to ensure sustainability by deploying newer technology, fertiliser substitution, improved field mechanisation, increased on-the-field training to optimise operations and exercise more stringent controllable operational costs. Additional funds will be allocated for R&D in the never-ending quest to develop improved planting materials and to explore alternative energy options.

Looking ahead, EA Tech remains upbeat on its operating performance from its respective business segments. The fundamentals of the company remain strong, underpinned by a substantial orderbook of around RM609.13 million as at 31 December 2017, with an additional RM329.28 million for potential extension. The company has long-term contracts for its marine vessels, which provide a stable and recurring revenue stream.

An immediate challenge for EA Tech in the coming year is to focus its resources and energy to translate well-defined plans and strategies to turnaround the company. Given its significant strengths in the business, EA Tech is well-positioned to continue delivering shareholder value and to achieve sustainable progress.

Moving forward, Danamin has an orderbook of approximately RM70 million, of which RM45 million were contributed by the fabrication business with another RM25 million from the Non-Destructive Testing (NDT) business.

Danamin is also exploring possibilities to diversify into areas where it can capitalise on its resources and capabilities. Possibilities include entering into a smart partnership with Kulim's Research & Development (R&D) arm, Kulim Smart Technology Sdn Bhd to look into the viability of constructing a prototype Intelligent In-Line Inspection System (ILIS).

EA Tech has an orderbook of around

RM609.13 million

Danamin has an orderbook of approximately

RM70 million

Specialist Healthcare Businesses

KPJ Healthcare Berhad (KPJ) is Johor Corporation's healthcare arm, listed on Bursa Malaysia since 1994. Through its listing, KPJ Healthcare made history as the first homegrown subsidiary of Johor Corporation and the first healthcare company to be listed on bourse's Main Board. Today, KPJ is among the Top 100 PLCs listed on Bursa Malaysia, ranking 85th place in December 2017, with a market capitalisation of RM4.19 billion.

By the end of 2017, KPJ's integrated network consists of

25 hospitals in Malaysia
2 hospitals in Indonesia
1 hospital in Bangladesh
1 hospital in Thailand

KPJ's competitive advantage lies in its extensive reach and presence in the highly competitive private healthcare industry. By the end of 2017, KPJ's integrated network consists of 25 specialist hospitals located throughout the nation. In addition, the KPJ Group currently has two hospitals in Indonesia, a seizable share in a hospital in Thailand, and a hospital in Bangladesh as well as retirement and aged care centres in Kuala Lumpur; Sibu, Sarawak; and Brisbane, Australia.

KPJ also has a large team on board. As at the December 2017, KPJ has 13,422 staff members and 1,022 medical consultants.

ACHIEVEMENTS IN 2017

During the year, we continued to make strategic moves to grow KPJ's business sustainably. As part of this commitment, KPJ continues to enhance its business strategies to be more patient and customer-centric, with the goal of increasing market share, identifying and implementing new medical innovations, and digitising our operational and functional processes in order to remain ahead of the curve. More importantly, KPJ is ultimately able to translate it all directly to shareholder value.

FINANCIAL PERFORMANCE

KPJ recorded a strong performance momentum in the financial year ended 2017 (FY2017), achieving revenue in excess of RM3.0 billion for the second year in a row since its inception.

Group revenue stood at RM3.18 billion, up from 2016 revenue of RM3.02 billion. In line with management's plan to divest from its aged care operations in Australia, the 2016 revenue has been restated to RM2.97 billion, as per the requirement of MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Earnings before interest, taxes, depreciation and amortisation (EBITDA), has increased to RM441.6 million in 2017, compared to RM430.2 million (restated). Profit before zakat and tax (PBZT) stood at RM233.3 million, up from RM220.7 million (restated in 2016). As a Group dedicated to its zakat commitments, we contributed RM3.9 million in zakat in 2017, compared to RM3.8 million in 2016. Profit after tax (PAT) also increased Year on Year (YoY) by 7% to RM166.9 million as a result of better cost management and reduction in the impairment losses taken up during the year. Market capitalisation at end of 2017 reached of RM4.1 billion.

Our Malaysian operations were the largest contributor to our revenue at 97% or RM3.1 billion of total Group revenue. Hospital and healthcare revenue continued to be the major revenue generating segment, accounting for almost 97% of total Group revenue. This represented an increase of 7% from hospital and healthcare revenue of RM2.9 billion recorded in 2016. The year under review saw a total dividend pay-out of RM74.7 million, or 1.78 sen per share, which represents a dividend pay-out of 45%.

Revenue in excess of
RM3.0 billion
for the second year in a row since its inception.

Profit before zakat and tax (PBZT) stood at
RM233.3 million
up from RM220.7 million (restated in 2016)

Total dividend pay-out of
RM74.7 million, or
1.78 sen per share,
which represents a dividend pay-out of 45%

Specialist Healthcare Businesses

THE SUBDIVISION EXERCISE WAS COMPLETED WITH THE LISTING AND QUOTATION OF 4,280,627,292 SUBDIVIDED SHARES AND 259,226,010 ADDITIONAL WARRANTS ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD (BURSA MALAYSIA) ON 27 SEPTEMBER 2017.

CORPORATE EXERCISES IN 2017

Shareholders were also rewarded with a subdivision of shares exercise i.e. every one ordinary share was split into four ordinary shares in KPJ. The subdivision exercise was completed with the listing and quotation of 4,280,627,292 Subdivided Shares and 259,226,010 Additional Warrants on the Main Board of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 27 September 2017.

Another development was recorded by Lablink (M) Sdn Bhd (Lablink), KPJ's laboratory arm. Lablink is the first in Malaysia to be certified with Bio-Safety Level 3 (BSL3) facilities which allows testing of highly infectious diseases according to World Health Organisation (WHO) standards.

In early 2018, Lablink entered into a strategic partnership with Quadria Capital to grow its pathology and diagnostics businesses in Malaysia and explore new growth markets in Southeast Asia in order to become the regional leader in pathology and diagnostics services.

CAPACITY BUILDING

KPJ retrofitted and expanded three existing hospitals and renovated the Lablink building, and remained on track with our hospital network expansion.

In Indonesia, the Group expanded its services and obtained Komisi Akreditasi Rumah Sakit (KARS) accreditation at its two hospitals there, while in Bangladesh, the capacity of KPJ's hospitals in the country was further increased.

INNOVATION – LED MILESTONES

Investment in Information Technology (IT)

The year under review saw KPJ emphasising on an innovation-led Transformation, especially the upgrading of our IT Infrastructure and Systems Improvements. Investments in this area amounted to RM30 million, encompassing Cloud Computing, Information Security and Cybersecurity, as well as Disaster Recovery, among others. We also conducted systems improvement by upgrading our KPJ Clinical Information System (KCIS) and Hospital Information System (HITS).

The year under review further saw KPJ launching our *e-pharmacy*, KPJ HealthShoppe (KPJHS) which is currently offering over-the-counter products online. Having built the foundation for this in 2017, our medium to long-term plan is to extend our capacities to subsequently provide *e-prescription* services.

A game changer for KPJ in 2017 was the adoption of IBM Watson for Oncology, a cognitive computing platform for KPJ oncologists to utilise, as a decision - making support system in designing treatment plans for cancer patients. For the record, KPJ is the first private healthcare provider in Malaysia to bring in and utilise the Watson for Oncology platform.

Clinical

In 2017, our Clinical services implemented a number of new measures aimed at enhancing the level of care to our patients including enhancing the monitoring of "Level of Care" in the Intensive Care Unit (ICU) and initiating documentation of "Early Warning Signs" that identifies a patient at risk of deterioration whereby the medical team can then identify the cause and address it accordingly

Another first was the availability of 3D surgery at KPJ KL Dental Specialist Centre in KPJ Tawakkal Health Centre within the specialist area of Oral and Maxillofacial surgery.

Healthcare Education

In 2011, KPJ Healthcare's own education arm, KPJ Healthcare University College (KPJUC), became the first private education institution in Malaysia to be approved by MOHE to train and produce medical specialists. To graduate from these medical specialist programmes, candidates need to pass the final Conjoint Board examination, supervised by panellists from Universiti Kebangsaan Malaysia (UKM), Universiti Malaya (UM), Universiti Sains Malaysia (USM) and KPJUC. In 2017, KPJUC produced its first two graduates from its Master of Otorhinolaryngology – Head and Neck Surgery Programme. Additionally, its Bachelor of Pharmacy programme was accorded full accreditation by the Pharmacy Board Malaysia and MQA.

A plan has been put in motion to achieve full university status by 2020, and KPJUC is currently in the midst of strengthening our education delivery model. We have also targeted the enrollment of 2,800 students in academic programmes to ensure consistent growth of student numbers, along with actively promoting Continuous Professional Development (CPD) programmes to internal and external clients.

Talent Management

KPJ is unyielding in its commitment to cultivate and develop its talent pool. We continue the practice of providing employees with continuous education opportunities. These include long term programmes at higher level institutions such as the University of East London, United Kingdom; the University of South Australia, Australia; Universiti Kebangsaan Malaysia and Universiti Teknologi Malaysia among others.

Education is only part of KPJ's staff engagement initiatives. KPJ intends to effect a paradigm shift in the way we manage our talent, moving from employee engagement to employee experience. For example, to ensure high retention rates, we have in place a number of work-life balance initiatives such as our new Flexi-Hour work initiative, which allows for flexible working hours for staff in our headquarters.

In the medium-to long-term, we will be working on developing the employee experience within an ecosystem that integrates the three core components of engagement, culture and performance management.

International Marketing

KPJ's two-pronged health tourism strategy focuses on strengthening our presence in our existing markets of Indonesia, the Pacific Islands and Africa, and expanding into new high potential markets such as China and India.

During the year, health tourism's revenue growth was contributed by several new markets that have been successfully penetrated such as the Pacific Islands like Tuvalu and Fiji. The Ministry of Health of Tuvalu has appointed KPJ Hospitals as their preferred healthcare provider for its citizens by sending complicated cases ranging from cancer, orthopaedics, neurosurgery, bariatric, and eye surgeries to name a few.

In 2017, to spearhead our international marketing drive, we commissioned marketing agents in our target markets of Indonesia, China and the Middle East and North Africa (MENA).

Awards & Accolades

KPJ Klang Specialist Hospital was named the winner of the Prime Minister's Industry Excellence Award which was introduced by the Ministry of International Trade and Industry (MITI) to recognise outstanding Malaysian companies chosen from a selection of winners across categories in the manufacturing and services sector. The awards is a recognition that KPJ is on track in its vision to become a leading healthcare provider in the region.

The KPJ Group received a number of awards at the MSWG-ASEAN Corporate Governance Recognition 2017 Awards, which identified the Top 100 Malaysian Public Listed Companies based on disclosures from 900 companies assessed during the year using the ASEAN Corporate Governance Scorecard. The 2017 assessment was more stringent than previous years, using a revised Scorecard approved by the ASEAN Capital Markets Forum (ACMF). KPJ was honoured to be ranked 33rd in the List of Top 100 Companies with Good Disclosures; 29 in the List Of Top 100 Companies For Overall CG & Performance; and the Industry Excellence Award within the Healthcare category.

Moving Into 2018

Our digitisation goals remains on track, and we will continue with our momentum in this area by harnessing new technologies and advancements to upgrade our operational and IT infrastructure in order to increase our service deliveries and operational efficiencies. We remain committed to seeking out new areas in medical technology and bringing them into Malaysia, as a way to distinguish the Group's healthcare offerings from other service providers in the marketplace. As it always has been, our strategies are based on our mission of providing patient-centric healthcare services to our customers, within a compassionate and caring hospital environment.

We are confident that through these focused strategic initiatives, we will remain on course in our transformation journey, as we aim to be a regionally and internationally acknowledged world-class healthcare service provider, to ensure our sustained long-term growth and profitability.

Food & Restaurant Services Business

In 2017, QSR Brands (M) Holdings Bhd through KFC Malaysia recorded 8.2% growth on its revenue to RM2.56 billion from RM2.37 billion in 2016.

Revenue growth

8.2% to

RM2.56 billion

RM2.37 billion (2016)

KFC Malaysia

In 2017, KFC Malaysia recorded 8.2% growth on its revenue to RM2.56 billion from RM2.37 billion the year before. KFC Malaysia also came up tops for three consecutive years in the prestigious *Putra Brand People's Choice Awards*, acquiring Gold under the "Restaurant & Fast Food" category; followed by several other esteemed digital and advertising awards including Gold for *KFC Kaki Campaign* by The Appies Malaysia, *Best Long Form Ad for KFC Bucket Session* by Youtube Malaysia Ads Award and *Gold and Grand Prix awards for Effective Content Strategy* in the WARC Global Awards, to name a few.

TO REFLECT KFC'S COMMITMENT TO PROVIDE EXCELLENT CUSTOMER EXPERIENCE, 121 OUTLETS WERE GIVEN A FACELIFT IN 2017.

KFC Malaysia continues to excite customers with winning innovations in 2017. Limited time offerings were crafted to local preferences to keep customers visiting its stores - be it existing or new. KFC Malaysia brought two of its greatest hits - *KFC Double Down* and *KFC Twister* back due to popular demand. The new *KFC Double Down* created more hype than ever before, resulting in an unprecedented end to its promotion two weeks from schedule. The product managed to achieve a same store sales growth and a same store transaction growth of 10% and 6% accordingly. This time around with the new *KFC Twister*, fans were hard-pressed to choose between two tasty flavours of *Hot & Zesty* or *Cheezy Twister*. *Cheezy Twister* that features the unmistakable KFC signature cheese, was added into its permanent menu. In addition, a series of high value buckets such as *Bucket Berganda* and *Bucket Berbaloi* further drove transactions for 2017.

To reflect KFC's commitment to provide excellent customer experience, 121 outlets were given a facelift in 2017. 35 new outlets were added to the network including 12 relocations, 9 of which were Drive-Thru outlets. KFC Malaysia ended 2017 with 689 outlets nationwide, 573 in Peninsular Malaysia and 116 in East Malaysia.

To offer more channels and easy access to KFC, an enhanced KFC Delivery website was launched, built to optimise the digital experience on a mobile first approach.

KFC Malaysia closed its annual corporate responsibility campaign, *Add Hope 2017* with a remarkable achievement collecting RM4.2 million funds- the highest ever collection over the past 11 years of running. Similar to previous years, funds were generated through the sale of *KFC Add Hope Meals*, online donations and donation boxes. The brand continues to support underprivileged groups through various outreach projects and empowering special communities through KFC community care stores.

KFC Singapore

In 2017, KFC Singapore continued to strengthen its position as the leading chicken based QSR with many exciting product innovations. To address the varied taste buds of consumers, different trendy flavours such as *Japanese Shoyu Sancho*, *Curry Crunch* and *Szechuan Red Hot* were introduced for a limited time and received many rave reviews. In building stronger affinity with the youth, photo-worthy innovations such as *Chizza* and *Double Down* were launched with great successes and consumers hype. These products were literally a feature on many Singaporeans' Instagram pages, generating waves in the social media and traveling across borders. As part of its value strategy, KFC Singapore continued to promote the abundance of its *Ultimate Value Box* meals and the daily accessible *$5 Super Value meals* with new choice options such as *Colonel Burger*, *Rendang Rice* and *Famous Bowl*.

From May 2017, KFC Singapore offered its customers an irresistible *Chicken Tuesday* deal where they can enjoy 6 pieces of KFC tasty chicken at only SG$9. To further delight the customers that prefer to end their meal with a sweet note, a new *White Grape* frozen yoghurt flavor was made available on the menu from July 2017 across all Froyo stores. The year 2017 ended with 83 stores, a net decrease of 3 units. Despite the lower store units, sales were 2% higher than 2016 at $169.8 million, an increase of $3.1 million. The increase was attributable to full year sales impact from several high volume stores that were opened in Quarter 4 of 2016.

KFC Brunei & Cambodia

KFC Brunei ended 2017 with 16 restaurants as per previous year generating B$11.46 million revenue, a shortfall of 0.7% against 2016. Brunei market remains competitive especially with booming development in Miri that penetrated Brunei market where Bruneians tend to spend more in Miri during weekend and holidays. Local store marketing was initiated such as special deals and various joint venture promotions to increase visit frequency. Two outlets underwent facelift in 2017 and positive result was shown following the restoration, with 15% to 20% sales incremental.

KFC Cambodia recorded 0.4% increase of revenue over 2016 with total sales of US$4.8 million in the year 2017. The increase was mainly contributed by the positive economic growth pushed by resilient construction activity, garment exports and expansion of the agriculture sector; thus strengthening the spending power of the lower and middle class workers. Catering service and kiosks have made recognisable contribution to the business by being responsible for 78% over total sales. Gross margin improved as a result of continuous efforts taken by the management in controlling food costs as well as strict management of wastages.

2017 also saw two new outlets being opened at Steung Meanchey (in September) and Battambang (in October). KFC Cambodia believes that stronger branding would eventually improve its revenues and top line. Instead of closing the year 2017 with 13 outlets, unfortunately, operations in one of its outlets at Silhanoulkville (KFC KPS) were brought to a close in October.

IN 2017, PIZZA HUT MALAYSIA CELEBRATED ITS 35 YEARS ANNIVERSARY – A MILESTONE WITH NOTABLE INNOVATIONS ROLLED OUT, BRINGING STRONG SALES ACHIEVEMENT.

Pizza Hut Malaysia

In 2017, Pizza Hut Malaysia celebrated its 35 years anniversary in Malaysia – a milestone with notable innovations rolled out, bringing in strong sales achievement.

Pizza Hut Malaysia achieved a remarkable turnaround, with solid sales growth registered at the backdrop of 4 years which saw a declining trend. Revenue saw growth of 14% to RM543 million in 2017 compared to RM475 million in 2016.

Pizza Hut's turnaround was the result of 3 key strategic pillars namely: repeatable value model that worked hand in hand with limited time offers to increase transaction and digital transformation that improved customer's overall experience with Pizza Hut.

WOW, a take away promotion and *Hut Set Jimat*, a dine-in promotion are part of the repeatable value model that was refreshed in year 2017 with brand new communications supporting strong in-store push. This drove strong transactions for Pizza Hut.

Further to that, notable limited time offers like the mouthwatering "*King Prawn*" pizza and "*Loaded Pocket*" was introduced during Chinese New Year and Ramadhan celebrations. "*Cheesy Bites*" pizza, which is one of the strategic product portfolios of Pizza Hut, also made a comeback in year end of 2017 to capture the younger customer base.

Pizza Hut also embarked on a digital transformation journey – relaunching its newly revamped website, introducing an all-new mobile app and the first digital concept store that features the world's first Digital Take Away Kiosks for Pizza Hut.

2017 is proved to be a stellar year with Pizza Hut Malaysia clinching a few notable awards namely: *Silver in Putra Brand Awards for Restaurants & Fast Food Outlets* as well as *Better on Digital Champion* and *Brand Builder Award* by YUM.

Pizza Hut ended the year with the launch of its first long term CR initiative "*Hut to Heart*" to champion social good focusing on fighting cancer. The first programme "*Sayangimu*" was rolled out in partnership with National Cancer Society Malaysia to raise awareness and funds for breast cancer screening amongst the rural woman.

Pizza Hut Malaysia
Total sales increase
14% to record a total of
RM543 million

Pizza Hut Singapura
Total sales increase **2%**
compared to 2016 with
SG$94.6 million

Pizza Hut Singapore

2017 was a good year for Pizza Hut Singapore. System sales were 2% higher than 2016 at SG$94.6 million, an increase of SG$1.4 million and system transactions were up 16% over the same period.

With a net decrease of 1 unit, Pizza Hut Singapore ended the year 2017 with 79 stores. The key drivers to the strong performance were building a foundation of value with the launch of the 'Wow' platform for take-away and the '2 for SG$22 with free sides' for delivery, and driving product innovations on core with festive limited time offers.

This was supported by digital improvements that enhanced guests' ease of ordering and dining experience. Pizza Hut Singapore participated in the global partnership with blockbuster movie Spiderman 3 Homecoming in June with a new *Cheesy Lava* pizza promotion. *Cheesy 7,* a highly sought-after favourite that fans wait for every year, was also launched with improved *Cheesy Loaded Puff Pizza*.

On the digital front, it revamped its website in 2017, with a simple 3-click re-ordering process, supported with the launch of our new mobile app with an easy-to-navigate interface, better mobile-ordering process and customised offers.

Pizza Hut Singapore continued to give back to the community in many forms. In 2017, the Minister of Education publicly recognised the company as an Exemplary Employer for its long term contribution and deepening engagement with the Association of People with Special Needs (APSN).

UPSTREAM DIVISION

In 2017, further improvement initiatives were put in place for the Upstream Division, to pay focus on all quantitative and qualitative factors in relation to productivity optimisation. At the close of its financial year 2017, Upstream Division consolidated EBITDA stood at RM46.2 million, which was 21.6% higher than prior year on the back of a higher revenue of RM1,893.2 million by 13.0%.

Food & Restaurant Services Business

INTEGRATED POULTRY SEGMENT

- **Ayamas Integrated Poultry Industry Sdn Bhd (AIPI)**

The Integrated Poultry operations under Upstream Division involves an end-to-end of poultry farming starting with its own dedicated Feedmill, Breeder Farms, Hatchery and Broiler Farms. AIPI is a crucial component to the Group operations and provides a consistent support towards a stable source of high quality poultry supply to KFC restaurants in addition to regulating cost structure within the poultry industry, as well as supports the expansion of KFC restaurants within the country and some abroad.

- **AIPI Feedmill**

One of the largest single feedmill in Malaysia, it supplies to the Group's breeder and broiler farms, as well as the contract broiler farms throughout the country. The feedmill total feed production stood at 109,000 metric tonnes for 2017. Revenue for 2017, was RM175.4 million, which is lower than prior year by 8.8%. EBITDA was down by 49.0% at RM9.6 million from a year ago mainly due to the unfavorable US dollar exchange rate and higher commodity prices.

- **Farms and Hatchery**

Under the Farms and Hatchery unit, the breeder farms supply hatchable eggs to the Hatchery to produce Day Old Chicks (DOCs). The Unit engages around 32 Contract Farmers located throughout the country besides its own farms at Mantin, with a collective capability to supply 32 million broilers per annum to Ayamas Food Corporation Sdn Bhd (AFCSB) processing plant. For 2017, the Farms and Hatchery unit registered a 7.1% increase in revenue at RM156 million against prior year. Its EBITDA improved by 50.3% to a reduced loss of RM1.7 million compared to prior year. This is following a productivity optimisation programme, which is currently showing positive results in turning around the unit back into profitability.

QSR MANUFACTURING SDN BHD (BAKERY & COMMISSARY)

QSR Manufacturing Sdn Bhd (QSRM) was set up with the aim of achieving cost optimisation and improving business efficiency through economies of scale for Bakery & Commissary operations. It serves as an internal supplier of buns and coleslaw, raw pizza dough balls, par baked pizza base, frozen pastries, garlic spread, fresh repacked sanitised vegetables and Nugget Breader Flour according to ISO, HACCP & YUM's Standard for KFC and Pizza Hut Malaysia outlets in Peninsular Malaysia. These inevitably help to reduce the workload and optimise service level at the restaurants.

The current food manufacturing trend is moving towards frozen food or ready to serve food items which will reduce daily operation issues and other complexities of preparing food items at the restaurants or outlets. With the expansion in Bakery output capacity, QSRM's new business direction is to cater more of its products to the open market locally especially KARA (Kedai Ayamas and Restoran Rasamas) and other food retail chain in order to broaden its revenue base.

Sales for 2017 was RM74.7 million, higher by 7.0% as compared to 2016. EBITDA jumped by more than three-fold to RM8.1 million over the same period due to continuous cost saving measures taken by the management to ensure continuity in its operations efficiency.

QSR TRADING SDN BHD

QSR Trading Sdn Bhd (QSRT) was established in 2001 as a sales, marketing and trading arm for QSR Brands and external markets, both domestically and internationally with a vision to be the preferred distributor of superior quality Halal brands. Total revenue was captured at RM505 million at the end of 2017, 25.4% higher than the previous year. EBITDA increased by 16.0% to RM28.1 million as compared to 2016. We expect QSRT financial results to remain strong this year as we further introduce new products into the market.

REGION FOOD INDUSTRIES SDN BHD (SAUCE MANUFACTURING)

Region Food Industries Sdn Bhd (RFI) is one of the leading players in Malaysia's sauce manufacturing sector, producing chili sauce, tomato ketchup, cold dressing (mayo) and flour mix (soup) which are served in KFC and Pizza Hut outlets in Malaysia chain of restaurants. Domestically, *Life* sauces are available in all hyper markets such as Giant and Tesco, and also at other wholesaler channel like Speed Mart and Checkers. For the export market, *Life* sauces are available in Singapore, Vietnam, Bangladesh, Myanmar, Australia, Mauritius, Brunei, Japan and Middle East countries.

Sauce production capacity has slightly increased to 27,552 metric tonnes in 2017. Capacity utilisation for sauce and mayo plant is at 71% and 86% due to tight stockholding measures to manage cost effectively. With the new standing pouch machine installed later in 2017, RFI will be able to meet increasing demand from the group and also to penetrate more food service market.

In order to stay competitive, RFI has continued to introduce new products year by year to meet the market demand from the group and also the open market. In 2017, one of the new products launched was the new standing pouch for chili sauce and tomato ketchup, a new innovative variant of the *Life* range of sauces focusing on convenience.

RFI sales were higher by 11.5% or RM143.7 million and EBITDA was 28.1% higher at RM8.2 million against prior year. RFI is also in the right track to increase its production capacity for the sachet range of products with new sachet machine to be ready in middle of 2018 to meet rising demand for sachet products.

AYAMAS FOOD CORPORATION SDN BHD

Ayamas Food Corporation (M) Sdn Bhd (AFCSB) is involved in poultry primary processing and further processing activities. The factory produces fully cooked chicken toppings and chicken parts as well as freezer to fryer products namely, chicken patties, nuggets, sausages, chicken balls etc. to support the QSR Brands (M) Holdings Bhd restaurant chain, as well as to supply to the open market under the *Ayamas* brand name.

The Group's three plants process more than 4 million birds per month. The Ayamas plant in Port Klang, Malaysia is the largest poultry processing plant in the country, which processes more than 80,000 birds per day and 2,000 metric tonnes of further processed poultry products per month. Both IPI plants (Penang) and Bandar Tenggara (Johor) are capable of slaughtering about 25,000 and 50,000 birds per day respectively.

For 2017, sales was registered at RM838.4 million, higher by 14% compared to the previous year. AFCSB registered an EBITDA of RM6.8 million for 2017 from a loss of RM2.4 million in 2016. The company expects to continue delivering better results following its on-going operations optimisation exercise.

Processed more than

155,000

birds per day and

2,000 metric tonnes

of further **processed poultry products**

Property Division

Johor Land Berhad (JLand) is the backbone of Johor Corporation in Property Division. Despite facing challenging market and environment, JLand has succeeded in achieving outstanding result in 2017 as well as showing good prospect in 2018.

JLand has more than

822.70 hectares

of land bank, mostly located in the **heart of Iskandar Malaysia**

JOHOR LAND BERHAD

Johor Land Berhad (JLand) is a subsidiary of Johor Corporation, focuses mainly in property development. JLand has more than 822.70 hectares of land bank, mostly located in the heart of Iskandar Malaysia. Being in the property industry for more than 45 years, JLand has had a long history of providing vibrant townships as well as affordable, quality homes.

To date, JLand has developed residential neighbourhoods in Pasir Gudang, Taman Damansara Aliff, Johor Bahru and currently the on-going development of premier township in Bandar Dato' Onn, Johor Bahru. JLand is also developing new township at Bandar Tiram and Taman Mutiara Gading, Batu Pahat as well as other residential and commercial projects spread across Tampoi, Bandar Baru Majidee, Mersing, Pagoh and Kem Tebrau.

Net tangible assets increased to
RM1.37 billion
against
RM1.29 billion
in 2016

Gross Development Value (GDV)
Bandar Dato' Onn
RM8 billion

As at December 2017, JLand has developed and delivered more than 35,000 units of residential and commercial units to purchasers.

JLand's success lies in its continuous effort to improve quality, integrity of its people and the long-term relationships the company builds with its stakeholders, plus an extensive knowledge of the property markets in which it operates. JLand being a developmental arm of Johor Corporation will continue to make positive and significant contributions to the economy hence the growth of the State of Johor.

FINANCIAL REVIEW

Despite challenging financial year due to unwavering effects from the global economic slowdown, JLand managed to endure challenging times and able to deliver commendable results for the financial year 2017. As at 31 December 2017, JLand registered an increase in earnings of RM486 millions, 40% higher than RM346 millions in 2016. Residential and commercial properties were the main pivot in generating revenue for JLand.

Profit before tax decreased from RM193 million in 2016 to RM126 million in 2017. This is due to reduction in total share of profit after tax for associate companies amounting to RM67 million. JLand's balance sheet remains fundamentally strong as net tangible assets increased to RM1.37 billion in 2017, against RM1.29 billion in the preceding year.

BANDAR DATO' ONN

The development of Bandar Dato' Onn is in line with JLand's goal to be the leading property company. Bandar Dato' Onn is a township stretches across 612.70 hectares of freehold land within development plan of Iskandar Malaysia. This township is located 12 kilometres (km) from Johor Bahru city centre and easily accessible via the North-South Highway (PLUS) and Eastern Dispersal Link (EDL).

With conceptualised self-contained city whereby communities can thrive in safe, attractive, congenial and vibrant neighbourhoods, Bandar Dato' Onn is now a preferred destination for residents to call home. This township is expected to be completed in 10-15 years, providing 17,200 residential and commercial properties with Gross Development Value (GDV) of RM8 billion. To date, Bandar Dato' Onn has completed a total of 2,613 units of residential and commercial, while another 555 units are expected to be completed in 2018.

In 2017, JLand completed 359 units of double-storey terrace houses and 15 units of shop offices at Neighbourhood 15, Phase 1 with GDV of RM418.4 million. JLand also completed 32 units of bungalows at Neighbourhood 2 with GDV of RM110.9 million. Each neighbourhood is equipped with various amenities such as community centre, parks and playground.

Bandar Dato' Onn also provides public facilities within its vicinity such as mosque, recreational parks, school, shopping mall, petrol pump and police station. Located at the centre of the township, the mosque is known as The Sultan Iskandar Mosque. The concept is heavily inspired by Turkish mosque architecture and symbolises the spirit of modern day of Johor. Besides that, the construction of AEON Shopping Centre was completed in February 2017 and officially opened to public in September 2017.

BANDAR TIRAM

Bandar Tiram is a suburban township developed by JLand in stages (Phase 1 – 5) since 2007. Located on more than 400 hectares of land and can be accessible via Senai-Desaru Highway, this township offers more than 11,000 residential and commercial units with GDV totalling up to RM5 billion. The overall development is expected to be fully completed by year 2035.

To date, JLand has developed 43.30 hectares of land at Bandar Tiram 1 which consists of 709 units of double-storey terrace houses and 53 units of shop offices with GDV of RM362 million. Meanwhile, another 91 units of double-storey terrace houses are still under construction and 80 units of shop offices will be developed in stages. The overall development of Bandar Tiram 1 has GDV of RM440 million and scheduled to be completed in 2020.

Property Division

Bandar Tiram is also equipped with public facilities such as school, police station, fire brigade, bus terminal, mosque, market and community hall. A centralised landscape is also provided and completed for public use.

TAMAN BUKIT DAHLIA

Taman Bukit Dahlia is developed on a land area spanning 168.75 hectares with mixed development that consists of more than 3,800 units of double-storey terrace houses, semi-detached houses, bungalows and commercial complexes. This township is easily accessible to amenities in vicinity and strategically located in one of Johor's key growth corridor. This development has a total GDV of RM990 million.

In 2017, a total of 116 units of double-storey terrace houses *Idaman 2 & 3* Phase 1 and Phase 2 (56) bungalow Phase 2 (18) as well as double-storey shop offices Zone C (31) were completed with Certificate of Completion and Compliance (CCC).

TAMAN DAMANSARA ALIFF

Developed on 101.20 hectares of land, Taman Damansara Aliff is a joint development between Damansara Reality Johor Berhad and JLand. This development consists of commercials, shop offices and residentials in a structured and innovative neighbourhood. It is strategically located and is directly accessible by Perling – Pasir Gudang Highway and Jalan Tampoi. JLand has completed construction of 87 units of double-storey terrace houses at Aliff Puteri 3 in June 2017. In total, this joint development has succeeded in developing 235 units of double-storey terrace houses and shop offices with completed amenities and facilities such as children's playground, football field and jogging track.

TAMAN MUTIARA GADING

Taman Mutiara Gading is a new mixed development located at Sri Gading, Batu Pahat, Johor. This development covers 95.50 hectares of land and consists of 1,809 units of residentials, 119 units of shop offices and commercial plot with GDV of RM700 million. This development project is strategically located 7 km from Batu Pahat city centre and accessible from Jalan Kluang as well as near to the proposed location of High Speed Rail (HSR) station that will be operated in 2026. Taman Mutiara Gading will be developed in stages and scheduled to be completed by year 2026.

Throughout 2017, JLand launched 200 units of double-storey terrace houses with GDV of RM77 million. JLand is also providing various amenities such as hospital, hypermarket, affordable homes, mosque and schools. Commenced in 2016, the construction of KPJ Sri Gading Specialist Hospital is expected to be completed in October 2018 with Gross Development Cost of RM70 million. The first phase of construction will consist of 90 beds out of 240 beds for the whole development. This facility will reduce the shortage of supply in hospital needs for residents in vicinity area.

MENARA JLAND

Set in the heart of Johor Bahru city centre, Menara JLand introduces a whole new concept of commercial green office building. The office tower is constructed according to Grade A office building and aimed for Green Building Index (GBI) Gold Certification. The green features incorporated in this tower such as superior day lighting, utilisation of double glazed low-E windows and designated parking bays for hybrid cars and carpooling increase the efficiency of resource use i.e. energy, water and materials, while reducing building impact on human health and the environment.

The 37-storey of Menara JLand is designed with dedicated Sky Garden in every 2 floors and observation deck at level 34 that offers a different experience and spectacular view of Johor Bahru. In 2017, this tower was 93% completed and is expected to be fully completed in April 2018.

Menara JLand is strategically positioned in the Ibrahim International Business District (IIBD) which aims to be the next international focal point for investment, commercial and corporate pursuits. This tower is easily accessible from Singapore and linked to six centres of economic growth within the range of 60 kilometres - Pasir Gudang, Senai, Iskandar Puteri, Tanjung Langsat, Pengerang and Tanjung Pelepas. Strategic linkage with pedestrian bridge linking the building with shopping centres in the city is considered as an advantage to Menara JLand and for visitors as well as city dwellers to do activities such as work, recreation or shopping.

AFFORDABLE HOMES

JLand as a responsible corporate entity is committed to the State Government's aspiration in providing affordable homes for those residing in city or rural areas through Dasar Perumahan Rakyat Johor. The signing of a Memorandum of

Agreement (MoA) between Johor Corporation and the Johor State Government in September 2013 shows commitment of JLand in developing more than 8,000 units of low cost and affordable homes in main locations such as Bandar Dato' Onn, Bandar Tiram, Bandar Baru Majidee, Taman Mutiara Gading, Jalan Kong Kong – Masai (Pasir Gudang), Kampung Londang Batu (Mersing), Lenga (Muar) and Kem Tebrau (Johor Bahru).

In 2017, JLand had completed 934 units of affordable homes with CCC. 304 units at Taman Seroja, Tampoi consists of 160 units low cost (RM35,000), 80 units medium low cost (RM50,000) and 64 units medium cost (RM80,000). Another 630 units at Bandar Tiram 1 were also completed, comprising of 250 units of MyHome, 190 units of low cost (RM35,000) and 190 units of medium low cost (RM50,000). A total of 1,172 units of affordable homes at Bandar Dato' Onn and at Kampung Londang Batu, Mersing are completed and scheduled to be handed over in second quarter of 2018.

In addition, 594 units and 728 units of low cost houses and affordable homes are under construction and scheduled to be completed in 2019 and 2020, respectively. The overall development of affordable homes is scheduled to be fully completed in 2025.

Majlis Pecah Tanah Pembinaan Perumahan Komuniti Johor (PKJ) Lenga, Muar was held on 12 February 2017 and *Majlis Penyerahan Surat Tawaran Skim Perumahan Mampu Milik Swasta (MyHome)* & *Rumah Pangsa Kos Sederhana Rendah Bandar Tiram* was held on 30 September 2017.

ROLE AS JOHOR CORPORATION'S DEVELOPMENT ARM

Being a developmental arm of Johor Corporation and in line with the State Government's aspiration to enhance and stimulate economic activities, JLand has embarked in developing and upgrading sports facilities and infrastructure in the Arena Larkin development to fulfil the needs of State Government and residents of Johor as well as for preparation of SUKMA 2020. The initiative began in 2017 and consists of construction of new indoor stadium, upgrading aquatic stadium and Stadium Bolasepak Negeri Johor as well as rearrangement of traffic in vicinity areas. Arena Larkin is developed on 43.30 hectares of land and is expected to be fully completed by 2019.

Besides that, JLand through Johor Corporation continues to expand its portfolio through its involvement in the State Government's project in upgrading heritage and cultural building for Programme Kembara Wangsa Kota Tinggi. The development will be developed in stages from year 2016 to 2021. To date, JLand had upgraded Balai Kota 1528 into a Tourist Information Centre (Balai Kota 1528). The project was successfully handed over to the State Government on 12 March 2017. Currently, development of Phase 1B which consists of upgrading works of Makam Laksamana Bentan showcase and construction of floating jetty are in progress and expected to be completed in 2019.

DASB MANAGES 205,000 SQUARE METRES OF LEASED SPACE WORTH ALMOST RM2 BILLION. STRATEGICALLY LOCATED IN KLANG VALLEY AND JOHOR BAHRU WITH AN AVERAGE OCCUPANCY RATE OF 89% AND 1,528 TENANTS

DAMANSARA ASSETS SDN BHD

Damansara Assets Sdn Bhd (DASB) is a wholly-owned subsidiary of Johor Corporation under the Property Division of Johor Corporation. DASB undertakes the development and management of commercial property, particularly shopping complexes and office buildings. As at 31 December 2017, DASB manages 205,000 square metres of leased space worth almost RM2 billion located in strategic locations in Klang Valley and Johor Bahru with an average occupancy rate of 89%. There are 1,528 tenants comprising various types of companies such as corporate bodies, government agencies, financial institutions, professional and private companies as well as small traders. Most of them are Bumiputera companies.

Property Division

DASB not only manages its own buildings namely Galleria@Kotaraya and Pusat Perniagaan Taman Dahlia but also managing Al-Salām REIT's buildings through its subsidiary, Synergy Mall Management Sdn Bhd The buildings consist of KOMTAR JBCC shopping centre and Pasaraya Komuniti @mart Kempas, while office buildings include Menara Komtar and Malaysian College of Hospitality & Management.

Synergy Mall Management Sdn Bhd received Best Shopping Centre award from the Ministry of Tourism Malaysia for KOMTAR JBCC in the Stand – Alone Shopping Centre category during the 20th Malaysia Tourism Awards 2016-2017.

Apart from that, DASB also manages the buildings of Johor Corporation Group such as Larkin Sentral, Menara Ansar, Jeti Tanjung Leman, Tunjuk Laut Beach Resort, VSQ1 Tower, Menara 238, Menara JCorp and Masjid Sultan Iskandar Bandar Dato' Onn. DASB has also been appointed by the Pengerang Local Authority to manage its buildings around Sungai Rengit and Teluk Sengat such as food stalls, bus terminal and public markets since December 2017.

In addition, DASB also plays a role as the Rental Agent for a new building owned by Johor Land Berhad namely Menara JLand. It is a Green Building and will be equipped with MSC Status. The 37-storey office building of Menara JLand will be occupied by conglomerate companies and become a new landmark in Johor Bahru City when completed in 2018. While the Galeri Menara JLand, located on the ground floor of the Menara KOMTAR, serves as a showroom and rental management office. The opening of the showroom was officiated by the Chief Minister of Johor on 22 January 2017.

Planning Stage of the Latest Shopping Centre – B5 Johor Street Market

In year 2017, DASB directly involved in the development planning of B5 Johor Street Market in Tampoi owned by Johor Land Berhad. B5 Johor Street Market is a Centralised Retail Tourism concept inspired by the Queen Victoria Market which is a tourist attraction in Melbourne, Australia. However, the concept is applied in a local context as reminiscence of the Old Johor heritage by making it an iconic location to locals and tourists in Johor Bahru. Hence, the design, surroundings and atmosphere are to reflect Johor's charm. It has five components including Retail Bazaar, Food & Beverage, Box Park, Food Truck and Culture & Arts. This project is the first of its kind in Malaysia and is expected to be completed by the end of 2019. The B5 Johor Street Market project has also been the Johor State Government Budget Touch Point of 2018.

Throughout the year 2017, various activities were undertaken by DASB to further strengthen the building management business.

Majlis Iftar with Government Agencies and *Persatuan Penyewa Larkin Sentral*

On 7 June 2017, DASB celebrated the Iftar Ramadan Al-Mubarak with 150 employees from various government agencies, members of the Persatuan Penyewa Larkin Sentral and Pusat Perniagaan Taman Dahlia at Selasih Sri Gelam Restaurant, Johor Bahru. The event aims to strengthen the relationship and enhance cooperation between the management with the government agencies and the associations of tenants.

Aidilfitri Gifts for the Less Fortunate Staff

As a company that upholds the Corporate Responsibility (CR) philosophy, on 15 June 2017, DASB in collaboration with Mutiara Johor Corporation and Briged Waqaf has given some money and basic necessities to the less fortunate staff for them to celebrate Hari Raya Aidilfitri. The beneficiaries were 166 staffs of HC Duraclean Sdn Bhd working at buildings managed by DASB and 10 employees of DASB.

DASB received certification from
SIRIM QAS International Sdn Bhd
to upgrade from ISO 9001:2008 to
ISO 9001:2015

Enhancement of Building Security

As a measure to enhance the confidence of visitors, especially foreign tourists, that the buildings are safe and free from any crime, DASB has increased the strength of the Auxiliary Police of Johor Corporation from 63 staffs in 2016 to 91 staffs at the end of 2017. On 7 September 2017, the ceremony of final marching parade was held for 28 new Auxiliary Police personnel comprising 21 male and seven female staff. The event was held at Dataran Kawad PULAPOL, Segamat. They have successfully undergone a two-month Basic Auxiliary Police's course and received a certificate from the Head of the Crime Prevention and Community Safety Department, Bukit Aman.

Collaboration between Angry Birds Activity Park Johor Bahru and Amari Hotel Johor Bahru

The strategic partnership between Angry Birds Activity Park Johor Bahru and Amari Hotel, which are internationally renowned brands, is aimed at attracting tourists to Johor Bahru City, especially to KOMTAR JBCC through marketing activities that benefit both parties.

On 12 September 2017, an exchange of document between Angry Birds Activity Park Johor Bahru and Amari Hotel was held at Amari Hotel Johor Bahru executed by DASB Executive Director, Tuan Haji Yusaini Haji Sidek and Mr. Wayne Lunt, General Manager of the hotel.

Through this collaboration, Hotel Amari Johor Bahru launches a family accommodation package offering free entrance tickets to Angry Birds Activity Park. During the event, a total of 30 orphans from Kalvari Welfare Centre were given free tickets to Angry Birds Activity Park through the company's Corporate Responsibility programme.

Angry Bird Crew (ABC) Challenge 2017

Angry Birds Activity Park Johor Bahru also has strategic partnerships with the Johor State Education Department through the Angry Birds Crew (ABC) Challenge programme. The programme is a platform for exposing students to a healthy lifestyle, building self-confidence, strengthening teamwork and forming leadership in addition to promoting the family theme park.

On 9 November 2017, the ABC Challenge 2017 Opening Ceremony was held at KOMTAR JBCC, officiated by the Head of the Human Development Sector, Johor State Education Department, Encik Mustaffa bin Ibrahim. ABC Challenge 2017 has the highest number of participants compared to the previous years which 500 students representing 100 teams from 57 schools from all over Johor. Sekolah Kebangsaan Bandar Uda 2 won the A and B categories in the ABC Challenge 2017 bringing home a cash prize of RM3,000, trophy, medal, annual pass to Angry Birds Activity Park Johor Bahru and certificates of participation.

Upgrading of ISO Certification

In order to strengthen the building management system which emphasises on continuous quality work practices, DASB has successfully received recognition from SIRIM to upgrade the certification from ISO 9001: 2008 to ISO 9001: 2015. SIRIM QAS International Sdn Bhd has conducted Surveillance Audit on 29 and 30 November 2017.

Opening of Centralized Ticketing System at Larkin Sentral

Visitor's comfort is the priority of DASB. Thus, the Public Transport Terminal at Larkin Sentral is upgraded from conventional system to Centralized Ticketing System which not only provides comfort and convenience to bus passengers but also eliminates ticket touts, enhancing further the Larkin Sentral's image.

The upgrading of the Centralized Ticketing System at Larkin Sentral began in March 2016 involving upgrading of 112 bus platforms, a 1,000-passenger waiting room, ticket counters ad kiosks as well as introducing the Centralized Ticketing System and also a drop-off and pick-up system at platforms besides upgrading the retail space.

Starting 15 December 2017, Larkin Sentral has launched the Centralized Ticketing System where consumers can purchase bus tickets for all destinations via the Manual Sales Counter, Ticket Kiosk and online.

As of December 2017, the upgrading work of the Centralized Ticketing System at Larkin Sentral, which cost RM15.7 million, was 92% completed. The project is expected to be fully completed in March 2018.

Financial Position of the Company 2017

DASB Group income as at 31 December 2017 was RM124.70 million compared to the same period in 2016 of RM117.95 million. Most of the revenue in 2017 was contributed by rental income from UTC in Galleria @ Kotaraya starting July 2017 as well as increased rental income from KOMTAR JBCC and the Menara KOMTAR as a result of an increase in occupancy rate to 93%.

DASB Group Profit Before Taxation as of 31 December 2017 was RM37.15 million compared to the same period in 2016 of RM27.09 million. This increase of RM10.06 million was due to the increase in group income as well as saving in administrative costs through prudent spending practices of RM17.37 million.

AL-`AQAR'S PROPERTY VALUE STOOD AT RM1.46 BILLION WITH A MARKET CAPITALISATION OF RM1.04 BILLION

AL-SALĀM REIT'S TOTAL ASSET VALUE STOOD AT RM988.8 MILLION WITH A MARKET CAPITALISATION OF RM580 MILLION

AL-`AQAR HEALTHCARE REIT

Al-`Aqar Healthcare REIT (Al-`Aqar or the Fund) was listed on the Bursa Malaysia on 10 August 2006. Established with an initial portfolio of 6 properties, Al-`Aqar has grown its portfolio to 22 properties comprising 19 hospitals and 3 healthcare related properties in Malaysia and Australia.

Al-`Aqar is managed by Damansara REIT Managers Sdn Berhad (DRMSB or the Manager), a wholly-owned subsidiary of Johor Corporation Group and supported by KPJ Healthcare Berhad (KPJ).

As at 31 December 2017, Al-`Aqar's property value stood at RM1.46 billion with a market capitalisation of RM1.04 billion.

Financial Performance

Al-`Aqar recorded revenue of RM99.6 million in FY2017, lower of 4.0% as compared to FY2016. Net property income (NPI) also decreased by 4.5% to RM93.2 million from RM97.6 million in FY2016. The decrease was mainly due to the disposal of Selesa Tower in 2017.

Profit for the year was RM82.1 million (FY2016: RM63.1 million) comprising realised profit of RM59.8 million (FY2016: RM61.5 million) and unrealised profit of RM22.3 million (FY2016: RM1.5 million).

Declared dividend FY2017 is 7.70 sen per unit totalling RM56.1 million, which represents 96% of the income available for distribution.

Business Review

For the year under review, Al-`Aqar had completed the disposal of Selesa Tower to Optimum Impress Sdn Bhd at a consideration of RM100 milion. The disposal enabled Al-`Aqar to realise the value of its investment in the property and the proceeds received was utilised to pare down the borrowings of RM80 million, purchase consideration of RM13 million for car park block in KPJ Selangor Specialist Hospital and for working capital purposes.

The acquisition of a 5-storey car park block in KPJ Selangor Specialist Hospital was completed on 27 December 2017.

Declared dividend in FY2017 is 6.00 sen per unit totalling

RM34.8 million

which represents 97.9% of the income available for distribution

Prospect

Al-`Aqar foresees to register a moderate growth for FY2018, supported by secured 100% tenancies and modest rental revision as well as via acquisitions.

AL-SALĀM REIT

Al-Salām REIT is a diversified Islamic REIT in Malaysia with assets strategically located in Johor Bahru as well as in major city throughout Malaysia. Al-Salām REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 29 September 2015. As at 31 December 2017, Al-Salām REIT's total assets value stood at RM988.8 million with a market capitalisation of RM580 million.

The principal activity of the trust is to invest in Shariah-compliant properties. The Fund's segments include Retail, Office, Food and Beverage (F&B), which consist of restaurant and non-restaurant outlets.

The Fund's property portfolio includes KOMTAR JBCC, Menara KOMTAR, @Mart Kempas, 22 KFC and Pizza Hut Restaurant outlets, 5 non-restaurant properties and a College building.

The Fund is managed by DRMSB which is also a Capital Markets Services License holder, authorised to carry out fund management activities in relation to REIT.

FINANCIAL PERFORMANCE

Al-Salām recorded revenue of RM80.0 million in FY2017, higher of 5.1% as compared to FY2016. Net property income ("NPI") decreased by 0.1% to RM56.7 million from RM56.9 million in FY2016. The increase in revenue was mainly contributed by a stronger performance in the retail segment while NPI was slightly lower due to increase in property expenses in Menara KOMTAR.

Profit for the year was RM40.6 million (FY2016: RM46.7 million) comprising realised profit of RM35.5 million (FY2016: RM36 million) and unrealised profit of RM5.1 million (FY2016: RM10.7 million).

Declared dividend in FY2017 is 6.00 sen per unit totalling RM34.8 million, which represents 97.9% of the income available for distribution.

Prospect

KOMTAR JBCC is expected continue to be the biggest contributor to the fund due to its strategic location remain as preferred destination for shopping in Johor Bahru whilst @Mart Kempas will remain resilient in this economic situation as evidenced by the improvement in its occupancy rate.

Menara KOMTAR to enjoy stable rental income in the long run, due being utilised as the main head office of Johor Corporation.

Al-Salām REIT foresee no changes in respect of the renewal or occupancy of Malaysian College of Hospitality and Management – formerly known as KFCH International College - since it is located strategically in the fast growing well-planned residential township of Bandar Dato' Onn.

The F&B Restaurants and F&B Non Restaurants were backed by long triple net lease arrangement which provide strong earnings resiliency for Al-Salām REIT will minimise the Fund's exposure to the hikes in operating expenses required for the properties in the long run.

Industrial Development Division

The Industrial Development Division (IDD) is the developmental arm of for Johor Corporation's industrial development. To date, the Division has successfully developed 31 industrial areas covering 5,837 hectares located throughout the state and registered RM78.92 billion investment from 1,828 local and foreign investors creating 196,369 job opportunities.

As at end of 2017,
Johor Corporation offers
480 hectares
industrial land mainly in
Tanjung Langsat Industrial Complex (TLIC)

For year 2017, demand for industrial land is still robust and the Division has attracted RM713 million investment to Johor amidst world economic uncertainty.

Johor Corporation has about 1,200 acres of industrial land bank as end of 2017, of which a majority of it is located within the Tanjung Langsat Industrial Complex (TLIC). The Division is actively embarking on an expansion mode by developing new industrial parks to cater to the anticipated strong world economic growth, O&G sector recovery and expansion of Industry 4.0 in Pengerang and Sedenak.

SEDENAK INDUSTRIAL PARK

a) Sedenak Industry 4.0 Hub & Smart City

Sedenak Industrial Park, located 50 kilometres from Johor Bahru is part of the planned 20,234 hectares Sedenak-Kulai Smart Valley under the Iskandar Malaysia Economic Zone. The 2,834 hectares land owned by Johor Corporation has been earmarked as the next Industry 4.0 hub cum Smart City.

b) Sedenak Iskandar Data Hub (SIDH)

Malaysia Digital Economy Corporation (MDEC), the principal entity spearheading the future of Malaysia's digital economy, is in collaboration with Johor Corporation to plan and develop SIDH as an international standard data centre. AECOM, a Fortune 500 world renowned design and engineering firm, has been commissioned to design SIDH's master plan based on the principle of live-work-play. Development works for the Tier III data centre had started in 2016 and as of December 2017 Johor Corporation has completed works on 121 hectares. The first data centre is projected to commence operations in 2020.

c) National Robotics Hub

Johor Corporation and Siasun Robot Investment Co Ltd (Siasun) on 14 May 2017 had signed a Cooperation Intention Agreement (CIA) to develop eight components (four centres and four institutes) that will produce six outcomes within six years.

DEVELOPMENT OF MUAR FURNITURE PARK

Johor Corporation has been entrusted by State Government to spearhead the development of a furniture park to fulfil the manufacturing requirements and marketing of furniture products especially in Muar. The project will enable furniture manufacturers currently operating on agriculture land in Muar to be relocated to a more systematic area, equipped with complete infrastructure facilities and enablers. Physical development of the 399 hectares land will be completed in three years and will generate RM1.3 billion investment through 213 factories.

OIL & GAS SUPPORTING INDUSTRY IN PENGERANG

Johor Corporation plans to develop a 476 hectares industrial estate specifically for O&G supporting industries in PIPC. The first phase of 352 hectares land will be developed for downstream industries i.e, aromatics complex, chemical products manufacturing, storage yard for oil and gas equipment, and oil and gas engineering and services.

The development of phase two of 125 hectares area is the long term continuity of Johor Corporation's involvement in PIPC. Located adjacent to phase one, the area is planned for small and medium industries that provide support to activities in RAPID.

Johor Corporation's presence will complement the existing and upcoming facilities in PIPC such as Pengerang Deepwater Terminal, maritime industrial park and commercial services hub.

EXPANSION OF TANJUNG LANGSAT INDUSTRIAL COMPLEX (TLIC)

Tanjung Langsat Industrial Complex (TLIC) is Johor Corporation's industrial area that specialised for heavy industry. Until December 2017, 115 local and foreign investors had committed investment worth RM29 billion, of which 71 investors with investment value of RM17.75 billion has started operation. To cater to robust demand, Johor Corporation is planning to expand further with a 309 hectares area.

Industrial Development Division

TLP TERMINAL SDN BHD

The management and operations of Tanjung Langsat Port (TLP) is led by Johor Corporation fully owned subsidiary company, TLP Terminal Sdn Bhd (TLPT).

Cargo handling for year 2017 declined by 10% to 11.2 million metric tonnes compared to previous year where by petroleum based cargo contributed 94% of overall cargo handling in TLP. For dry and bulk cargo, TLP handled 0.34 million metric tonnes, an increase of 13% compared to year 2016.

The most significant achievement for TLPT in 2017 is the grant of Terminal Operator Licence by Johor Port Authority for a further period of 29 years until 31 May 2046.

PORT BUSINESS

The Port's strategic location of only 12 nautical miles from international shipping lane, and its attentive berthing facilities capable of handling vessels of *Suezmax* and *Aframax* sizes have positioned the Port as a preferred harbouring destination among traders and investors. The PTL is equipped with 9 berths; 7 for liquid cargo and 2 for dry goods/bulk cargo. In the pipeline is the construction of two new dry berths which will increase the port's overall capacity to 30 million metric tonnes. The port is also supported by cluster development as follows:

a) Oil Storage Tank

Oil Storage Tanks with capacity of 922,800 cubic metres is located within 161 hectares area comprises oil terminal for petroleum and petrochemical products as well as tankage facilities for edible oil. Several notable companies are currently in operation such as Langsat Terminal (One) Sdn Bhd; Langsat Terminal (Two) Sdn Bhd that also operate Deepwater Terminal in Pengerang through Dialog Berhad; Musim Mastika Oil & Fats (M) Sdn Bhd; and also Langsat Bulkers Sdn Bhd.

b) Oilfield Services & Equipment Hub (OFSE)

An area of 202 hectares has been allocated for OFSE companies. Some notable companies in operation thus far include French-based Asiaflex Products Sdn Bhd (company in Technip Group), Kiswire Neptune Sdn Bhd; and Bahru Stainless Sdn Bhd (Subsidiary of Acerinox Pte Ltd).

c) Regional Marine Supply Base

Regional Marine Supply Base was developed by Langsat OSC Sdn Bhd and Langsat Marine Terminal Sdn Bhd each with an area measuring 50 hectares. As to date, both areas have attracted RM300 million investment.

i. **Langsat OSC Sdn Bhd (LOSC)** Construction of the Common User Supply Base (CUSB) by LOSC was completed and currently in operation with Public Bonded Warehousing License and Licensed Manufacturing Warehouse status in accordance to Sections 65 and 65A of the Customs Act 1967. The CUSB is equipped with 16 units of warehousing facilities to meet the needs of downstream activities of O&G companies. With the expertise from joint venture partner, Oilfields Supply Center Limited, whom successfully manages facility of the same concept in Jebel Ali, Dubai, several renowned O&G related service providers are currently leasing in this area.

ii. **Langsat Marine Terminal Sdn Bhd (LMT)**

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

Johor Skills trained
3,906 participants
through various skill training courses in 2017

Expansion of
Dry Cargo Jetty worth
RM143 million
will increase capacity by
155%

ENABLER – FREE COMMERCIAL ZONE

Johor Corporation's move to set up a Free Commercial Zone (FCZ) within the port area is to capitalise on the Port's strategic location and meet investors' needs for such facilities. The Ministry of Finance on 3 June 2016 has granted approval for Johor Corporation to set up the facility within a 75-hectare site. The FCZ status has been gazetted on 10 April 2018. With its completion and upon its operations, the area is poised to be an integrated logistics hub in the region. As to date, several local and foreign investors have committed to set up their facilities and taken up 40 percent of available land within the FCZ.

ENABLER – PALM OIL INDUSTRIAL CLUSTER

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

ENABLER – JOHOR SKILLS DEVELOPMENT CENTRE SDN BHD

Johor Skills plays a significant role by providing skills training and contributes to the effort made by the government to enhance the retraining and upgrading of skilled manpower needed by industries. The Centre assists State Government in addressing the issue of mismatched skills required by industries by providing specialised skills training which in turn helps to boost the state's competitiveness as the preferred investment location especially by foreign investors. For year 2017, a total of 3,906 participants have attended courses and programmes organised by the centre. Johor Skills also offers long term certificate programmes which are required by industries particularly in the O&G industry, and furniture manufacturing industry.

CONTINUOUS EFFORT ON UPGRADING OF PORT FACILITIES

The Division strives to continuously attract new investors to TLP through various efforts including upgrading plans especially for port facilities:

i. **Expansion of Dry Cargo Jetty**
Based on the upward trend in dry cargo activities forecast involving dry cargo jetty's current and new users namely MSM Malaysia Holdings Bhd, Johor Corporation has planned to construct two new berths at the Dry Cargo Jetty. The RM143 million expansion will begin in fourth quarter of 2018 and expected to be completed by year 2020. Upon completion, the capacity will increase by 155% from 2 million tonnes to 5.1 million tonnes per year.

Industrial Development Division

AS AT 31 DECEMBER 2017, TTSB HAS SUCCESSFULLY COMPLETED 34 PROJECTS COMPRISING OF 10 COMMERCIALS AND 24 INDUSTRIAL RELATED PROJECTS WITH A COMBINED VALUE OF RM95.69 MILLION. AMONGST MAJOR PROJECTS UNDERTAKEN BY TTSB INCLUDING THE CONSTRUCTION OF KULIM'S RESEARCH AND DEVELOPMENT CENTRE (R&D) AT LADANG REM KOTA TINGGI; ESCALATOR AND LOBBY IN LARKIN SENTRAL, AND EARTHWORK AT TANJUNG LANGSAT FREE COMMERCIAL ZONE.

TPM TECHNOPARK SDN BHD

TPM Technopark Sdn Bhd (TTSB) is a wholly-owned subsidiary company of Johor Corporation. The Company provides project management services for commercial and industrial developments and also in the sales and promotion of industrial properties owned by Johor Corporation. For the financial year ended 31 December 2017, TTSB and its group of companies' recorded a revenue of RM54.17 million against RM67.39 million in 2016. Profit before tax slid by RM1.6 million compared to the previous year. The decline is partly due to 'wait and see' strategy taken by potential investors following world economic uncertainty.

TTSB's balance sheet remains fundamentally strong as net tangible assets increased to RM125 million in 2017, against RM117 million as recorded in the preceding year.

Nevertheless, TTSB's financial performance is expected to improve in 2018 by taking into consideration the commencement of many industrial development and commercial projects in the near future although the industrial property's market condition is expected to be more challenging in years to come.

MARKETING FOR INDUSTRIAL LAND

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 to Johor with focus on TLIC, Sedenak Industrial Park and Pengerang as ideal and strategic locations for their investments. In 2017, TTSB took part actively in several trade missions organised by Malaysian Investment Development Authority (MIDA) as well as Johor State Government to overseas namely Japan, China and European countries (Hamburg, Amsterdam and Stockholm).

TTSB in collaboration with Industrial Development Division has 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 project manager whereby in 2017, TTSB manages 45 of Johor Corporation Group's projects with overall estimated value at RM115 million.

As at 31 December 2017, TTSB has successfully completed 34 projects comprising of 10 commercials and 24 industrial related projects with a combined value of RM95.69 million. Amongst major projects undertaken by TTSB including the construction of Kulim's Research and Development Centre (R&D) at Ladang REM Kota Tinggi; Escalator and Lobby in Larkin Sentral, and earthwork at Tanjung Langsat Free Commercial Zone.

In addition, TTSB also acted as project manager for projects awarded by the Prime Minister's Department via State Development Office (SDO) of Johor. Throughout 2017, TTSB manages 11 SDO projects with an estimate value at RM19.3 million. Since 2011, TTSB has managed 65 projects valued at RM134.48 million.

CONSTRUCTION OF READY BUILT FACTORIES

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

In furtherance to the above, TTSB through Johor Corporation had also received a Federal Government's grant amounting RM30 million for the development of ready built factories to cater for Bumiputera's small and medium players located in the heart of Pasir Gudang Industrial Area. The project has kicked off in January 2017 and expected to be ready by end of 2018.

PARK MANAGEMENT

TTSB has been appointed to execute the pilot project for management of industrial areas in Johor. Planning process is on-going and is expected to be implemented in 2018.

FUTURE PROSPECT

For the next 5 years, IDD has planned to increase industrial land banks which will provide substantial income towards TTSB and Johor Corporation's coffers. This can be achieved through developing new industrial areas within the state of Johor namely in Muar, Pengerang, Sedenak and by also expanding the existing Tanjung Langsat Industrial Complex. The Division also plan to execute corporate exercise through restructuring and harvesting; as well as ensuring prudent financial management are implemented at all operational levels.

The Division expects the all the planned projects can be implemented successfully and this in turn will position the Division as one of the main contributors to the profits and cashflow to Johor Corporation as well as to strengthen its role in leading the industrial development in Johor.

Since 2011,
TTSB has managed
65 SDO projects valued at
RM134.48 million

30 units premises
for Bumiputera small and medium players are expected to be ready by end of 2018

Business Development Division

> **Johor Corporation is an instrument of Johor State Government entrusted with implementing an entrepreneurship development programme for the continuation of economic drive especially in Johor.**

As at 31 December 2017, there were **27 companies** placed under the **Intrapreneur 2.0 Scheme** with a turnover of

RM411 million

INTRAPRENEUR

The Johor Corporation Entrepreneur Development Programme is implemented through various approaches by focusing on two target groups. First, to support entrepreneur development and opening up of business opportunities to increase the number and strengthen the quality of entrepreneurs in Johor. Second, to create competitive entrepreneurs who are able to contribute yearly through dividends and generate strategic social impacts to Johor Corporation and its Group of Companies.

To ensure that the Intrapreneur Scheme continues to be relevant, Johor Corporation is introducing a new Scheme, the Intrapreneur Scheme 2.0. It is an improvement to existing schemes that provide incentives for intrapreneur and intrapreneur to be. Among the proactive and significant measures through these schemes are, intrapreneur as the prime shareholder in their own company and the opportunity to graduate within 5 years of participation.

To attract more employees and external entrepreneurs to join the Intrapreneur 2.0 Scheme, Johor Corporation organises the JCorp Intrapreneur 2.0 Challenge on 13 and 14 October 2017 in Persada Johor. The event received cooperation from SME Corp. A total of 19 entries were received, which included seven members of the workforce and 12 others from outside entrepreneurs. A total of 12 entries entered the final stage. The winners were offered matching grants and participation in the Intrapreneur Scheme 2.0.

As at 31 December 2017, there were 27 companies placed under the Intrapreneur 2.0 Scheme with a turnover of RM411 million. The performance of overall profit before tax for the period was RM8.50 million. Seven intrapreneur companies have posted their profit before tax of more than RM1 million, despite the challenging economy.

For the financial year ended 31 December 2017, 10 intrapreneur companies were under Kulim (Malaysia) Berhad; Johor Corporation (8); KPJ Healthcare Berhad (6); Waqaf An-Nur Corporation Berhad (2); and QSR Brands (M) Holdings Bhd (1).

To ensure growth in a rapidly changing business environment, our intepreneurs are encouraged to embrace innovation in their product and service offering. The intrapreneur's achievement is clearly showed by Microwell Bio Solutions Sdn Bhd which runs agroculture and organic products. It earned the Certificate of Innovation Patent certification from the Commission of Patents, Australia in November 2017.

Its Managing Director, Mr Md Nasaruddin Abdullah, was awarded the Malaysian Industry & Entrepreneur Personality 2017. Syarikat Pengangkutan MAJU Berhad received the Best Operator Controlling Bus and Best Customer Service Award at the Land Public Transport Industry Award 2017 on 27 October 2017.

The achievement of these two intrapreneur is the effective testimonial of Intrapreneur Scheme 2.0 and the commitment of Johor Corporation to carry out entrepreneur development programmes. Similar commitments have also been extended to the agricultural industry to support the government's aspiration for National Food Security Programme through Bumiputera Entrepreneur Development Programme in Chicken farming Industry with the target 80 intrapreneur by 2023, besides farming entrepreneurs for chilli cultivation projects.

BUSINESS DEVELOPMENT

Various initiatives have been undertaken to expand the business sector of Johor Corporation and Group of Companies. Several strategic actions were implemented throughout 2017.

On 29 March 2017, MoU Exchange between SME Corp Malaysia and Johor Corporation as strategic partner of the Local to Global Corporations Programme (LGC) Ascend 800 was officiated by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry. This was a business networking and entrepreneurial effort under the Programme of SME Corp and Johor Corporation.

For the Cili Bangi project, Johor Corporation has executed a pioneer project involving 1.2 hectare land. It was cultivated by Absolute Ambient Sdn Bhd in Mukim Bukit Batu, Sedenak, Johor as a catalyst programme to produce agricultural entrepreneurs. Through this pioneer project, 1.4 ton of chilies were harvested from March 2017. Three farmers were also identified as potential entrepreneur of this crop.

On 3 May 2017, Johor Corporation signed an investment agreement of RM10 million in Axiata Digital Innovation Fund (ADIF). ADIF is the largest corporate venture capital fund in Malaysia. It is a collaboration between Axiata Group Bhd (Axiata) and Malaysia Venture Capital Management Bhd (MAVCAP). It was established to support the government's aspiration to develop a comprehensive digital ecosystem to accommodate the growth of digital economy. Axiata invest RM50 million in ADIF while MAVCAP RM20 million.

Johor Corporation's participation in ADIF is an initiative to create a more conducive Group business environment and to strengthen the Group's competitive edge by creating synergistic opportunities with investment receivers in ADIF. As at 31 December 2017, ADIF has invested RM44 million in 14 companies of which RM26 million or 59% of the investments are in Bumiputera companies.

The Bumiputera Entrepreneur Development Programme in Halal Chains of Large-Scale Chicken Industry of Johor state is a government initiative to help consumers tackle the issue of supply instability and the price of chickens. The Johor State Economic Planning Unit (UPENJ) has appointed Johor Corporation as the anchor in implementing the programme. Four companies comprising of 12 entrepreneurs will be developed by Johor Corporation in Johor this year. It involves the collaboration between Johor Corporation and Agrobank.

The 'Roadmap' of the Entrepreneur Development Project was launched on 8 October 2017 in conjunction with Ekspo Johor Berkemajuan 2017 at Dataran Mahkota, Kota Iskandar, Iskandar Puteri. Through a strategic partnership with Johor Fisheries Department, Johor Corporation through its corporate responsibility initiative, supported the establishment of the Refugia Udang Karang Information Centre at Tanjung Leman Jetty, Johor on November 20, 2017. It is a technical reference centre on coral reef and marine species under threat in Tanjung Leman. This initiative supports educational and awareness activities on the importance of protecting and preserving our environment and natural resources.

Corporate Responsibility Division

Corporate Responsibility is the third pillar of Johor Corporation. The duty is upheld by the Corporate Responsibility Division of Johor Corporation, which is operationalised via Waqaf An-Nur Corporation Berhad, Yayasan Johor Corporation, Koperasi Perbadanan Johor to realise the mission of helping the less fortunate through entrepreneurship training programmes, charity and education.

FACTS ON LARKIN SENTRAL TERMINAL

26,000 commuters daily
49 bus operating companies
577 business lots and bazaar

Waqaf Saham Larkin Sentral

Waqaf Saham Larkin Sentral (Larkin Sentral) is an initiative incorporated by Waqaf An-Nur Corporation Berhad (WANCorp) to champion welfare and promote wellbeing of society as a whole. This is to open opportunities to individuals and institutions alike to subscribe to the Larkin Sentral shares with minimum amount of RM100 or 1,000 unit shares of RM0.10 per share via waqf to WANCorp through *Hujjah Waqf*.

The targeted total of RM85 million new shares offered will be used to finance the construction of the upgrade and refurbishment of Larkin Sentral Transportation Terminal and Wet Market at Johor Bahru. The fund will also be used for purchase of land, construction of multi-storey parking and shop lots devoted to single mothers and lower income groups.

An-Nur Mosques

Waqaf An-Nur Corporation Berhad managed six mosques that are located in Galleria@Kotaraya Shopping Complex, Larkin Sentral Terminal, Bandar Pasir Gudang, Kompleks Pasir Gudang, Taman Cendana and its newly built mosque, Masjid Sultan Iskandar at Bandar Dato' Onn. An-Nur Mosques chain plays an important role in making the mosque not only as a place of worship but centre for local Islamic community. Various programmes are organised by WANCorp and the respective mosque committees to ensure that the mosque continues to flourish.

An-Nur Mosques chain, especially Masjid Sultan Iskandar, became an attraction when various activities by State Government and the public were held there. One notable event was the recitation of Yassin and Solat Terawih organised by the Johor State Government with the then Deputy Prime Minister.

HWAN and KWAN

Since 1998, Johor Corporation has to date developed 24 units of Klinik Waqaf An-Nur (KWAN) nationwide and a Hospital Waqaf An-Nur (HWAN) in Pasir Gudang, Johor. The outpatient medical services at KWAN can be enjoyed by all walks of life and backgrounds with a minimum fee of RM5 only. As at December 2017, a total of 1,443,674 treatments were carried out by KWAN, of which 116,859 treatments were delivered to non-Muslim patients. The clinics were also equipped with 64 dialysis machines, an increase, compared to 54 machines in 2014. A total of 307 kidney patients received benefits by undergoing treatment at central dialysis which was provided for only RM90.

Jalinan Ukhuwah™

Jalinan Ukhuwah™ is an annual CR programme carried out by WANCorp with the aim to foster ties between Johor Corporation and the society besides contributing directly to the welfare of the local community through *gotong-royong* activites, free health checks, mosques activities and donation of contributions to the needy. The programme demonstrates Johor Corporation's interaction and commitment in supporting the well-being of rural and suburban communities as well as over 1,000 locals in each of the selected locations. The activity was conducted by Briged Waqaf™ Johor Corporation and representatives of the Corporate Responsibility Division and Strategic Communications Department. This programme received good response from community leaders in Johor as it involves all districts in Johor.

Briged Waqaf™

Briged Waqaf™ is a volunteer group of which members are composed of employees from the companies within Johor Corporation Group. They are active in handing out humanitarian aid and carrying out community services. Disaster Relief missions have been the core of Briged Waqaf™ activities. In order to enhance the skills of its volunteers, selected members of Briged Waqaf™ were registered for Civil Defence Emergency Response Team (CDERT) voluntary course. The course was organised by Briged Waqaf™ in collaboration with Malaysia Civil Defence Department through its yearly camping at Tanjung Leman Beach Resort, Mersing.

Briged Waqaf™ sent its volunteers to Pulau Pinang to help KPJ Healthcare Hospital and KFC staff that were affected by flood disaster incidence in 2017.

Dana Niaga™

Dana Niaga™ is an economic development initiative that offers business financing to micro entrepreneurs via Islamic financing product with interest free financing (*Al-Qardhul Hassan*). The initiative is aimed to support the growth of Muslim-owned businesses to help drive and uplift the economy of the ummah. As at December 2017, the microcredit programme has benefited 392 entrepreneurs, with total fund of RM879,300. In November 2017, Dana Niaga™ is strengthened further with the recognition by the Ministry of Housing and Local Government on Waqaf An-Nur Corporation Berhad as a Licensed Money Lender.

Bistari Entrepreneuship Programme

Since its introduction in 1992, until 2017, a total of 21,775 students from 187 secondary schools had benefitted from Tunas Bistari Programme. On the other hand, Didik Bistari Programme had benefitted 10,410 students from 170 primary schools since its introduction in 2005.

YAYASAN JOHOR CORPORATION

Yayasan Johor Corporation Tuition Project

Yayasan Johor Corporation Tuition Project has been implemented since 2012 in collaboration with Johor State Education Department. This programme is specifically targeted towards poor students in selected Primary Schools throughout State of Johor. To date, a total of 3,990 students from 40 schools had benefited from the programme.

Learning methods were not only confined in the classroom but there is also an *E-Learning* platform deployed through *Classruum.com*, with the objective to promote distance learning. The tuition project is supported by Johor Corporation Group of Companies namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Johor Land Berhad and QSR Brands (M) Holdings Bhd.

Pro Du-It (Financial Literacy Programme)

The programme was developed to enhance awareness of financial management amongst youth and adults. It focuses on systematic financial management skills such as training, savings and making the right financial decision.

Corporate Responsibility Division

The financial literacy module were developed with University of Malaya to create a 'Financially Literate' generation for children aged 7 to 12 years. The programme has been introduced in state of Johor schools in 2017. Until now this programme had benefited 1,500 students from 30 schools. During that period, students were provided with a log book to record their transactions.

Kelas Rancangan Usahawan Programme

Johor Corporation were also involved in entrepreneurship activities that began in 1992 with the start of Tunas BISTARI programme, for secondary school students throughout State of Johor.

In 2016, Yayasan Johor Corporation and Johor State Education Department signed a Memorandum of Understanding (LOC) to establish "Kelas Rancangan Usahawan (KRU)". This new programme is focused on Form 4 and 5 students from Commerce, Economics, and Accounting streams.

To-date, 22 schools have been selected to participate in this programme with the participation of 44 companies.

BizSiswa Programme

Implementation of entrepreneurial education is not limited only to school students, but it has also been expanded to Higher Education Institution through the Siswa BISTARI programme. In 2016, the Siswa BISTARI programme was rebranded to BizSiswa. Currently, 14 companies in five universities have started their business activities namely Malaysian College of Hospitality & Management, University of Malaya, Universiti Teknologi Malaysia, KPJ University College and UiTM Puncak Alam.

The programme also includes the mentoring involvement of Johor Corporation management and executive as well as entrepreneurs. BizSiswa is a programme to create and form young generation with entrepreneurial characteristics such as leadership skill, self reliancy, and being able to think creatively and innovatively.

Semarak Jawi™ Education Programme

Semarak Jawi™ is one of the innovations from Johor Corporation corporate responsibility programme through WANCorp. The sponsorship of the Utusan Jawi newspaper for two consecutive years that ended in September 2017 has shown Johor Corporation's high commitment in defending and cultivating Jawi writing especially among the younger generation.

The Jawi News Portal in Malaysia can be accessed via *www.utusanmelayu.com.my*. More than 170,000 visitors have received news and current issues in Jawi texts. Semarak Jawi™ Contest was also organised to cultivate the use of jawi texts. The one-year contests offer a grand prize of Proton Iriz and attracted a total of 312 participants in the monthly contest whereas 3,744 people participated in the weekly contest.

Jelajah Semarak Jawi™ programme organised by Yayasan Johor Corporation was also held in Johor state schools. To date, almost 3,603 students and teachers from 407 schools have benefited from this programme.

JDT Football Club Sponsorship

Since 2013, Johor Corporation has been among the main sponsors of Johor Darul Ta'zim (JDT) football club. The sponsorship is not merely due to the involvement of millions of football views and supporters, but also as a symbol of Johor Corporation's undivided support towards, the Royal Patron of JDT, His Royal Highness Tunku Ismail Ibni Sultan Ibrahim, Tunku Mahkota of Johor in developing Johor football scene. Through the effective management of the club by His Royal Highness Tunku Ismail Ibni Sultan Ibrahim, Johoreans are able to hold their heads high with

the achievements of JDT, following their success in championing the Super League for four consecutive years in 2014, 2015, 2016 and 2017. In addition, the JDT's outstanding success in 2017 was to win the Malaysia Cup.

Mutiara Johor Corporation

Mutiara Johor Corporation was established to support the welfare of female employees and spouse of Johor Corporation male employees. The organisation has carried out various religious, social, education, welfare and recreational activities for its members. Mutiara Johor Corporation is actively involved with various activities organised by each bureau and Committee Members to ensure more members and the public benefit from the organised programmes. Among the programmes carried out for the year 2017 are fardhu ain classes, mortuary management classes, and Solat Hajat (Special Prayer) for children of Johor Corporation employees who were sitting for UPSR, PT3, SPM & STPM exams. Iftar continues to be a routine year to celebrate the needy. Also, Sumbangan Amal Ramadhan for employees and those in need were also held.

In 2017, Mutiara Johor Corporation in collaboration with MERCY Malaysia, has launched "Relief Fund for Middle East Conflict Areas" to raise donations to aid conflict victims in Syria, Palestine and Yemen. The proceeds from the fund is channelled to MERCY Malaysia for medical supplies and medical equipment to support the health services programme of war victims in the country. To ensure the welfare of its employees is maintained, Mutiara Johor Corporation partnered with Johor Corporation to provide Gymnasium for the use of staff members and the provision of Lactation Room for its members.

Johor Sailing Association & Malaysia Sailing Association

Johor Corporation has pioneered sailing activities through its involvement in Johor Sailing Association (JSA) and Malaysia Sailing Association (MSA). Both associations are led by YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive of Johor Corporation who are also the appointed President of JSA and MSA. The associations are actively involved in promoting and developing sailing in the national and global arena. Besides dominating the local arena, sailboat athletes have now made a successful international breakthrough. At the biennial Games, SEA Games 2017, the athletes have shown excellent performance by being among the top gold medals contributing to the national team to crown the overall champion of the SEA Games 2017 by winning 6 Gold, 4 Silver, 4 Bronze.

Group Human Capital Management Division

There are various activities that had been organised by the Group Human Capital Management Division in the year 2017 including the tradition meeting session since 1985, namely the 'Majlis Perhimpunan Dialog dan Amanat (PEDOMAN)'.

PEDOMAN Johor Corporation 2017 was held on 10 January 2017 at Persada Johor which involved more than

1,000 employees

PEDOMAN Johor Corporation 2017 was held on 10 January 2017 at Persada Johor which involved more than 1000 employees. The ceremony also witnessed graduation of Johor Corporation Leadership Programme Cohort 2, Promotion Ceremony and also introduction of the new Director.

Realising the importance of human capital in the organisation, Group Human Capital Management Division through the Human Capital Management – Operation Department had organised a number of activities to encourage engagement session such as *Kopitiam Session* to let the employees received a direct feedback from the Division's Vice President, whilst Human Capital Open Day had been a platform to share the information regarding human capital activities. Further, the division had taken the initiative to restructure a better salary scheme and competitive salary scale based on current economic and market situation. Another notable activity is to encourage the healthy culture and practices among the employees, Jom Sihat 2.0 Programme, which was launched on 22 March 2017.

Johor Corporation also participated in Kembara Kerjaya 4.0 initiated by Johor State Government, Johor State Economic Planning Unit and Azam Kerja Muafakat Johor from 29 March until 2 April 2017. Six districts were visited namely Kota Iskandar, Kluang, Batu Pahat, Muar, Segamat and Johor Bahru to identify potential pool of talents to fulfill career opportunities in Johor Corporation.

The roles of Human Capital Committees in 2017 have grown and now cover strategic issues, new course of direction and initiative. On the Human Capital's Main Planning, a numbers of initiative and mutual activities had been made among the Human Resources' Practitioner in Johor Corporation and Group of Companies. HR Strategic Retreat Programme held from 21 to 23 of December 2017 at Cheringin Hills Convention & Spa Resorts, Pahang became the main highlight. Through the programme, few resolutions were achieved including Human Capital Pledge which was fully implemented among Group HR leaders.

Also in 2017, a new system known as Human Capital Management System (HCMS) had been developed which includes HR Core module, HR Recruitment, HR Training, HR Performance Management System and HR Talent Management. These systems were developed in collaboration with ICT Advancement Division and will be fully integrated and be deployed in stages in 2018.

2017 was a catalyst year in transforming HR into a "business partner". This was made possible by major changes that were instituted as early as January. To inculcate and strengthen a "Culture of High Performance", HR drove the implementation initiative on Balanced Scorecard for Johor Corporation. A group of 17 KPI coordinators were certified by the BSC Institute and George Washington University College of Professional Studies. These KPI Coordinators played a key role to ensure the KPIs were cascaded and aligned for each division and department. The staff appraisal forms were also changed to accommodate the BSC as well as incorporating the new 13 leadership competencies that are aligned to four key business drivers. A more general behavioural competency was also implemented for Executives and Executive Assistants.

To further strengthen the leadership bench strength, HR undertook a succession planning exercise to identify and assess a total of 43 potential successors for business and functional leaders' positions for Johor Corporation and the Group. Using proven methodology, HR was able to objectively assess these potential successors in regards to their performance as well as their potential. Those who met the qualifying criteria were then included in the newly established Group Leadership Talent Pool. They will undergo development interventions to further enhance their leadership capabilities for future succession.

Apart from continuous upskilling initiative, HR also developed the Technical Competency Model and Dictionary which will be incorporated into the assessment for the respective technical disciplines. This will further build organisational capabilities by ensuring that staff possesses the required technical competencies in order to perform their roles and responsibilities effectively.

Human Resource Development Department – Education is continuing the Johor Corporation Education Sponsorship Programme (JESP) initiative by sponsoring 18 future graduates in Engineering, Accountancy, Economics, Town Planning and also Actuary Science. This initiative is crucial in creating professional talent pool for Johor Corporation as a successful conglomerate moving forward, active in various fields and industries.

Continuous monitoring was also done for Johor Corporation Chartered Accountancy Programme (JCAP) trainees as the future pipeline of Chartered Accountants for Johor state. A strategic collaboration with selected accounting firms allow participants to obtain Professional Certification such as ICAEW, ACCA, MICPA and CPA Australia while acquiring working experience in the big accounting firms in Malaysia including United Kingdom.

Johor Corporation is also supporting the Skim Latihan 1Malaysia (SL1M) organised by the Prime Minister Department by offering placement in Johor Corporation to 33 trainees. The SL1M programme has become another platform and initiative to produce relevant professional workforce, to help reduce unemployment and to increase the number of graduates with working experience.

On 13 July 2017, a play entitled '*Our Iceberg Is Melting*' was staged under the initiative of Pusat Sumber & Galeri Johor Corporation in collaboration with Human Resource Development Department – Education which involved 35 SL1M trainees. The staged play was based on an international bestseller management book by John Kotter and Holger Rathgeber. The play is a new approach to Johor Corporation's book review programme since it was first introduced in 1988. This is also in line with the current times as well as Johor Corporation's Business Continuation Mission.

Group Human Capital Management Division

Human capital development is one of the fundamental basis for the survival of an organisation. Hence, to develop successful human capital in terms of leadership and personality, several programmes have been implemented in 2017.

Following the approval of Johor Corporation Leadership and Management Development Framework (LMDF), which was approved in December 2016, one of the leadership-oriented programmes organised under the LMDF was the Basic Management Programme (BMP) for an executive who served the company for less than 3 years. This one-year programme were attended by 20 participants from Johor Corporation. In addition, a total of 36 Johor Corporation employees and Group of Companies were also involved in the Johor Corporation Leadership Programme (JLP) Cohort 3.

Meanwhile, the implementation of the Johor Corporation Directors Conference 2017 sparked a new revolution way in organising the programme. For the first time, participants are required to download their own notes via QR Code that has been provided by using suitable communication tools. This effort was made to support the desire and recommendations of the President & Chief Executive of Johor Corporation in the PEDOMAN 2017 towards innovative initiative which subsequently lead to cost saving. The objective of the conference is to enhance the fiduciary of each company's directors on the current issues as well as recent developments related to corporate governance and therefore to ensure the effectiveness of the management of a business entity. The conference that was attended by 284 participants not only involved the directors from Johor Corporation and Group of Companies, but was also participated by other organisations such as Perbadanan Islam Johor, Kumpulan Prasarana Rakyat Johor, Yayasan Pelajaran Johor and Setiausaha Kerajaan Johor.

Johor Corporation Core Value 2.0 culturalisation activities continued throughout 2017 to ensure that employees were constantly aware of the five Johor Corporation Core Values 2.0 comprised of Integrity, Professional, Innovative, Loyal and Teamwork. There were value & culture briefings, Core Values Icons Mix and Match Competition as well as photography competition, short videos, quiz and article-writing competitions in commemoration of Johor Corporation 47 Years Anniversary; Johor Corporation Close Sports Competition and also a survey on employee's level of understanding towards Johor Corporation Core Values 2.0.

Subsequently, Johor Corporation will progress towards implementing Culture Intervention Plan – the second phase of Johor Corporation Corporate Culture Development. It will be implemented in mid-2018, focusing on the inculcation of value system into better integration with corporate culture and blueprint.

Johor Corporation also promotes improvement of quality and innovation culture at all levels within the Group through MEKAR competition. It was part of the programme itinerary of JCorp's Mision Innovation Business Day 2017 on 13 & 14 December 2017.

In general, 2017 witnessed a remarkable increase of initiatives in terms of performance improvements, various recognitions and certifications, on top of upskilling in leadership, character and human capital improvement of Johor Corporation and Group.

Group ICT Advancement Division

Aspiring business with enabling technology to deliver performance.

To thrive and compete successfully in **Digital Economy, Digital Transformation** has become the

Top Strategic Priority

for Johor Corporation

There is little doubt that businesses today are radically being reshaped by digital disruption or popularly known as the Industry 4.0 revolution. Though the speed and impact may vary across industries, it is clear that digital transformation is definitely not "nice to have" but rather "essential to survive". Hence to thrive and compete successfully in this digital economy, digital transformation has become the top strategic priority for Johor Corporation. This strategic significance is reflected in the re-positioning of the Group ICT Advancement Division to navigate change and build new technology capability to deliver value and business growth to the Johor Corporation Group.

Year 2017 has seen a tremendous achievement of Group ICT Advancement Division via various milestones, successfully achieved internally and externally.

Group ICT Advancement Division

THE ICT MASTERPLAN AIMS TO PROVIDE A STRATEGIC ALIGNMENT BETWEEN BUSINESS AND ICT, ALLOWING JOHOR CORPORATION TO MEET ITS BUSINESS OBJECTIVES THROUGH TECHNOLOGY ENABLEMENT OPPORTUNITIES.

- **ICT Masterplan 2017 – 2022**

The ICT Masterplan is an initiative identified in the Johor Corporation Innovation framework to position and build capability focusing on technology and innovation. It aims to provide a strategic alignment between Business and ICT, allowing Johor Corporation to meet its business objectives through technology enablement opportunities.

The development of this ICT Masterplan takes into consideration the design principles that aligns to Johor Corporation business objectives, addresses the current business challenges and adopts technology megatrends and leading industry practices.

The 6-year roadmap (2017–2022) enlisted high impact ICT projects and initiatives approved by Johor Corporation Board in December 2016 and was launched at Pedoman Eksekutif 2017.

The ICT Masterplan consists of five Strategic Thrusts encompassing:

I. **Effective Governance** to deliver world class ICT service.
II. **Collaborative Business Ecosystem** to enhance customer experience.
III. **Optimised Technology Platform** for improved connectivity to foster collaboration and innovation.
IV. **Strengthen Cyber Security** to provide secured cyberspace.
V. **Professional & Competent Workforce** that is highly skilled.

The ICT projects and initiatives identified in the masterplan will be implemented in a three-phased approach aimed to Laying the Foundation (Phase 1), Strengthening the Organisation (Phase 2) and Maturing the Business (Phase 3).

- **Governance Structure**

Restructuring of the Group ICT Advancement Division organisation chart was done with the Division having more strategic roles reporting directly to the President & Chief Executive of Johor Corporation. The structure adopts a Federated Model where the ICT Advancement Division has centralised function at the Group level to provide strategic alignment between HQ and its subsidiaries. As such the followings were established:

Group IT Steering Committee (GITSC): A vertical structure providing oversight and governance role at Group level. It is chaired by the President & Chief Executive of Johor Corporation. Its main function is to advise and counsel to shape ICT direction in JCORP ecosystem based on cross-business and enterprise requirements.

CIO Circle: A horizontal structure across the businesses providing platform for networking and knowledge sharing. Its main function is to foster innovation through keeping current with trends in the industry, including current and future technologies. It is also to promote knowledge sharing between sectors and businesses.

The first CIO Circle series was organised by Johor Corporation's Group ICT Advancement division with the theme on Succeeding with Big Data, followed by second event by KPJ Healthcare on Achieving New Heights Through Digital Innovation and the following series was held by QSR Brands focusing on Digital Customer Experience in 2017.

Taking on the positive outcome of the event, the series will continue in 2018 with confirmed participation from Kulim (Malaysia) Berhad and Johor Land Berhad.

- **Business solution and Technology advancement**

Throughout the year of 2017, various ICT projects and initiatives identified in Phase 1 of the ICT Masterplan were kick started with the aim to build a strong foundation or the fundamentals to re-position ICT capability for Johor Corporation.

Focus was given to the improvement of key technology areas for enhanced connectivity via high-speed network infrastructure, mobile and wireless technology, Internet and Cloud services. This has led to Johor Corporation ICT infrastructure going through series of technology refresh and upgrade. Network infrastructure is redesigned to ensure improved security, performance and high availability.

The Group ICT Advancement Division continues to drive improvement of enabling business process automation. Business facing ICT projects have been implemented and successfully completed particularly in the financial reporting and analysis; via the Electronic Consolidation and Periodical Financial Reporting (PFR) system with Group Finance Division for Group-wide deployment and human resource management; via the Human Capital Management System (HCMS) with Group Human Resource Division. Additionally, the Division is developing its own in-house data analytics platform and capability as part of the Centre of Excellence initiative on Big Data.

Group ICT Advancement Division

- **JCorp Cybersecurity**

The cybersecurity risk management framework is developed as part of Johor Corporation's objective of achieving ISO/IEC 27001-ISMS certification by 2020. The framework adopts various IT compliance and governance leading practices into a unified model to allow the Johor Corporation Group to effectively and efficiently implement, monitor and optimise its ICT control environment. The Division has conducted various campaigns and cybersafe programmes to raise awareness and maturity level on cybersecurity within the organisation.

Furthermore, to strengthen its cybersecurity capability, Johor Corporation has formed Johor Corporation Emergency Response Team or JcCERT which is served as the trusted point of contact for reporting security incidents and to support effective response to cybersecurity attacks through systematic incident handling process. JcCERT has the representative of key businesses in Johor Corporation's Group of Companies like KPJ Healthcare, QSR Brands, Kulim, Johor Land and others.

- **ICT Day 2017**

For the first time in Johor Corporation history, an ICT open day was held in Johor Corporation headquarters which become an avenue for introduction of technologies and ICT initiatives to the whole organisation. Sessions of interactive showcases, knowledge sharing, live demo and latest technology exhibition by strategic partners and vendors were organised with participation of more than 200 employees.

The event was graced by YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive with supports received from various subsidiaries.

- **JCORP Wifi**

In November 2017, Johor Corporation via its Group ICT Advancement Division has initiated a state-wide project of providing free internet access to the rakyat of Johor via JCORP Wifi. Connecting the business and people, the project complements the Johor Wifi initiative previously embarked by the State Government.

The Cybersecurity Risk Management Framework is developed as part of Johor Corporation's objective of achieving **ISO/IEC 27001-ISMS** certification by 2020

JCORP Wifi provides high speed internet connectivity on 24/7 basis at more than 800 hotspots at public places covering over 300 locations throughout the state of Johor. This initiative is aimed to support the Johor State agenda on digital economy and e-commerce apart from ensuring that every rakyat has the opportunity to be connected to the world.

The JCORP Wifi project is targeted to complete in quarter one 2018 fulfilling the Projek Titik Sentuhan Kerajaan Negeri Johor, with further expansion of hotspots and locations in the state target to set in end of 2018.

Corporate Governance Statement

Johor Corporation has always emphasized on the good corporate governance process in managing the activities and affairs of the Group. Under the dynamic environment, Johor Corporation practices good corporate governance such as transparency, integrity, accountability and professionalism.

Johor Corporation also emphasises on compliance with laws and regulations such as the Johor Corporation Enactment No.4 / 1968 (as amended by the Enactment No.5 / 1995), the Corporation Act (State Legislative Competency) 1962 (Act 380) and Loan Guarantee Act (Establishment of the Corporation) 1965 (Act 96).

Johor Corporation places corporate governance structures with clear internal control systems, reporting lines and responsibilities and easy-to-understand procedures.

BOARD OF DIRECTORS

Composition

The Board of Directors of Johor Corporation comprises of 12 members including the Chairman, Deputy Chairman, three representatives from the State Public Service of Johor, three representatives from the Federal Government, three Independent Directors and also the President & Chief Executive of Johor Corporation. All except President & Chief Executive, is a Non-Executive Director.

Job & Responsibilities

The Board is responsible for the overall performance of Johor Corporation by setting direction and objectives, ensuring the adequacy and integrity of the strategy, financial performance, business issues and internal control system of Johor Corporation.

As enshrined in the Enactment, the Chairman has a different role with President & Chief Executive. The Chairman who is not among the management is responsible for ensuring that the Board is functioning as expected. He also ensures that the Board and management constructively discuss on various matters, especially on strategic issues and business planning processes.

Instead, the President & Chief Executive Officer is responsible for controlling the flow of information between the Board and management to ensure it is of the highest quality and the latest. Management has always provided adequate and up-to-date information to the Board to make it easier for them to decide other than to provide the Group with continuous operational and financial performance reports.

Board Meetings

The Board meets to analyse the latest performance of Johor Corporation and discuss matters relating to business policy and strategic issues within Johor Corporation and Group of companies. The Chairman may call the meeting at any time and upon written request by not less than five of the Board of Directors, calling a special meeting within one month from the date of such request. Throughout 2017, the Board has convened five times.

Board Committees

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

Governance Committees

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

- **Group Top Management Committee (TERAJU)**
  The committee is chaired by the President & Chief Executive and consists of 13 members whose roles include deliberating and deciding strategic issues of Johor Corporation and Group of Companies. The Committee meets every month.

- **Teraju Korporat Committee**
  The committee is chaired by the President & Chief Executive with 14 members. The role of the committee includes verifying decisions made in various committees such as the Executive Committee (EXCO) and so forth. The committee meets weekly.

- **Executive Committee (EXCO)**
  The committee is chaired by the Vice President and comprises 21 members from the management of Johor Corporation. The Committee discusses matters pertaining to operations and finance and advances significant recommendations to the Teraju Corporate Committee for further consideration and approval. The committee meets weekly.

COMPANY ADMINISTRATION SYSTEM

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

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

CORPORATE GOVERNANCE IN LISTED ENTITY AT JOHOR CORPORATION GROUP

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

JOHOR CORPORATION BUSINESS CONTINUITY MISSION

Johor Corporation is in line with the key principles on corporate governance as set out in the 1999 Finance Committee Report. It involves the concept of corporate governance that extends beyond corporate laws and regulations but basically refers to an organisation's systems, processes and structures.

To further strengthen Johor Corporation's corporate governance framework as well as to strengthen the role of the economic institution in the State of Johor, the President & Chief Executive has introduced the concept of Business Continuity at Johor Corporation level. Basically, the Business Continuity refers to the following key ideas:

"ENSURE JOHOR CORPORATION REMAINS RELEVANT AND RESILIENT AS AN ECONOMIC INSTITUTION IN THE 21st CENTURY LANDSCAPE – RESILIENT IN BUSINESS, CONTRIBUTING TO ECONOMIC DEVELOPMENT AND BENEFITS TO STAKEHOLDERS THROUGH CORPORATE GOVERNANCE, INNOVATION AND CORPORATE RESPONSIBILITIES"

The Business Continuity Department is set up with a mandate to review and strengthen corporate governance systems and practices in Johor Corporation with regard to innovation and corporate responsibility. Among the initiatives undertaken by the department during 2017 include:

I. Implementation of projects under the Strategic Innovation Framework and Corporate Responsibility of Johor Corporation (Phase 1 & 2);

II. Implementation of the Johor Corporation New Wave Wealth Generation project;

III. The publication of "JCorp's Fortnight Economic Intelligence Report" which is a periodic publication of the current economic reports of Johor, nationally, regionally and globally and distributed for information and internal use of Johor Corporation;

IV. Establishing a "14 Brown Bag Sessions" which is a session of knowledge sharing of innovations and corporate responsibilities to all employees of Johor Corporation; and

V. Implementation of the Economic Development Corporation (PKEN) Transformation initiative sponsored by the Ministry of Finance.

On 13 & 14 December 2017, JCorp Business Innovation Mission Day was held at Persada Johor International Convention Centre. Various activities related to innovation and corporate responsibility are organised during the programme including lunch talks / forums, pocket talks, booth operations, site visit, exhibitions and Elevator Pitch sessions for the JCorp Intrapreneur Programme 2.0.

JCorp's Intrepreneur 2.0 programme is set up to support innovation initiatives and to address the country's agenda in entrepreneurship as well as the Small and Medium Industry. The programme is open to all Malaysian citizens and the main objective of the programme is to obtain business credentials, brilliant and dynamic ideas from new millennium entrepreneurs.

INTEGRITY

Integrity in Business

Johor Corporation and its Group of companies are committed to assist in the Government's efforts to combat corruption and abuse of power at the organisations and individuals by instilling integrity value in conducting business. This is evidenced by the Corporate Integrity Pledge signed by the President & Chief Executive of Johor Corporation on 26 November 2013 and followed by the JCorp Group of Companies on 8 January 2014.

Subsequently, Johor Corporation and its Group of companies undertake several initiatives to ensure that integrity programmes are enhanced and sustained. Apart from the No Gift and Entertainment Policy, two other policies were implemented at Johor Corporation and Group of companies which have been approved by the Board of Directors of Johor Corporation on 5 March 2018. The policies are:

i) **Contribution and Sponsorship Policy**
   - Explain the guidelines pertaining to the grant and sponsorship authorized by the Corporation.

iI) **Johor Corporation Supporting Letter Policy**
   - Explain the actions to be taken by the Johor Corporation employees when receiving a letter of support from government leaders, influential individuals or any parties regarding an official affair of Johor Corporation.

TRANSPARENCY

Transparency in Decision Making Process

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

Transparency Among Business Partners

In order to promote transparency among all business partners, Johor Corporation establishes a communication channel for information delivery through 'Borang Perakuan Peradaban' used by contractors and suppliers which have dealing with Johor Corporation. The contractor and supplier can provide information directly to the President & Chief Executive if they have any information about misconduct or irregularities among employees.

In addition, to strengthening existing complaint mechanisms, Johor Corporation undertakes Whistleblowing Policy where the complainant complains or disseminates information in good faith and non-maliciously, the identity of the complainant and the information given will be kept confidential and the complainant is protected from potential harmful action.

The Whistleblowing Policy aims to facilitate the employees of Johor Corporation, contractors, suppliers, agents or any outside parties to disclose any improper conduct. This Policy also aims to provide protection against the identity of the whistle-blowers that makes disclosure of improper conduct as provided under Section 6 of the Whistle-blower Protection Act 2010.

Transparency in Employee Performance Assessment

The Government-Linked Company Key Performance Indicators (KPIs) / Johor State Councils were first introduced by the Johor State Government under the leadership of the Honourable Johor Chief Minister from 2015. This year, KPIs of the Government-linked companies include Johor Corporation, in its second year of implementation.

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

ACCOUNTABILITY AND AUDIT

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

Risk Management and Internal Control

The Risk Management Statement & Internal Control Statement which outlines the scope, duties and responsibilities, internal control features of Johor Corporation for the financial year ended 31 December 2017 is as stated in the Risk Management Statement and Internal Control Statement on page 79.

Relationship with Auditors

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

Statement on Risk Management & Internal Control

Johor Corporation is committed to maintain intact risk management system and internal control to ensure governance at every level runs smoothly. Risk management and internal control is an important aspect to enhance governance practices in Johor Corporation.

RISK MANAGEMENT

Risk Management Statement

Johor Corporation maintains a risk management and internal control system for every business undertaken within the group. Risk management and internal control are important aspect in improving governance practices at Johor Corporation.

Risk Management

Risk management is necessary to ensure the process of identifying, analysing, evaluating and treating certain risks. Through risk management, Johor Corporation is able to identify risk threats in advance and provide control strategies to curb risk in order to assist in the decision-making process. Risk management also involves continuous monitoring to ensure that existing risks can be addressed or eliminated and take into account new risks that may arise.

Johor Corporation's Risk Management Framework is based on best practice standards for Australia / New Zealand Risk Management (AS / NZS 4360:2004); Committee of Sponsoring Organisations of the Treadway Commission (COSO) in Organisational Risk Management – Integrated Framework (2004); and the International Organisation for Risk Management Standardization – Principles and Guidelines (ISO 31000:2009). The Risk Management Framework outlines the governance, structure, processes and risk management responsibilities at Johor Corporation.

The latest Risk Management awareness session was held on August 2017 for all departments to maintain a risk awareness culture and promote understanding of the importance of risk management amongst employees.

Risk Management Report

Previously, the Risk Management Report was tabled in the Risk Management Committee. Following the restructuring of the Committee at Johor Corporation in 2017, the Risk Management Committee was repealed and the reporting for risk management was tabled in the Board Governance and Business Ecosystem Committee. Further information on the Board of Business Governance and Ecosystem Committee is on page 17.

Statement on Risk Management & Internal Control

Risk Management tasks and responsibilities are as follows :-

Board of Directors	• Responsible for Governance of Risk Management and Legal Compliance at Johor Corporation. Approved the Risk Management Policy and Compliance Framework.
Board of Governance & Business Ecosystem Committee	• Monitoring of Governance for Risk Management and Legal Compliance at Johor Corporation. • Monitor procedures and practices in identifying, assessing, addressing and detecting risk exposures to Johor Corporation and Group. • Give opinion / advise management from time to time regarding the types of resources and the internal control required in dealing with such risks. • Regularly report to the Board on issues or risks encountered. • Identify and access the key risks systematically. • To access potential risks and opportunities. • Develop and implement risk management strategies and set responsibilities for each actions plan in managing the key risks within each business unit. • Conduct a quarterly review on risk trends, actions plan status and update reports to Board of Directors.
President & Chief Executive	• Responsible for overall risk management: risk policy, risk monitoring and reporting to Board of Governance & Business Ecosystem Committee. • Monitoring of Risk Management and Legal Compliance. • Determination of acceptable risk and risk treatment levels. • Monitoring of the Master Risk Register and always report to the Board of Governance & Business Ecosystem Committee on the risk issues.
Top Management	• Strategic assessment and operational risk, management, monitoring and reporting to the President & Chief Executive through Group Audit for all risks.
Group Risk Management Department	• Manage the process of identifying and monitoring risks at Johor Corporation. • Maintenance of Risk Register. • Responsible for creating, implementing and disseminating the Risk Management Framework. • Encourage workers to implement best practices for risk-related matters. • Provide opportunities for on-going training for all employees and promote a culture of risk at Johor Corporation. • Ensure that employees are informed of risk management issues.
Employees	• Awareness of operational and business risks along with appropriate capabilities and responsibilities to identify and report on increased risk or new risks in a timely manner. • Provide insights and advice to top management for best risk management practices.
Internal Audit	• Provide independent professional advice on key risks and control issues when requested. • Conduct periodic audit on Johor Corporation's risk management process.

FEATURES OF THE INTERNAL CONTROL

Control Framework

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

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

Financial Reporting

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

Operating Controls

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

Investment Appraisal

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

Monitoring Controls

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

INTERNAL AUDIT

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

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

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

To ensure that the internal audits are performed by competent professionals and technical knowledge remains current and relevant, GIA provides appropriate training and development opportunities to its staff, including the Certified Internal Auditor (CIA) programme. At present, there are ten (10) practicing CIAs throughout Johor Corporation Group.

Board Governance & Business Ecosystem Committee Report

Following from the restructuring of the committees at Johor Corporation in 2017, several proposed reshuffle of the existing committee framework were conducted and approved by the Board of Directors on 18 June 2017. Among of them was the re-branding of the Audit Committee as the Board Governance & Business Ecosystem Committee (BGBEC).

The rebranding process was conducted to reposition the name of the committee with the portfolio entrusted. Portfolio addition involves ecosystem improvement. This is because the functions under this portfolio are able to improve Johor Corporation's business governance ecosystem.

Composition

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

Yang Berhormat Dato' Haji A. Rahim Haji Nin, member of the Board and is currently the State Financial Officer of Johor. Yang Berbahagia Tan Sri Abu Kassim Mohamed was appointed as a new member of the BGBEC effective 1 November 2017 and previously was the Chief Commissioner of the Malaysian Anti-Corruption Commission (MACC). Puan Hajah Zainah Mustafa is a Fellow of the Association of Certified Chartered Accountants (ACCA) United Kingdom.

ATTENDANCE AT MEETINGS

BGBEC meets on a scheduled basis at least four (4) times a year. In 2017, BGBEC met in four (4) occasions (including one (1) special meeting on 5 April 2017) as follows:

	Date of Meeting			
	19 FEB	5 APR	28 JUL	19 NOV
YBhg Datuk Ibrahim Bin Ahmad *(Appointed on 1 September 2017)*	-	-	-	✓
YBhg Tan Sri Abu Kassim Bin Mohamed *(Appointed on 1 November 2017)*	-	-	-	✓
YB Dato' Haji A. Rahim Bin Haji Nin *(Appointed on 22 October 2017)*	-	-	-	✓
YBhg Puan Hajah Zainah Binti Mustafa	✓	✓	✓	✓
YBhg Encik Izaddeen Bin Daud *(Retired on 31 August 2017)*	✓	✓	✓	-
YB Tuan Haji Mohd Nasir Bin Abd Salam *(Retired on 19 October 2017)*	✓	-	✓	-
YBhg Datuk Dr Hafsah Binti Hashim *(Retired on 12 September 2017)*	✓	✓	✓	-

DUTIES AND RESPONSIBILITIES

The role of BGBEC includes:

Internal Audit

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

External Audit and Financial Statement

- Review the year-end financial statements of Johor Corporation, focusing particularly on:
  - Compliance with accounting standards and other legal requirements;
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit; and
  - Special emphasis.
- Meet separately with the external auditors;
- Review the external auditors' management letter and response from management;
- Discuss the problems or observations arising from the interim and final work of the audit; and
- Recommend for approval to Board members on Johor Corporation's Financial Statements.

Risk Management

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

Compliance

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

Inspectorate

- Review and deliberate the findings, conclusions and recommendations by the Group Inspectorate and Project Monitoring Department;
- Propose the actions to be taken in furtherance to the review and deliberation of the findings, conclusions and recommendations by the Group Inspectorate and Project Monitoring Department.

Ethics and Integrity

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

Business Continuity Management

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

Strategic Planning

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

Other Responsibility

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

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2017, included in the activities of the BGBEC were the followings:

- Review reports by the Internal Audit Committee (IAC) which had held its meetings on 7 February 2017;
- Review and approved the GIA Annual Audit Plan for the year 2017;
- Review and deliberate reports and findings pursuant to internal audit exercises by Johor Corporation and its Group of Companies as well as propose the actions pursuant thereto;
- Discuss problems and reservations arising from the interim and final audits, and any matter both internal and external auditors may wish to discuss (in the absence of management where necessary);
- Review the adequacy of the scope, functions and resources of the external auditors, and that it has the necessary authority to carry out its work;
- Review the results of year-end audit by the external auditors and discussed the findings and other concerns of the external auditors;
- Review reports by the Risk Management Committee (RMC) which had held its meetings on 6 February 2017;
- Review the implementation of the strategic initiative of Johor Corporation's Business Continuity Mission executed throughout the year 2017 by the Business Continuity Management Department;
- Discuss the findings reported by the Inspectorate and Project Monitoring Department and recommend for improvement towards better corporate governance practices and project management;
- Discuss the relevant Acts and Guidelines that governed Johor Corporation and its Group of Companies;
- Discuss the completion of initiatives and activities undertaken by the Group Integrity Unit throughout the year 2017; and
- Review the current status of lawsuits involving Johor Corporation and its Group of Companies.

Financial Statement

Financial Statement

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
JOHOR CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2017

Report on the Financial Statements

Opinion

The Financial Statements of Johor Corporation and the Group for the year ended 31 December 2017 have been audited by my representative, which comprise the Statements of Financial Position as at 31 December 2017 and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, summary of significant accounting policies and notes to the financial statements as set out on pages 94 to 247.

In my opinion, the financial statements give a true and fair view of the financial position of the Johor Corporation and of the Group as at 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with financial reporting standards in Malaysia and Johor Corporation Enactment (No. 4 of 1968) (as amended under Enactment No. 5 of 1995).

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b. I have considered the accounts and the auditors' reports of all the subsidiaries of which I have not acted as auditor, as disclosed in Note 17 to the financial statements.

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

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

Other Matters

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

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

PUTRAJAYA
27 MAC 2018

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 2017.

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	542	113
Loss from discontinued operations, net of tax	(83)	-
Profit net of tax	459	113
Profit attributable to:		
Owner of the Corporation	398	113
Non-controlling interests	61	-
	459	113

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.

Director's Report

DIRECTORS

The names of the Directors of the Corporation in office during the financial year and during the period from the end of the financial year to the date of the report are:

YAB Dato' Mohamed Khaled Bin Nordin	(Chairman)
YBhg Tan Sri Dr Ali Bin Hamsa	(Deputy Chairman)
Yang Berhormat Dato' Kamaruzzaman Bin Abu Kassim	(President & Chief Executive)
YB Dato' Tuan Haji Azmi Bin Rohani	
YB Dato' Ishak Bin Sahari	
YB Tuan Haji Mohd Nasir Bin Abd Salam	(Retired on 19 October 2017)
YB Tuan Haji A. Rahim Bin Haji Nin	(Appointed on 20 October 2017)
YBhg Datuk Siti Zauyah Binti Md Desa	
YBhg Dato' Azman Bin Mahmud	
YBhg Datuk Dr Hafsah Binti Hashim	
YB Datuk Haji Md Jais Bin Haji Sarday	
YBhg Encik Izaddeen Bin Daud	(Retired on 31 August 2017)
YBhg Datuk Ibrahim Bin Ahmad	(Appointed on 1 September 2017)
YBhg Datuk Seri Dr Ismail Bin Haji Bakar	(Appointed on 1 October 2017)

DIRECTORS' REMUNERATION

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

DISTRIBUTION OF FUND TO STATE GOVERNMENT

The amount of distribution of fund that will be paid by the Corporation to Johor State Government for the financial year ended 31 December 2017 is RM11 million (2016: RM11 million).

OTHER 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 prepared, the Directors took reasonable steps to ascertain that:

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

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

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

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

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

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

OTHER INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

(e) In the opinion of the Directors:

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

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

Signed on behalf of the Board of Directors:

DATO' MOHAMED KHALED BIN NORDIN
Chairman

DATO' KAMARUZZAMAN BIN ABU KASSIM
President & Chief Executive

Johor Bahru
27 MAC 2018

Statements by Chairman and One of the Directors of Johor Corporation

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 2017 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
27 MAC 2018

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

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

Subscribed and solemnly declared
by the abovenamed
at Johor Bahru on 27 MAC 2018

Before me,

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

Commissioner of Oaths

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

	Note	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Continuing operations					
Revenue	**4**	**5,579**	5,355	**245**	288
Cost of sales		**(3,786)**	(3,633)	**(19)**	(56)
Gross profit		**1,793**	1,722	**226**	232
Other items of income					
Other income	**5**	**498**	520	**176**	348
Other items of expense					
Distribution expenses		**(36)**	(43)	**(4)**	(7)
Administrative expenses		**(1,213)**	(1,171)	**(113)**	(117)
Other expenses	**6**	**(63)**	(195)	**(51)**	(215)
Finance costs	**7**	**(423)**	(433)	**(122)**	(129)
Share of results of associates, net of tax		**14**	77	**-**	-
Share of results of joint ventures, net of tax		**95**	64	**-**	-
Profit before tax from continuing operations	**8**	**665**	541	**112**	112
Tax	**11**	**(123)**	(126)	**1**	8
Profit from continuing operations, net of tax		**542**	415	**113**	120
Discontinued operations					
Loss from discontinued operations, net of tax	**12**	**(83)**	-	**-**	-
Profit net of tax		**459**	415	**113**	120

Statements of Comprehensive Income

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

	Note	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Other comprehensive income /(loss), to be reclassified to profit or loss in subsequent periods:					
Net income on available for sale financial assets		**14**	8	**-**	-
Foreign currency translation of foreign operations		**31**	(2)	**-**	-
Other comprehensive income /(loss), not to be reclassified to profit or loss in subsequent periods:					
Net surplus/(deficit) from revaluation of property, plant and equipment		**478**	121	**(84)**	(10)
Other comprehensive income/(loss), for the financial year, net of tax		**523**	127	**(84)**	(10)
Total comprehensive income for the financial year		**982**	542	**29**	110
Profit attributable to:					
Owner of the Corporation		**398**	274	**113**	120
Non-controlling interests		**61**	141	**-**	-
		459	415	**113**	120
Total comprehensive income attributable to:					
Owner of the Corporation		**861**	401	**29**	110
Non-controlling interests		**121**	141	**-**	-
		982	542	**29**	110

Statements of Financial Position

As at 31 December 2017
Amounts in RM Million Unless Otherwise Stated

	Note	Group 2017	Group 2016	Corporation 2017	Corporation 2016
ASSETS					
Non-current assets					
Property, plant and equipment	13	10,330	9,731	414	608
Land held for property development	14(a)	469	137	365	73
Investment properties	15	3,640	3,609	1,499	1,450
Intangible assets	16	250	261	-	-
Investment in subsidiaries	17	-	-	3,327	3,195
Investment in associates	18	258	249	4	4
Investment in joint ventures	19	1,408	1,351	-	-
Deferred tax assets	20	306	280	259	209
Other investments	21	215	221	-	-
Trade and other receivables	23	65	51	-	153
		16,941	15,890	5,868	5,692
Current assets					
Property development costs	14(b)	1,332	1,245	690	457
Inventories	22	324	183	18	21
Trade and other receivables	23	1,440	1,575	143	425
Other currents assets	24	8	523	-	329
Other investments	21	5	16	56	48
Tax recoverable		68	53	3	3
Derivative financial instrument	25	-	-	-	-
Cash and bank balances	26	882	1,268	30	77
		4,059	4,863	940	1,360
Assets of disposal group classified as held for sale	27	795	327	317	192
		4,854	5,190	1,257	1,552
Total assets		21,795	21,080	7,125	7,244

Statements of Financial Position

As at 31 December 2017

Amounts in RM Million Unless Otherwise Stated

	Note	Group 2017	Group 2016	Corporation 2017	Corporation 2016
EQUITY AND LIABILITIES					
Current liabilities					
Current tax liabilities		**64**	55	**-**	-
Loans and borrowings	**28**	**2,307**	2,349	**11**	406
Trade and other payables	**29**	**1,944**	1,817	**1,055**	917
Derivative financial instrument	**25**	**2**	-	**-**	-
		4,317	4,221	**1,066**	1,323
Liabilities directly associated with disposal group classified as held for sale	**27**	**203**	-	**-**	-
		4,520	4,221	**1,066**	1,323
Net current assets		**334**	969	**191**	229
Non-current liabilities					
Trade and other payables	**29**	**271**	87	**378**	368
Other long term liabilities	**30**	**1,056**	970	**783**	694
Deferred tax liabilities	**20**	**935**	857	**302**	280
Loans and borrowings	**28**	**6,387**	7,158	**2,609**	2,610
		8,649	9,072	**4,072**	3,952
Total liabilities		**13,169**	13,293	**5,138**	5,275
Net assets		**8,626**	7,787	**1,987**	1,969
Equity					
Capital reserves	**31(a)**	**471**	443	**55**	55
Asset revaluation reserve	**31(b)**	**1,540**	1,152	**118**	202
Currency fluctuation reserve	**31(c)**	**(64)**	(80)	**-**	-
Fair value adjustments reserve	**31(d)**	**69**	55	**-**	-
Equity transaction reserves	**31(e)**	**(66)**	(61)	**-**	-
Revenue reserve	**31(f)**	**4,460**	4,074	**1,814**	1,712
		6,410	5,583	**1,987**	1,969
Non-controlling interests		**2,216**	2,204	**-**	-
Total equity		**8,626**	7,787	**1,987**	1,969
Total equity and liabilities		**21,795**	21,080	**7,125**	7,244

Statement of Changes in Equity

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

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

Statement of Changes in Equity

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

2017 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 2017	443	1,152	(80)	55	(61)	4,074	5,583	2,204	7,787
Profit net of tax	-	-	-	-	-	398	398	61	459
Other comprehensive income									
Revaluation surplus on property, plant and equipment	-	435	-	-	-	(2)	433	45	478
Fair value adjustment for available for sale financial assets	-	-	-	14	-	-	14	-	14
Foreign currency translation of foreign operations	-	-	16	-	-	-	16	15	31
Total other comprehensive income for the financial year	-	435	16	14	-	(2)	463	60	523
Total comprehensive income for the financial year	-	435	16	14	-	396	861	121	982
Transaction with owner									
Reclassification	47	(47)	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(116)	(116)
Disposal of subsidiaries	-	-	-	-	-	-	-	(20)	(20)
Dilution of interest in subsidiaries	-	-	-	-	-	1	1	31	32
Accretion of interest in subsidiaries	(19)	-	-	-	(5)	-	(24)	(4)	(28)
Distribution of fund to State Government	-	-	-	-	-	(11)	(11)	-	(11)
	28	(47)	-	-	(5)	(10)	(34)	(109)	(143)
Closing balance at 31 December 2017	471	1,540	(64)	69	(66)	4,460	6,410	2,216	8,626

Statement of Changes in Equity

For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

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

	Capital reserves	**Asset revaluation reserve**	**Revenue reserve**	**Total equity**
Opening balance at 1 January 2017	**55**	**202**	**1,712**	**1,969**
Profit net of tax	**-**	**-**	**113**	**113**
Other comprehensive loss				
Revaluation deficit on property, plant and equipment	**-**	**(84)**	**-**	**(84)**
Total comprehensive income for the financial year	**-**	**(84)**	**113**	**29**
Transaction with owner				
Distribution of fund to State Government	**-**	**-**	**(11)**	**(11)**
Closing balance at 31 December 2017	**55**	**118**	**1,814**	**1,987**

Statements of Cash Flows

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

	Group		Corporation	
	2017	2016	2017	2016
OPERATING ACTIVITIES				
Profit before tax:				
Continuing operations	**665**	541	**112**	112
Discontinued operations	**(84)**	-	**-**	-
Adjustments:				
Property, plant and equipment:				
Net gain on disposal	**(40)**	(17)	**(32)**	(9)
Written off	**12**	42	**-**	-
Depreciation	**521**	390	**14**	24
Impairment loss	**13**	12	**-**	-
Investment properties:				
Changes in fair value	**(107)**	(290)	**(5)**	(194)
Net gain on disposal	**-**	-	**(13)**	-
Gain on disposal of:				
Associates	**-**	(1)	**-**	-
Other investments	**(1)**	-	**(33)**	-
Compensation on investment	**(36)**	-	**-**	-
Bargain purchase on acquisition of subsidiaries	**-**	(20)	**-**	-
Development expenditure:				
Written off	**3**	-	**3**	-
Investments:				
Changes in fair value in other investment	**(29)**	(2)	**(43)**	6
Allowance for impairment in subsidiaries	**-**	-	**27**	116
Written off	**-**	26	**-**	43
Intangible assets:				
Amortisation and impairment	**12**	62	**-**	-
Dividend income	**(3)**	(3)	**(111)**	(133)
Unrealised foreign currency exchange (gain)/loss	**(22)**	60	**-**	-
Gain on extinguishment of liabilities	**(92)**	-	**-**	-
Amortisation of government grant	**(13)**	(12)	**(3)**	(4)
Amortisation of land lease rental	**(18)**	(17)	**(12)**	(15)
Allowance for impairment of trade and other receivables	**28**	35	**21**	-
Reversal of impairment for trade and other receivables	**(2)**	(56)	**(35)**	(83)
Bad debt written off (net)	**37**	1	**-**	-
Interest expense	**423**	433	**122**	129
Interest income	**(46)**	(54)	**(5)**	(3)
Imputed interest income	**(22)**	-	**-**	-
Share of results of associates and joint ventures	**(109)**	(141)	**-**	-
Operating profit/(loss) before changes in working capital	**1,090**	989	**7**	(11)

Statements of Cash Flows

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Changes in working capital				
Inventories	**(26)**	41	**3**	1
Property development cost	**(321)**	(357)	**(229)**	(106)
Receivables	**503**	(333)	**115**	(196)
Payables	**465**	76	**78**	(17)
Associates and joint ventures	**5**	24	**-**	-
Cash generated/(used in) from operations	**1,716**	440	**(26)**	(329)
Tax refunded	**7**	39	**-**	20
Tax paid	**(161)**	(162)	**-**	-
Dividend received	**3**	3	**111**	133
Interest received	**46**	54	**5**	3
Net cash generated from /(used in) operating activities	**1,611**	374	**90**	(173)
INVESTING ACTIVITIES				
Proceeds from disposal of investment in:				
Subsidiaries	**-**	-	**1**	3
Associates	**-**	2	**-**	-
Other investments	**41**	20	**7**	24
Deposit received on disposal of an associate	**-**	34	**-**	34
Deposit paid on acquisition of a subsidiary	**(7)**	(130)	**-**	-
Advance paid to subsidiaries	**-**	-	**-**	(52)
Proceed from disposal of land held for sale	**-**	-	**-**	10
Property, plant and equipment:				
Proceeds from disposal	**358**	65	**33**	5
Purchase	**(1,212)**	(617)	**(14)**	(28)
Investment properties:				
Proceeds from disposal	**179**	1	**42**	1
Purchase	**(306)**	(18)	**-**	-
Intangible assets:				
Additions	**(13)**	(12)	**-**	-
Acquisition of subsidiaries	**-**	(38)	**-**	-
Purchase of:				
Other investments	**(23)**	(4)	**(2)**	-
Net cash inflow on disposal group classified as held for sale	**2**	-	**68**	-
Net cash flows (used in)/generated from investing activities	**(981)**	(697)	**135**	(3)

Statements of Cash Flows

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
FINANCING ACTIVITIES				
Fixed deposits subject to restriction/pledged not regarded as cash equivalents	**52**	1	**-**	1
Drawdown of term loans and other long term borrowings	**903**	1,872	**-**	-
Repayment of term loans and other long term borrowings	**(1,362)**	(423)	**(402)**	(9)
Government grant received	**12**	45	**7**	40
Advances received from subsidiaries, net of repayments	**-**	-	**245**	245
Interest paid	**(423)**	(433)	**(88)**	(100)
Interest paid to subsidiaries	**-**	-	**(34)**	(29)
Dividend paid to non-controlling interests	**(116)**	(98)	**-**	-
Distribution of fund to State Government	**-**	(5)	**-**	(5)
Proceeds from dilution of interest in subsidiaries	**-**	100	**-**	-
Proceeds arising from exercise of warrant and ESOS	**-**	145	**-**	-
Selective Capital Redemption in a subsidiary	**-**	(2,172)	**-**	-
Compensation paid	**(29)**	-	**-**	-
Net cash (used in)/generated from financing activities	**(963)**	(968)	**(272)**	143
Net change in cash and cash equivalents	**(333)**	(1,291)	**(47)**	(33)
Cash and cash equivalents at 1 January	**1,031**	2,310	**77**	91
Effect of exchange rate changes on cash and cash equivalents	**3**	12	**-**	-
Cash and cash equivalents at 31 December	**701**	1,031	**30**	58
CASH AND CASH EQUIVALENTS				
Cash and bank balances	**589**	783	**21**	75
Fixed deposits	**293**	485	**9**	2
	882	1,268	**30**	77
Fixed deposits subject to restriction/pledged	**(45)**	(97)	**-**	(19)
Bank overdrafts	**(136)**	(140)	**-**	-
	701	1,031	**30**	58

Notes to the Financial Statements

For The Financial Year Ended 31 December 2017
Amounts in RM Million Unless Otherwise Stated

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 2017 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 2017 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.

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').

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

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.

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

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2017 could be different if prepared under the MFRS Framework.

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 2017, the Group and the Corporation adopted the following improvements to FRSs mandatory for annual financial periods beginning on or after 1 January 2017:

Description
Amendments to FRS 107: Statement of Cash flows - Disclosure Initiative
Amendments to FRS 112 : Income Taxes - Recognition of Deferred Tax Assets For Unrealised Losses
Annual Improvements to FRSs 2014 - 2016 Cycle: FRS 12 'Disclosures of Interest in Other Entities'

The Directors of the Corporation do not anticipate that the application of these amendments and improvements will have a significant impact on the Group's and the Corporation's financial statements (Note 28).

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

(b) Amendments to FRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirement for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on assets carried at fair value. In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively.

(c) Annual Improvements to FRSs 2014 – 2016 Cycle: Amendments to FRS 12 "Disclosures of Interests in Other Entities" clarifies that an entity's interest in a subsidiary, a joint venture or an associate classified as held for sale in accordance with FRS 5, the entity is not required to disclose summarised financial information of these interests. Other disclosure requirements in FRS 12 remain applicable.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 MFRS 140 : Classification on 'Change in Use' - Asset transferred to or from Investment Properties	1 January 2018
IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 9 : Financial Instruments	1 January 2018
MFRS 15 : Revenue from Contracts with Customers	1 January 2018
Annual Improvement to MFRS : 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
Annual Improvement to MFRS 128 : Investment in Associates and Joint Ventures	1 January 2018
MFRS 16 : Leases	1 January 2019
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2018 as set out below:

(a) Amendments to MFRS 140 'Classification of 'Change in Use' - Asset transferred to, or from, Investment Properties' (effective from 1 January 2018) clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property. The amendments also clarify the same principle applies to assets under construction.

(b) IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018) applies when an entity recognises a non-monetary assets or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt. An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

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

MFRS 9 retains but simplifies the mixed measurement model in MFRS 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 MFRS 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.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 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.

MFRS 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.

(d) MFRS 15 : Revenue from contracts with customers (effective from 1 January 2018)

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services, for example, when the customer has the ability to direct use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:
(i) Identify contracts with customers;
(ii) Identify the separate performance obligations;
(iii) Determine the transaction price of the contract;
(iv) Allocate the transaction price to each of the separate performance obligations; and
(v) Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:
(i) Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements;
(ii) If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome), minimum amounts of revenue must be recognised if they are not a significant risk of reversal;
(iii) The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to recognised over the contract term and vice versa;
(iv) There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few; and
(v) As with any new standard, there are also increased disclosures.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

(e) MFRS 16 'Leases' supersedes MFRS 117 'Leases' and the related interpretations (effective from 1 January 2019)

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payments for most leases.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

(f) IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective from 1 January 2019) provides guidance on how to recognise and measure deferrred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

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

IC Interpretation 23 will be applied retrospectively.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

Business combinations (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency (continued)

(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.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

Any accumulated depreciation of healthcare properties as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any accumulated depreciation of estate land at the date of revaluation is not eliminated against the gross carrying amount of the asset, and the net amount is not restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on the retirement of disposal of the asset.

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

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

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

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

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

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Other intangible assets

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

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

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

Software development expenditure	5 years
Others	1 - 2 years

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. See accounting policy on impairment of non-financial assets as set out in Note 2.10.

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

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss

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

2.11 Investments in subsidiaries

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

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

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

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

In the Corporation's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy on impairment of non-financial assets as set out in Note 2.10.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Investments in associates and joint ventures

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

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

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

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

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

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

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

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

In the Corporation's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy on impairment of non-financial assets as set out in Note 2.10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(c) Held-to-maturity investments (continued)

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.

(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's 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.

2.14 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.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets (continued)

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

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.

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.

2.15 Cash and cash equivalents

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

2.16 Construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. 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 it is probable will be recoverable. Contract costs are recognised as an expense in the year 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 from Engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels ("EPCIC") 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Construction contracts (continued)

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

2.17 Land held for property development and property development costs

(a) Land held for property development

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

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

(b) Property development costs

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

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

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

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

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

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

2.18 Inventories

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, which are determined on the first in, first out method.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Inventories (continued)

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

2.19 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.

2.20 Government grants

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

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

2.21 Financial liabilities

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

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

(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 other financial liabilities as at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Financial liabilities (continued)

(b) Other financial liabilities

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

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

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

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

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

2.22 Financial guarantee contracts

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

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

Where financial guarantee contracts in relation to loans and payables are granted to subsidiaries, joint ventures and associates by the Corporation for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries, joint ventures and associates.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

2.24 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.25 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (continued)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.27(j).

2.26 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

2.27 Revenue recognition

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

(a) Sale of goods

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

(b) Sale of properties and industrial development

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.17(b).

(c) Healthcare services

Revenue from healthcare services comprises inpatient and outpatient hospital charges, consultation fees, and sales of pharmaceutical products, medical supplies and surgical products. These are recognised when services are rendered and goods are delivered, net of discounts, rebates and returns.

(d) Transportation services

Revenue from transportation services which comprises revenue from port operations, dockage fees, wharf service charges and other port services and revenue from public transport services are recognised when services are rendered.

(e) Oil and gas support services

Revenues from oil and gas support services relates to businesses of ship owning and operator of marine vessels for the transportation and offshore storage of oil and gas, provider of port marine services, shipbuilding, ship repair, minor fabrication of steel structures, engineering services and consultancy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Revenue recognition (continued)

(f) Hotel services

Revenue from hotel services comprises rental of hotel rooms, convention centre operations, sale of food and beverage and other related income are recognised on an accrual basis.

(g) Management services

Management services represent amounts charged to residents at the retirement village under the long term management agreements. Deferred management fees are recognised upon performances of services, calculated in accordance with terms stipulated in resident contracts.

(h) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.16.

(i) Dividend income

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

(j) Rental income

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

(k) Interest income

Interest income is recognised using the effective interest method.

(l) Rendering of other services

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

2.28 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Income taxes (continued)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax benefits arising from investment tax allowance and reinvestment allowance is recognised when the tax credit is utilised.

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective chief operating decision maker responsible for the performance of the respective segments under their charge. The chief operating decision maker of the Group is the Group Top Management Committee who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.31 Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so the nature of the item being hedges. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.14. Derivatives that qualify for hedge accounting are designated as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(b) Hedges of a particular risk associated with a recognised assets or liability or a highly probable forecast transaction (cash flow hedge).

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

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current assets or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 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 44% equity interest. The second, third and fourth largest shareholders are Employee Provident Fund ("EPF"), Waqaf An-Nur Corporation Berhad and Amanah Saham Bumiputra, which own 13%, 7% and 5% of the equity shares of KPJ respectively. All other shareholders individually own less than 5% of the equity shares of KPJ. Historically, the other shareholders did not form a group to excercise their votes collectively.

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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 2017, the Corporation via KPJ, held 42% 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 Group. Therefore, the fund manager has decision making power to direct the relevant activities of Al-'Aqar. However, any decisions made, affect the Group's overall exposure to variable returns and are made in the best interest of the Group.

The Directors assessed that the Group has control over Al-'Aqar. Therefore, in accordance with the requirements of FRS 10, Al-'Aqar is a subsidiary of 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 2017, 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 2017 were consolidated with the Corporation, as currently, the members of the Board of Directors ("BOD") are solely represented by the two representatives from the Corporation which is not in accordance with the requirements of the Memorandum and Articles ("M&A") of WanBhd that required at least four directors to be appointed, consisting of Chief Executive of the Corporation, Mufti Negeri Johor, Director of Jabatan Agama Islam Johor and Waqaf Officer of Negeri Johor.

The Directors assessed that the Group has control over WanBhd. Therefore, in accordance with the requirements of FRS 10, WanBhd is a subsidiary of the Corporation.

(iv) Investment in Al-Salam REIT ("Al-Salam")

Al-Salam was established on 26 March 2015 and listed on 29 September 2015 with 580 million 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.

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 2017, the Corporation and its subsidiaries collectively hold 67% 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.

The Directors assessed that the Group has control over As-Salam. Therefore, in accordance with the requirements of FRS 10, As-Salam is a subsidiary of the Corporation.

(b) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured at fair value, the Group has concluded that certain investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied based in the investment properties over time while others are held for eventual sale. As a result, the Group has measured deferred tax on changes in fair values of these investment properties using the income tax rate or the real property gain tax rate, as appropriate.

3.2 Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the recoverable amount of the Cash-Generating Units ("CGU") to which goodwill is allocated.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of the CGUs were determined based on the higher of fair value less cost to sell or value in use calculations. As a result of these impairment assessments, the Group has recognised an impairment of RM3 million during the financial year (2016: RM59 million).

Further details of the use of estimates and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 16.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key source of estimation uncertainty (continued)

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount and details of the Group's receivables at the reporting date and impairment recognised 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 14.

(d) Fair value of investment properties and property, plant and equipment

Fair value of the investment properties and property, plant and equipment of the Group were based on valuations carried out by independent professional valuers. The valuation applies estimates, judgements and assumptions in the determination of fair values for investment properties and property, plant and equipment. The valuation forms the basis for the carrying amount in the financial statements disclosed in Notes 13 and 15.

(e) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised. The amount of deferred tax assets arising from temporary differences and unutilised tax loses not recognised amounted to RM222 million (2016: RM253 million).

(f) Income taxes

Income taxes are estimated based on the rules governed under Income Tax Act, 1967. Significant judgement is required in determining the provision for income taxes and tax penalty exposure as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due, or any tax penalty will crystallise. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key source of estimation uncertainty (continued)

(g) Construction contract

The Group recognises construction contract revenue in accordance with FRS 111. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the year 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.

Significant judgement and high degree of estimation are required in assessing the outcome of the contract; determination of whether variations in contract works should be included in the contract revenue; measurement of claims which the Group seeks to collect from the customer as reimbursement for costs not included in the contract price as the measurement of such amounts is subject to a high level of uncertainty and often depends on the outcome of negotiations; and estimates made in respect of the total estimated contract costs including losses and damages.

A 5% difference in the estimated total budgeted costs would result in approximately RM48 million (2016: RM31 million) additional losses for the year. Refer to Note 24 for additional disclosures relating to construction contracts.

(h) Valuation of investments

The Group classifies its investments in unquoted equity instruments as available-for-sale ("AFS") financial assets when it does not have an intention to hold it for trading, nor designate it at fair value through profit or loss. The Group's investment in AFS financial assets in World Logistics Council Limited ("WLC") are carried at cost less any impairment loss as these equity instruments do not have a quoted price in an active market and whose fair value cannot be reliably measured. During the financial year, the Directors performed a valuation on Asia Logistics Council Sdn Bhd ("ALC") investment in based on a range of acceptable valuation techniques to determine the fair value of the instrument. Based on the fair valuation exercise, the Directors concluded that the instrument should be carried at cost less impairment primarily because the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed.

(i) Impairment of investments

The Group carries its investments which comprise investments in AFS financial assets at cost as fair value cannot be reliably determined. The Group assesses at every reporting date whether there is any objective evidence that the investment in AFS financial assets is impaired if, and only if, as a result of one or more events that occurred after initial recognition (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the AFS financial asset that can be reliably estimated. The Directors considered delays in WLC's business plan as an impairment indicator in respect of ALC's investment in WLC and accordingly the Directors have assessed the investment for impairment. Based on the impairment assessment performed, the Directors have concluded that the carrying amount of the investment is recoverable.

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4. REVENUE

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Healthcare services	**3,178**	2,922	**-**	-
Goods sold	**1,245**	932	**36**	30
Property and industrial development	**474**	449	**13**	82
Oil and gas support services	**277**	245	**-**	-
Contract revenue	**143**	381	**-**	-
Rental income	**129**	142	**44**	43
Management services	**31**	95	**5**	-
Rendering of other sevices	**35**	52	**36**	-
Hotel services	**33**	43	**-**	-
Transportation services	**31**	91	**-**	-
Dividend income	**3**	3	**111**	133
	5,579	5,355	**245**	288

5. OTHER INCOME

The following items have been included in arriving at other income:

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Amortisation of government grant (Note 30)	**13**	12	**3**	4
Changes in fair value of investment properties (Note 15)	**107**	290	**5**	194
Changes in fair value of other investments	**29**	8	**43**	-
Compensation on investment (Note 39)	**36**	-	**-**	-
Gain on disposal of:				
Property, plant and equipment	**40**	17	**32**	9
Investment properties	**-**	-	**13**	-
Other investments	**1**	-	**33**	-
Associates	**-**	1	**-**	-
Interest income	**46**	54	**5**	3
Gain on extinguishment of borrowings (Note 28)	**92**	-	**-**	-
Grants related to income received from government	**-**	-	**-**	49
Bargain purchase on acquisition of subsidiaries	**-**	20	**-**	-
Imputed interest income	**22**	-	**-**	-
Reversal of allowance for impairment of trade and other receivables	**2**	56	**35**	83
Unrealised foreign currency exchange gain	**22**	-	**-**	-
Bad debt recovered	**2**	1	**-**	-
Sundry income	**62**	61	**7**	7

Amounts in RM Million Unless Otherwise Stated

6. OTHER EXPENSES

The following items have been included in arriving at other expenses:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Amortisation and impairment of intangible assets (Note 16)	**12**	62	**-**	-
Changes in fair value of other investment	**-**	6	**-**	6
Allowances for impairment for trade and other receivables	**28**	35	**21**	-
Bad debt written off	**39**	2	**-**	-
Investment written off	**-**	26	**-**	43
Grant expense	**-**	-	**-**	49
Waqaf contribution	**-**	3	**-**	-
Allowance for impairment in subsidiaries, net (Note 17)	**-**	-	**27**	116
Land held for property development written off (Note 14)	**3**	-	**3**	-
Realised foreign currency exchange loss	**-**	13	**-**	-
Unrealised foreign currency exchange loss	**-**	60	**-**	-

7. FINANCE COSTS

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Interest expense on:				
Islamic Medium Term Notes ("IMTNs")	**152**	202	**88**	96
Term loans	**170**	142	**-**	3
Guaranteed Redeemable Islamic Bond ("GRIB")	**36**	34	**-**	-
Short term borrowings	**14**	10	**-**	-
Finance leases	**3**	7	**-**	-
Bank overdraft	**3**	6	**-**	-
Federal Government Loan	**2**	13	**2**	4
Amount owing to a subsidiary	**-**	-	**32**	25
Others	**43**	19	**-**	1
	423	433	**122**	129
Capitalised as qualifying assets :				
Property, plant and equipment	**15**	16	**-**	-
Property development cost	**18**	7	**17**	4
Investment properties	**5**	2	**-**	-
	38	25	**17**	4

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8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax from continuing operations:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Medical consultants fees	**796**	779	**-**	-
Plantation costs	**641**	-	**15**	-
Engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels ("EPCIC") costs	**318**	-	**-**	-
Audit fees	**6**	6	*****	*
Cost of medical supplies	**777**	707	**-**	-
Provision for foreseeable losses	**130**	-	**-**	-
Hire of property, plant and equipment	**68**	5	**-**	-
Property, plant and equipment:				
Depreciation (Note 13)	**521**	390	**14**	24
Written off	**12**	42	**-**	-
Impairment (Note 13)	**13**	12	**-**	-
Property development costs recognised as an expense	**287**	226	**8**	30
Amortisation of land lease rental	**18**	17	**12**	15
Rental of offices and buildings	**46**	77	**-**	-
Employee benefits expense (Note 9)	**1,160**	1,100	**48**	46
Repair and maintenance	**87**	66	**-**	-

* Audit fees for the Corporation is RM100,000 (2016: RM100,000)

9. EMPLOYEE BENEFITS EXPENSE (INCLUDING EXECUTIVE DIRECTORS REMUNERATION)

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Wages, salaries and bonus	**1,027**	948	**44**	40
Defined contribution retirement plan	**110**	92	**4**	6
Other employee benefits	**23**	60	**-**	-
	1,160	1,100	**48**	46

10. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel comprise of Directors, Chief Executives and top management of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The key management personnel compensations are as follows:

	Group		Corporation	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Executive Director:				
Fees	**527**	505	**284**	130
Remuneration	**1,662**	1,686	**1,541**	1,686
Defined contribution retirement plan	**250**	238	**231**	238
Other benefits	**1**	10	**1**	10
	2,440	2,439	**2,057**	2,064
Non-executive Directors:				
Fees	**3,396**	1,665	**3,396**	1,665
Other key management personnel:				
Fees	**1,716**	3,034	**-**	-
Remuneration	**24,820**	30,027	**11,014**	10,813
Other employee benefits	**1,593**	4,151	**20**	6
Defined contribution plan	**2,820**	3,835	**1,481**	1,526
	30,949	41,047	**12,515**	12,345
	36,785	45,151	**17,968**	16,074

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11. TAX

	Group		Corporation	
	2017	2016	2017	2016
Current income tax for the financial year:				
Malaysia	**144**	132	**-**	-
Foreign	**-**	-	**-**	-
Over provision in prior financial years	**(2)**	(12)	**-**	(11)
	142	120	**-**	(11)
Deferred tax (Note 20)	**(18)**	6	**(1)**	3
	(18)	6	**(1)**	3
Income tax attributable to continuing operations	**124**	126	**(1)**	(8)
Income tax attributable to discontinued operations (Note 12)	**(1)**	-	**-**	-
Total tax	**123**	126	**(1)**	(8)

Reconciliation of income tax applicable to profit before tax from continuing and discontinued operations at the Malaysian statutory income tax rate to income tax at the effective income tax rate of the Group and of the Corporation:

	Group		Corporation	
	2017	2016	2017	2016
Profit before tax from continuing operations	**665**	541	**112**	112
Loss before tax from discontinued operations (Note 12)	**(84)**	-	**-**	-
	581	541	**112**	112
Tax at Malaysian statutory tax rate of 24%	**140**	130	**27**	27
Deferred tax recognised at different tax rate	**(3)**	(25)	**-**	(4)
Non-deductible expenses	**115**	120	**13**	29
Income not subject to tax	**(83)**	(12)	**(42)**	(13)
Temporary differences not recognised as deferred tax	**15**	20	**-**	-
Derecognition of previously recognised deferred tax assets	**32**	-	**34**	(2)
Share of results of associates	**(3)**	(18)	**-**	-
Share of results of joint ventures	**(30)**	(15)	**-**	-
Real property gains tax	**(58)**	(62)	**(33)**	(34)
Over provision in prior financial years:				
Income tax	**(2)**	(12)	**-**	(11)
Total tax	**123**	126	**(1)**	(8)

The Corporation and certain of its subsidiaries are exempt from taxes in respect of certain income, which expire over periods ranging from the year 2018 to 2022.

Amounts in RM Million Unless Otherwise Stated

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Discontinued operation in 2017

(a) Disposal of PT Sawit Sumber Rejo, PT Wahana Semesta Karisma and PT Harapan Barito Sejahtera ("BARUT subsidiaries")

During the financial year, the Group via Kulim (Malaysia) Berhad entered into an agreement for the disposal of BARUT subsidiaries, which is engaged in oil palm plantations (Note 17). The results of BARUT is presented separately on the statement of comprehensive income as 'loss from discontinued operation, net of tax'. The disposal of BARUT had the following effects on the financial position and results of the Group for the financial year ended 31 December 2017:

	2017
Assets:	
Property, plant and equipment	93
Cash and cash equivalents	-
Liabilities:	
Trade and other payables	(15)
Net assets	78
Non-controlling interests	-
Net assets attributable to the Group	78
Cash proceeds receivable from disposal	(2)
Loss on disposal to the Group	76

Cash inflow arising on disposals:

	2017
Cash proceeds receivable from disposal	2
Cash and cash equivalents of subsidiary disposed	-
Net cash inflows	2

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12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Discontinued operation in 2017 (continued)

(a) Disposal of PT Sawit Sumber Rejo, PT Wahana Semesta Karisma and PT Harapan Barito Sejahtera ("BARUT subsidiaries") (continued)

Results presented as discontinued operations:

	2017
Revenue	**-**
Expenses	**-**
Loss from operations	**-**
Finance costs	**-**
Loss on disposal to the Group	**(76)**
Profit before tax from discontinued operations (Note 11)	**(76)**
Income tax (Note 11)	**-**
Loss from discontinued operations, net of tax	**(76)**

Cashflows of disposed subsidiaries presented as discontinued operations:

	2017
Net cash from operating activities	**-**
Net cash from investing activities	**(1)**
Net cash from financing activities	**1**
Net cash outflows	**-**

Amounts in RM Million Unless Otherwise Stated

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Discontinued operation in 2017 (continued)

(b) Planned disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries

During the financial year, the Group via KPJ Healthcare Berhad ("KPJ") and Al-'Aqar Healthcare REIT (Al-'Aqar) have made a decision to dispose of Jeta Gardens (Qld) Pty Ltd and its subsidiaries and the investment property in Al-'Aqar Australia Pty Ltd. The directors of KPJ and Al-'Aqar have approached a number of interested parties in connection with the potential sale of operations. The disposal is subject to the approval of the relevant authorities and the directors of KPJ and Al-'Aqar are of view that the sale will be completed in 2018. Consequently, the associated assets and liabilities have been presented as a disposal group which is classified as held for sale as at 31 December 2017.

Statement of comprehensive income of the discontinuing operation is as follows:

	2017
Revenue	**55**
Cost of sales	**(43)**
Gross profit	**12**
Administrative expenses	**(23)**
Other income	**5**
Loss from operations	**(6)**
Finance income	**-**
Finance costs	**(2)**
Loss before tax (Note 11)	**(8)**
Income tax (Note 11)	**1**
Net loss for the financial year	**(7)**

Statement of cash flows of the discontinuing operation is as follows:

	2017
Net cash from operating activities	**(5)**
Net cash from investing activities	**10**
Net cash from financing activities	**(6)**
Net cash inflows	**(1)**
Cash and cash equivalents at the beginning of the year	**27**
Cash and cash equivalents at the end of the year	**26**

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Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Cost or valuation								
At 1 January 2016	1,433	2,254	1,453	126	2,151	3,303	1,098	11,818
Additions	6	2	67	18	13	208	325	639
Disposals	-	(1)	(5)	-	(34)	(53)	-	(93)
Write off	-	-	(28)	(1)	(4)	(122)	(4)	(159)
Reclassification	77	(2)	-	493	(22)	351	(897)	-
Disposal of subsidiaries	-	-	-	(2)	-	(4)	-	(6)
Acquisition of subsidiaries (Note 17 (g))	-	44	168	13	-	3	-	228
Transfer:								
to assets held for sale	-	-	-	-	(107)	(73)	-	(180)
to investment properties (Note 15)	-	-	-	-	-	-	(3)	(3)
to inventories	-	(5)	-	-	-	-	(21)	(26)
from trade and other receivables	-	-	-	-	-	65	(62)	3
Exchange differences	7	3	1	-	2	3	4	20
Revaluation	57	75	-	-	7	-	-	139
At 31 December 2016 and 1 January 2017	**1,580**	**2,370**	**1,656**	**647**	**2,006**	**3,681**	**440**	**12,380**
Additions	**-**	**29**	**91**	**21**	**67**	**542**	**481**	**1,231**
Disposals	**(48)**	**(3)**	**(33)**	**(1)**	**(49)**	**(260)**	**-**	**(394)**
Write off	**-**	**-**	**(14)**	**(4)**	**-**	**(43)**	**(2)**	**(63)**
Reclassification	**-**	**-**	**-**	**4**	**23**	**128**	**(155)**	**-**
Disposal of subsidiaries	**-**	**(84)**	**(8)**	**-**	**-**	**-**	**-**	**(92)**
Transfer:								
to assets held for sale	**(39)**	**(82)**	**-**	**-**	**(54)**	**(12)**	**(1)**	**(188)**
to investment properties (Note 15)	**-**	**-**	**-**	**(46)**	**(5)**	**-**	**29**	**(22)**
from intangible assets (Note 16)	**-**	**-**	**-**	**-**	**-**	**12**	**-**	**12**
Exchange differences	**(1)**	**(10)**	**(17)**	**(1)**	**(6)**	**(5)**	**-**	**(40)**
Revaluation	**244**	**250**	**-**	**-**	**58**	**-**	**-**	**552**
At 31 December 2017	**1,736**	**2,470**	**1,675**	**620**	**2,040**	**4,043**	**792**	**13,376**

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated depreciation:								
At 1 January 2016	-	155	398	111	122	1,652	-	2,438
Charge for the financial year (Note 8)	-	51	44	16	33	246	-	390
Disposals	-	-	-	-	-	(42)	-	(42)
Write off	-	(1)	(11)	-	(3)	(102)	-	(117)
Transfer:								
to assets held for sale	-	-	-	-	(7)	(25)	-	(32)
Acquisition of subsidiaries (Note 17 (g))	-	-	7	1	-	2	-	10
Disposal of subsidiaries	-	-	-	-	-	(2)	-	(2)
Exchange differences	-	(1)	-	-	(1)	4	-	2
Revaluation	-	(5)	-	-	(13)	-	-	(18)
At 31 December 2016 and 1 January 2017	**-**	**199**	**438**	**128**	**131**	**1,733**	**-**	**2,629**
Charge for the financial year (Note 8)	**-**	**74**	**50**	**8**	**36**	**353**	**-**	**521**
Disposals	**-**	**(41)**	**-**	**-**	**-**	**(28)**	**-**	**(69)**
Write off	**-**	**-**	**(6)**	**(2)**	**-**	**(43)**	**-**	**(51)**
Reclassification	**-**	**-**	**-**	**(1)**	**13**	**(12)**	**-**	**-**
Transfer:								
to assets held for sale	**-**	**-**	**-**	**-**	**-**	**(4)**	**-**	**(4)**
to investment properties (Note 15)	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**(1)**
Exchange differences	**-**	**-**	**(1)**	**-**	**-**	**(2)**	**-**	**(3)**
Revaluation	**-**	**(1)**	**-**	**(1)**	**-**	**-**	**-**	**(2)**
At 31 December 2017	**-**	**231**	**481**	**132**	**179**	**1,997**	**-**	**3,020**

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For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Estate development expenditure	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated impairment loss:								
At 1 January 2016	-	1	1	1	-	11	-	14
Charge for the financial year (Note 8)	-	-	-	1	-	11	-	12
Disposal of subsidiaries	-	-	-	(1)	-	(2)	-	(3)
Disposals	-	-	-	-	-	(3)	-	(3)
At 31 December 2016 and 1 January 2017	**-**	**1**	**1**	**1**	**-**	**17**	**-**	**20**
Charge for the financial year (Note 8)	**-**	**-**	**-**	**10**	**-**	**3**	**-**	**13**
Disposal	**-**	**-**	**-**	**-**	**-**	**(7)**	**-**	**(7)**
At 31 December 2017	**-**	**1**	**1**	**11**	**-**	**13**	**-**	**26**
Net carrying amount:								
At 31 December 2016	1,580	2,170	1,217	518	1,875	1,931	440	9,731
At 31 December 2017	**1,736**	**2,238**	**1,193**	**477**	**1,861**	**2,033**	**792**	**10,330**

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Other assets of the Group can be further analysed as follows:

Group	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Total
Cost or valuation						
At 1 January 2016	2,214	39	515	128	407	3,303
Additions	68	2	8	9	121	208
Disposals	(25)	-	(10)	(7)	(11)	(53)
Write off	(79)	-	(40)	(3)	-	(122)
Reclassification	382	12	61	-	(104)	351
Disposal of subsidiaries	-	-	(4)	-	-	(4)
Acquisition of subsidiaries	1	-	1	1	-	3
Transfer:						
to assets held for sale	(60)	-	(13)	-	-	(73)
from trade and other receivables	65	-	-	-	-	65
Exchange differences	7	-	(6)	-	2	3
At 31 December 2016 and 1 January 2017	**2,573**	**53**	**512**	**128**	**415**	**3,681**
Additions	**243**	**203**	**15**	**24**	**57**	**542**
Disposals	**(15)**	**(4)**	**(236)**	**(5)**	**-**	**(260)**
Write off	**(26)**	**(6)**	**(9)**	**(2)**	**-**	**(43)**
Reclassification	**121**	**2**	**4**	**2**	**(1)**	**128**
Transfer:						
to assets held for sale	**(6)**	**-**	**(2)**	**-**	**(4)**	**(12)**
from intangible assets	**-**	**-**	**-**	**-**	**12**	**12**
Exchange differences	**(3)**	**(1)**	**-**	**-**	**(1)**	**(5)**
At 31 December 2017	**2,887**	**247**	**284**	**147**	**478**	**4,043**

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Total
Accumulated depreciation:						
At 1 January 2016	930	15	295	90	322	1,652
Charge for the financial year	152	5	38	13	38	246
Disposals	(22)	-	(6)	(6)	(8)	(42)
Write off	(62)	(1)	(37)	(2)	-	(102)
Reclassification	-	6	43	-	(49)	-
Transfer:						
to assets held for sale	(14)	-	-	-	(11)	(25)
Acquisition of subsidiaries	1	-	-	1	-	2
Disposal of subsidiaries	-	-	(2)	-	-	(2)
Exchange differences	2	-	2	-	-	4
At 31 December 2016 and 1 January 2017	**987**	**25**	**333**	**96**	**292**	**1,733**
Charge for the financial year	**168**	**117**	**30**	**16**	**22**	**353**
Disposals	**(13)**	**(4)**	**(8)**	**(3)**	**-**	**(28)**
Write off	**(22)**	**(4)**	**(14)**	**(2)**	**(1)**	**(43)**
Reclassification	**57**	**12**	**(119)**	**12**	**26**	**(12)**
Transfer:						
to assets held for sale	**(3)**	**-**	**(1)**	**-**	**-**	**(4)**
Exchange differences	**(2)**	**-**	**-**	**-**	**-**	**(2)**
At 31 December 2017	**1,172**	**146**	**221**	**119**	**339**	**1,997**

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Total
Accumulated impairment loss:						
At 1 January 2016	11	-	-	-	-	11
Charge for the financial year	5	-	5	-	1	11
Disposals	(3)	-	-	-	-	(3)
Disposal of subsidiaries	-	-	(2)	-	-	(2)
At 31 December 2016 and 1 January 2017	**13**	**-**	**3**	**-**	**1**	**17**
Charge for the financial year	**3**	**-**	**-**	**-**	**-**	**3**
Disposals	**(5)**	**-**	**(1)**	**-**	**(1)**	**(7)**
At 31 December 2017	**11**	**-**	**2**	**-**	**-**	**13**
Net carrying amount:						
At 31 December 2016	1,573	28	176	32	122	1,931
At 31 December 2017	**1,704**	**101**	**61**	**28**	**139**	**2,033**

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For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Estate development expenditure	Buildings	*Other assets	Capital work in progress	Total
At cost or valuation:							
At 1 January 2016	151	402	65	76	47	-	741
Additions	-	-	21	2	2	3	28
Disposals	(1)	-	(5)	-	(1)	-	(7)
Revaluation	-	(13)	-	-	-	-	(13)
At 31 December 2016 and 1 January 2017	**150**	**389**	**81**	**78**	**48**	**3**	**749**
Additions	**-**	**-**	**12**	**1**	**1**	**-**	**14**
Disposals	**-**	**(1)**	**-**	**-**	**-**	**-**	**(1)**
Revaluation	**-**	**(111)**	**-**	**-**	**-**	**-**	**(111)**
Reclassification	**-**	**-**	**-**	**-**	**3**	**(3)**	**-**
Transfer to assets held for sale (Note 27)	**-**	**(92)**	**-**	**-**	**-**	**-**	**(92)**
At 31 December 2017	**150**	**185**	**93**	**79**	**52**	**-**	**559**
Accumulated depreciation:							
As at 1 January 2016	-	24	22	35	37	-	118
Charge for the financial year (Note 8)	-	15	1	3	5	-	24
Disposals	-	-	-	-	(1)	-	(1)
At 31 December 2016 and 1 January 2017	**-**	**39**	**23**	**38**	**41**	**-**	**141**
Charge for the financial year (Note 8)	**-**	**5**	**2**	**3**	**4**	**-**	**14**
Transfer to assets held for sale (Note 27)	**-**	**(10)**	**-**	**-**	**-**	**-**	**(10)**
At 31 December 2017	**-**	**34**	**25**	**41**	**45**	**-**	**145**

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Estate development expenditure	Buildings	*Other assets	Capital work in progress	Total
Accumulated impairment losses:							
At 1 January 2016 and 31 December 2016 / 1 January 2017 and 31 December 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount:							
At 31 December 2016	150	350	58	40	7	3	608
At 31 December 2017	**150**	**151**	**68**	**38**	**7**	**-**	**414**

* Other assets of the Corporation can be further analysed as follows:

Corporation	Plant and machinery	Furniture and fittings	Motor vehicles	Total
At cost or valuation:				
As at 1 January 2016	17	24	6	47
Additions	-	1	1	2
Disposals	-	-	(1)	(1)
At 31 December 2016 and 1 January 2017	**17**	**25**	**6**	**48**
Additions	**-**	**-**	**1**	**1**
Reclassification	**-**	**3**	**-**	**3**
At 31 December 2017	**17**	**28**	**7**	**52**
Accumulated depreciation:				
At 1 January 2016	14	19	4	37
Charge for the financial year	1	3	1	5
Disposals	-	-	(1)	(1)
At 31 December 2016 and 1 January 2017	**15**	**22**	**4**	**41**
Charge for the financial year	**-**	**3**	**1**	**4**
Disposals	**-**	**-**	**-**	**-**
At 31 December 2017	**15**	**25**	**5**	**45**

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For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Plant and machinery	Furniture and fittings	Motor vehicles	Total
Accumulated impairment losses:				
At 1 January 2016 and 31 December 2016 / 1 January 2017 and 31 December 2017	**-**	**-**	**-**	**-**
Net carrying amount:				
At 31 December 2016	2	3	2	7
At 31 December 2017	**2**	**3**	**2**	**7**

The net book value of property, plant and equipment acquired under finance leases of the Group amounted to RM107 million (2016: RM120 million).

During the financial year, the Group and the Corporation acquired property, plant and equipment with an aggregate cost of RM1,231 million (2016: RM639 million) and RM14 million (2016: RM28 million) respectively. The acquisition is settled through the following means:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Cash payment	**1,212**	617	**14**	28
Finance leases	**4**	6	**-**	-
Capitalisation of borrowing cost	**15**	16	**-**	-
	1,231	639	**14**	28

As at 31 December 2017, property, plant and equipment of the Group with net book value of RM1,211 million (2016: RM1,173 million) are pledged as security for borrowings.

Capitalisation of borrowing cost

The capitalisation rate for Group used to determine the amount of borrowing costs eligible for capitalisation is 5.5% (2016: 3.6%).

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The particulars of freehold land, leasehold land and healthcare properties stated at cost or valuation are as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Cost:				
Freehold land	**97**	102	**150**	150
Leasehold land	**76**	157	**30**	123
Valuation:				
Freehold land	**1,639**	1,478	**-**	-
Leasehold land	**2,394**	2,211	**155**	266
Healthcare properties	**2,040**	2,069	**-**	-
	6,246	6,017	**335**	539

Revaluation of healthcare properties and estate land (freehold and leasehold)

Healthcare properties and estate land (freehold and leasehold) have been revalued on 31 December 2017 based on open market valuations carried out by an independent firm of professional valuers to reflect fair value. The book values of the healthcare properties and estate land (freehold and leasehold) were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

If the total amounts of healthcare properties and estate land (freehold and leasehold) had been determined in accordance with the historical cost, they would have been stated as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Net book value:				
Healthcare properties	**874**	878	**-**	-
Estate land:				
Freehold	**1,275**	1,275	**-**	-
Leasehold	**822**	830	**111**	111

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For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The fair value of property, plant and equipment is estimated by the Directors based on the valuation carried out by independent firm of professional valuers based on valuation techniques below:

Group

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Healthcare properties	Investment method	Capitalisation rate (6.00%-8.50%) (2016: 6.00%-8.00%)	The estimated fair value would increase/(decrease) if the capitalisation rate decreases/(increases)
Estates land - Freehold	Comparison approach	Average price: RM56,480 per acre (2016: RM34,705 per acre) Recent transaction: RM14,133-RM192,126 per acre (2016: RM21,132-RM34,935 per acre)	The higher the price per acre, the higher the fair value
Estates land - Leasehold	Comparison approach	Average price: RM28,155 per acre (2016: RM23,888 per acre) Recent transaction: RM14,133-RM192,126 per acre (2016: RM21,132-RM34,935 per acre)	The higher the price per acre, the higher the fair value

Corporation

Estates land - Leasehold	Comparison approach	Average price: RM59,029 per acre (2016: RM59,029 per acre) Recent transaction: RM52,217-RM86,326 per acre (2016: RM52,217-RM86,326 per acre)	The higher the price per acre, the higher the fair value

The fair value hierarchy disclosure of these property, plant and equipment are disclosed in Note 36 (e).

Amounts in RM Million Unless Otherwise Stated

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Future development

	Group		Corporation	
	2017	2016	2017	2016
At cost:				
Freehold land	**39**	56	**49**	49
Leasehold land	**64**	85	**1**	21
Development expenditure	**34**	49	**23**	38
At 1 January	**137**	190	**73**	108
Cost incurred during the financial year:				
Leasehold land	**-**	1	**-**	1
Development expenditure	**130**	-	**68**	-
	130	1	**68**	1
Transfer (to)/from:				
Current development (Note 14 (b))				
Freehold land	**-**	(16)	**-**	-
Leasehold land	**-**	(22)	**1**	(21)
Development expenditure	**251**	(15)	**253**	(15)
Investment properties (Note 15)				
Freehold land	**-**	(1)	**-**	-
Leasehold land	**(46)**	-	**-**	-
Assets held for sale (Note 27)				
Freehold land	**-**	-	**(27)**	-
	205	(54)	**227**	(36)
Disposal/write off:				
Freehold land (Note 6)	**(3)**	-	**(3)**	-
At 31 December	**469**	137	**365**	73
At cost:				
Freehold land	**36**	39	**19**	49
Leasehold land	**18**	64	**2**	1
Development expenditure	**415**	34	**344**	23
At 31 December	**469**	137	**365**	73

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Amounts in RM Million Unless Otherwise Stated

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(b) Current development

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
At cost:				
Freehold land	**90**	74	**-**	-
Leasehold land	**191**	160	**109**	79
Development expenditure	**3,025**	2,571	**914**	804
At 1 January	**3,306**	2,805	**1,023**	883
Cost incurred during the financial year:				
Leasehold land	**-**	9	**7**	9
Development expenditure	**807**	575	**494**	127
	807	584	**501**	136
Cost recognised as an expense in Statement of Comprehensive Income:				
Previous financial year	**(2,061)**	(1,835)	**(566)**	(536)
Current financial year	**(287)**	(226)	**(8)**	(30)
	(2,348)	(2,061)	**(574)**	(566)
Transfer from /(to):				
Future development (Note 14 (a))				
Freehold land	**-**	16	**-**	-
Leasehold land	**-**	22	**(1)**	21
Development expenditure	**(251)**	15	**(253)**	15
Inventories				
Development expenditure	**(115)**	(27)	**-**	-
Investment properties (Note 15)				
Leasehold land	**14**	-	**-**	-
Development expenditure	**(14)**	(109)	**(4)**	(32)
Assets held for sale (Note 27)				
Development expenditure	**(67)**	-	**(2)**	-
	(433)	(83)	**(260)**	4
At 31 December	**1,332**	1,245	**690**	457

Amounts in RM Million Unless Otherwise Stated

14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(b) Current development (continued)

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
At carrying amount:				
Freehold land	**90**	90	**-**	-
Leasehold land	**205**	191	**115**	109
Development expenditure	**1,037**	964	**575**	348
At 31 December	**1,332**	1,245	**690**	457

Land held for property development and property development costs for the Group with carrying amount of RM398 million (2016: RM109 million) are pledged as security for borrowings.

As at 31 December 2017, title for land with carrying amount of RM399 million (2016: RM279 million) are not registered in the names of certain subsidiaries and are in the process of being transferred to the names of the subsidiaries.

Included in the development costs of the Group and Corporation is borrowing costs capitalised at the end of the financial year of RM18 million (2016: RM7 million) and RM17 million (2016: RM4 million) respectively, capitalised at 4.85%-8.10% (2016: 4.55%-7.85%) per annum.

15. INVESTMENT PROPERTIES

	At fair value	
Group	**2017**	**2016**
At 1 January	**3,609**	3,340
Additions	**306**	18
Disposals	**(179)**	(43)
Changes in fair value (Note 5)	**107**	290
Exchange differences	**(3)**	-
Transfer:		
from property, plant and equipment (Note 13)	**21**	3
from property development costs (Note 14 (a)(b))	**46**	110
Reclassification:		
from trade and other receivables	**120**	-
to assets held for sale	**(387)**	(109)
As at 31 December	**3,640**	3,609

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Amounts in RM Million Unless Otherwise Stated

15. INVESTMENT PROPERTIES (CONTINUED)

	At fair value	
Group	**2017**	**2016**
Included in the above are:		
Land	**2,147**	2.539
Buildings	**1,130**	821
Construction-in-progress (CIP)	**363**	249
As at 31 December	**3,640**	3,609

	At fair value	
Corporation	**2017**	**2016**
At 1 January	**1,450**	1,421
Additions	**-**	1
Disposals	**(29)**	(43)
Changes in fair value (Note 5)	**5**	194
Transfer from property development cost (Note 14 (b))	**4**	32
Reclassification:		
from trade and other receivables	**120**	-
to assets held for sale (Note 27)	**(51)**	(155)
As at 31 December	**1,499**	1,450

	At fair value	
Corporation	**2017**	**2016**
Included in the above are:		
Land	**789**	739
Buildings	**710**	711
As at 31 December	**1,499**	1,450

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Rental income from investment properties	**244**	113	**44**	43
Direct operating expenses:				
From income generating investment properties	**21**	10	**-**	-

Amounts in RM Million Unless Otherwise Stated

15. INVESTMENT PROPERTIES (CONTINUED)

The fair value of investment properties is estimated based on valuations carried out by independent firms of professional valuers using the following valuation techniques:

Group

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land	Comparison method	RM17-RM360 per square feet (2016: RM20-RM360 per square feet)	The higher the value per square feet, the higher the valuation
Buildings	Investment method	Term and reversion yield (5%-8%) (2016: 5%-7.5%)	The estimated fair value would increase/ (decrease) if term and reversion yield were higher/ (lower)
		Discount rate (5%-7.5%) (2016: 5%-7.5%)	The estimated fair value, would increase/ (decrease) if discount rate were lower/ (higher)
	Residual method	Average selling price per square feet of RM800 (2016: RM800)	The estimated fair value would increase/ (decrease) if selling price per square feet were higher/(lower)
	Net income method	Capitalisation rate (6%-7.3%) (2016: 6.5%-7.8%)	The estimated fair value would increase/ (decrease) if the capitalisation decrease/ (increase)
Construction-in-progress (CIP)	Cost method	Construction cost per square feet RM312-RM522 (2016: RM522)	The estimated fair value would increase/ (decrease) if construction cost per square feet were higher/(lower)
		Percentage of completion 93% (2016: 74%)	The estimated fair value would increase/ (decrease) if percentage of completion were higher/(lower)

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15. INVESTMENT PROPERTIES (CONTINUED)

Corporation

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land	Comparison method	RM35-RM50 per square feet (2016: RM20-RM39 per square feet)	The higher the value per square feet, the higher the valuation
Buildings	Cost method	Land: RM40-RM55 per square feet (2016: RM40-RM55 per square feet) Dredging: RM50-RM60 per cubic metres (2016: RM25-RM35 per cubic metres) Jetty: RM2,500-RM3,500 per square metres (2016: RM2,500-RM3,500 per square metres) Tank farm: RM656-RM1,720 per cubic metres (2016: RM656-RM1,720 per cubic metres) Pipeline: RM5 million-RM8.5 million per kilometre (2016: RM5 million-RM8.5 million per kilometre)	The estimated fair value would increase/ (decrease) if the unobservable inputs disclosed were higher/ (lower)

The fair value hierarchy of these investment properties are disclosed in Note 36 (e).

As at 31 December 2017, investment properties of the Group with carrying amount of RM1,299 million (2016: RM1,247 million) are pledged as security for borrowings. Investment properties of the Corporation with carrying amount of RM39 million (2016: RM65 million) are registered in the names of subsidiaries and are in the process of being transferred to the name of the Corporation.

Included in the investment properties of the Group is borrowing costs capitalised during the financial year of RM5 million (2016: RM2 million), capitalised at annual capitalisation rate of 4.85% (2016: 5.25%) per annum respectively.

Amounts in RM Million Unless Otherwise Stated

16. INTANGIBLE ASSETS

Group	Goodwill	Software expenditure	Sotfware expenditure under development	Others	Total
Cost:					
At 1 January 2016	250	29	31	4	314
Additions	-	-	12	-	12
Acquisition of subsidiaries	-	-	-	7	7
Written off	-	-	-	(4)	(4)
At 31 December 2016 and 1 January 2017	**250**	**29**	**43**	**7**	**329**
Additions	**-**	**2**	**8**	**3**	**13**
Transfer to property, plant and equipment (Note 13)	**-**	**-**	**(12)**	**-**	**(12)**
Reclassification	**-**	**10**	**(10)**	**-**	**-**
At 31 December 2017	**250**	**41**	**29**	**10**	**330**
Accumulated amortisation and impairment:					
At 1 January 2016	4	3	-	3	10
Amortisation (Note 6)	-	2	-	1	3
Impairment (Note 6)	59	-	-	-	59
Written off	-	-	-	(4)	(4)
At 31 December 2016 and 1 January 2017	**63**	**5**	**-**	**-**	**68**
Amortisation (Note 6)	**-**	**4**	**-**	**5**	**9**
Impairment (Note 6)	**3**	**-**	**-**	**-**	**3**
At 31 December 2017	**66**	**9**	**-**	**5**	**80**
Net carrying amount:					
At 31 December 2016	187	24	43	7	261
At 31 December 2017	**184**	**32**	**29**	**5**	**250**

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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	
Group	**2017**	**2016**
Healthcare services	**168**	168
Others	**16**	19
	184	187

Goodwill - Healthcare services

Recoverable amount based on fair value less costs to sell

The recoverable amount of the CGU is determined based on fair value less cost to sell calculation (level 3 fair value hierarchy). These calculations use cash flow projections based on financial budgets approved by the Director covering a five-year period. Cash flow beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used are as follow:

	2017 %	**2016 %**
Malaysia		
Revenue[1]	**6-12**	16.7
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin[2]	**13.3-15.7**	12.5-13.7
Discount rate[3]	**12**	12
Terminal growth rate[4]	**5**	5
Indonesia		
Revenue[1]	**13-31**	8.7
EBITDA margin[2]	**11-18**	16-20
Discount rate[3]	**15**	15
Terminal growth rate[4]	**4**	4

Assumptions:

1 Based on revenue range
2 EBITDA margin over the budget period
3 Post-tax discount rate applied to the cash flow projections
4 Terminal growth rate used to extrapolate cash flows beyond the budget period

The Directors have determined the revenue and EBITDA margin based on expectations of market development. The post-tax discount rates used are based on comparable healthcare companies and adjusted for projection risk. The terminal growth rate does not exceed the long-term average growth rate for the relevant group of CGUs.

Others

Others relate to goodwill relating to CGUs which are not material individually.

Amounts in RM Million Unless Otherwise Stated

17. INVESTMENT IN SUBSIDIARIES

	Corporation	
	2017	**2016**
Shares, at cost:		
Quoted shares in Malaysia	**225**	225
Unquoted shares in Malaysia	**2,338**	2,337
Unsecured preference shares*	**1,863**	1,863
Amount due from subsidiaries	**259**	-
As at 31 December	**4,685**	4,425
Less: Accumulated impairment		
As at 1 January	**(1,230)**	(1,322)
Reclassification from trade and other receivables (Note 23 (b))	**(101)**	-
Charge for the financial year (Note 6)	**(27)**	(116)
Disposal of investment in a subsidiary	**-**	208
As at 31 December	**(1,358)**	(1,230)
	3,327	3,195
Market value for quoted shares	**1,488**	1,603

* 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) During the year, the Corporation has reclassified RM259 million of amount due from subsidiaries as investment in subsidiaries as the Directors do not expect repayment in the foreseeable future.

(b) Carrying amounts of shares pledged as security for borrowings granted to certain subsidiaries amounted to RM103 million (2016: RM44 million).

(c) Certain subsidiaries which had indicators of impairment or reversal of impairment were assessed based on their recoverable amounts. Arising from this assessment, an impairment of RM27 million has been recorded in this financial year.

Amounts in RM Million Unless Otherwise Stated

17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information of Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Al-'Aqar Healthcare REIT and Damansara Assets Sdn Bhd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before elimination of inter-company balances and transactions. The non-controlling interests of the other subsidiaries are individually not material to the Group.

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

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-'Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Other immaterial subsidiaries		Total	
Group	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
NCI percentage of ownership voting interest	**0.02%**	0.02%	**63.13%**	63.01%	**85.50%**	85.12%	**43.64%**	43.60%	**-**	-	**-**	-
Carrying amount of NCI	**188**	289	**912**	851	**750**	718	**309**	303	**57**	43	**2,216**	2,204
Profit allocated to NCI	**(94)**	9	**83**	72	**34**	34	**21**	24	**17**	2	**61**	141

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17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Summarised Statements of Financial Position

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-`Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Non-current assets	**5,988**	5,778	**3,143**	2,905	**1,460**	1,424	**1,435**	1,475	**12,026**	11,582
Current assets	**1,109**	1,299	**1,079**	1,031	**97**	187	**497**	420	**2,782**	2,937
Total assets	**7,097**	7,077	**4,222**	3,936	**1,557**	1,611	**1,932**	1,895	**14,808**	14,519
Current liabilities	**1,058**	1,633	**1,069**	929	**622**	50	**217**	209	**2,966**	2,821
Non-current liabilities	**1,675**	1,265	**1,337**	1,322	**11**	665	**486**	475	**3,509**	3,727
Total liabilities	**2,733**	2,898	**2,406**	2,251	**633**	715	**703**	684	**6,475**	6,548
Net assets	**4,364**	4,179	**1,816**	1,685	**924**	896	**1,229**	1,211	**8,333**	7,971
Equity attributable to owners of the company	**4,242**	3,956	**1,727**	1,595	**924**	896	**923**	908	**7,816**	7,355
Non-controlling interests	**122**	223	**89**	90	**-**	-	**306**	303	**517**	616
Total equity	**4,364**	4,179	**1,816**	1,685	**924**	896	**1,229**	1,211	**8,333**	7,971

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17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iii) Summarised Statements of Comprehensive Income

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-`Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Revenue	**1,542**	1,613	**3,178**	3,021	**100**	104	**127**	118	**4,947**	4,856
Profit for the financial year	**(69)**	57	**167**	156	**85**	63	**36**	26	**219**	302
Profit attributable to owners of the company	**25**	41	**162**	149	**85**	63	**15**	2	**287**	255
Profit attributable to the non-controlling interests	**(94)**	16	**5**	7	**-**	-	**21**	24	**(68)**	47
Other comprehensive income attributable to owners of the company	**316**	166	**7**	(48)	**(2)**	-	**-**	-	**321**	118
Other comprehensive income attributable to the non-controlling interests	**18**	5	**-**	-	**-**	-	**-**	-	**18**	5
Other comprehensive income for the financial year	**334**	171	**7**	(48)	**(2)**	-	**-**	-	**339**	123
Total comprehensive income	**265**	228	**174**	108	**83**	63	**36**	26	**558**	425
Total comprehensive income attributable to owners of the company	**341**	207	**169**	101	**83**	63	**15**	2	**608**	373
Total comprehensive income attributable to the non-controlling interests	**(76)**	21	**5**	7	**-**	-	**21**	24	**(50)**	52
	265	228	**174**	108	**83**	63	**36**	26	**558**	425
Dividend paid to non-controlling interests	**1**	3	**63**	49	**34**	25	**15**	11	**113**	88

Amounts in RM Million Unless Otherwise Stated

17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iv) Summarised Statements of Cash Flows

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-`Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net cash generated from operating activities	**455**	130	**413**	143	**91**	89	**13**	37	**972**	399
Net cash generated from/(used in) investing activities	**(51)**	(477)	**(639)**	(132)	**86**	1	**(10)**	(17)	**(614)**	(625)
Net cash (used in)/generated from financing activities	**(406)**	(954)	**(70)**	(89)	**(165)**	(78)	**(20)**	(2)	**(661)**	(1,123)
Net change in cash and cash equivalents	**(2)**	(1,301)	**(296)**	(78)	**12**	12	**(17)**	18	**(303)**	(1,349)

17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Acquisition of subsidiaries in 2017

(i) Acquisition of Premium Angle Development Sdn Bhd ("PADSB") and Ibrahim International Business District (Johor) Sdn Bhd ("IJSB")

On 15 August 2017, the Corporation acquired 100% equity interest in PADSB comprising 2 ordinary shares of RM1 each for an aggregate cash consideration of RM2.

On 19 June 2017, the Corporation acquired 100% equity interest in IJSB comprising 2 ordinary shares of RM1 each for an aggregate cash consideration of RM2. Subsequently on 6 December 2017, the Corporation subscribed for an additional 599,998 ordinary shares in IJSB representing 60% of the issued and paid-up capital of IJSB for a total purchase consideration of RM599, 998, thereby reducing its effective interest to 60% in IJSB.

All these acquisition did not require any fair value adjustments.

(f) Disposal of equity interest in subsidiaries in 2017

During the current financial year, the Group disposed of its equity interests in PT Sawit Sumber Rejo, PT Wahana Semesta Karisma, PT Harapan Barito Sejahtera. The effects of the disposal on the financial position and results of the Group are disclosed in Note 12.

(g) Acquisition of subsidiaries in 2016

(i) Acquisition of Classruum Technologies Sdn. Bhd. (“CRTSB”)

In February 2016, the Group acquired 204,000 ordinary shares in CRTSB representing 51% of the issued and paid up share capital of CRTSB for a total purchase consideration of RM2,142,000. Following the acquisition of the interest, CRTSB became a subsidiary of the Group.

(ii) Acquisition of PT Rambang Agro Jaya (“RAJ”)

On 24 June 2016, the Group acquired 2,375 ordinary shares in RAJ representing 95% of the issued and paid up share capital of RAJ for a total purchase consideration of RM1,199,000. Following the acquisition of the interest, RAJ became a subsidiary of the Group.

(iii) Acquisition of PT Tempirai Palm Resources (“TPR”)

On 24 June 2016, the Group acquired 2,375 ordinary shares in TPR representing 95% of the issued and paid up share capital of TPR for a total purchase consideration of RM2,000. Following the acquisition of the interest, TPR became a subsidiary of the Group.

(iv) Acquisition of Libra Perfex Precision Sdn Bhd (“LIBRA”)

On 24 November 2016, the Group acquired 2,000,000 ordinary shares in LIBRA representing 100% of the issued and paid up share capital of LIBRA for a total purchase consideration of RM5,000,000. Following the acquisition of the interest, LIBRA became a subsidiary of the Group.

Amounts in RM Million Unless Otherwise Stated

17. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(g) Acquisition of subsidiaries in 2016 (continued)

The acquisitions had the following effects on the Group's assets and liabilities on the acquisition date:

	Final fair value recognised on acquisition	Provisional fair value recognised on acquisition		
	CRTSB	**RAJ & TPR**	**LIBRA**	**Total**
Property, plant and equipment (Note 13)	-	218	-	218
Inventories	-	5	-	5
Intangible assets	2	-	5	7
Cash and cash equivalents	1	1	4	6
Receivables	-	-	1	1
Payables	-	(165)	(5)	(170)
Effect of exchange rate	-	(1)	-	(1)
Net identifiable assets	3	58	5	66
Less: Non-controlling interest on acquisition	(1)	(1)	-	(2)
Group's share of net assets	2	57	5	64
Bargain purchase	-	(20)	-	(20)
Total cost of acquisition	2	37	5	44
Cash and cash equivalents acquired	(1)	(1)	(4)	(6)
Net cash outflow	1	36	1	38

The finalisation of the purchase price allocation for RAJ, TPR and LIBRA did not result in any further changes to their provisional fair values.

(h) Disposal of equity interest in subsidiaries in 2016

(i) On 30 August 2016, the Corporation had disposed its entire equity interest in Akademi Mutawwif Sdn Bhd for a cash consideration of RM50,000. The effect of disposal is not material to the Group.

(ii) On 1 November 2016, Johor Ventures Sdn. Bhd., an indirect subsidiary of the Corporation had disposed its entire equity interest in Effective Corporate Resources Sdn Bhd, Bistari Young Entrepreneur Sdn Bhd and JCIA Services Sdn Bhd to a third party for a cash consideration of RM3. The effect of disposal is not material to the Group.

(iii) On 13 November 2016, the Group entered into an agreement for the disposal of its subsidiary, Granulab (M) Sdn. Bhd., which is involved in trading of granumas, a granulat synthetic bone graft. The decision is in line with the Group's business exit strategy for identified companies under its Intrapreneur Venture segment to maximise returns and mitigate risks. The disposal was completed during the current financial year. The effect of disposal is not material to the Group.

The list of subsidiaries are disclosed on pages 225 to 247.

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18. INVESTMENT IN ASSOCIATES

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Unquoted shares in Malaysia, at cost	**104**	104	**4**	4
Unquoted shares outside Malaysia	**55**	55	**-**	-
Share of post-acquisition retained profits and reserves less losses	**99**	90	**-**	-
	258	249	**4**	4

(a) Details of the Group's associates are as follows:

	Country of incorporation	Principal activities	Percentage of ownership interest held by the Group* 2017	Percentage of ownership interest held by the Group* 2016	Accounting model applied
Held by the Corporation:					
Panca Pesona Sdn Bhd	Malaysia	Industrial land and property developer	**40.00%**	40.00%	Equity method
Held through the subsidiaries:					
Bertam Properties Sdn Bhd	Malaysia	Property developer	**20.00%**	20.00%	Equity method
Revertex (Malaysia) Sdn Bhd	Malaysia	Processing of rubber and chemicals	**30.07%**	30.07%	Equity method
Kedah Medical Centre Sdn Bhd	Malaysia	Operating as a specialist hospital	**45.65%**	45.65%	Equity method
Healthcare Technical Services Sdn Bhd	Malaysia	Project management and engineering maintainance services for specialist hospital	**30.00%**	30.00%	Equity method
Vejthani Public Company Limited	Thailand	International specialist hospital	**23.37%**	23.37%	Equity method

* Equals to the proportion of voting rights held

These associates have the same reporting period as the Group.

Amounts in RM Million Unless Otherwise Stated

18. 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

	Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Non-current assets	**195**	162	**117**	86	**60**	62	**33**	37	**405**	347
Current assets	**84**	54	**120**	180	**374**	363	**120**	114	**698**	711
Total assets	**279**	216	**237**	266	**434**	425	**153**	151	**1,103**	1,058
Non-current liabilities	**73**	38	**17**	18	**1**	-	**2**	4	**93**	60
Current liabilities	**47**	55	**9**	25	**109**	101	**25**	29	**190**	210
Total liabilities	**120**	93	**26**	43	**110**	101	**27**	33	**283**	270
Net assets	**159**	123	**211**	223	**324**	324	**126**	118	**820**	788

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18. INVESTMENT IN ASSOCIATES (CONTINUED)

(ii) Summarised Statements of Comprehensive Income

	Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Revenue	**256**	225	**85**	128	**444**	430	**99**	118	**884**	901
Profit for the financial year from continuing operations	**19**	15	**8**	30	**10**	202	**10**	17	**47**	264
Dividend received from the associates during the financial year	**-**	-	**4**	4	**3**	18	**1**	6	**8**	28

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Net assets at 1 January	**123**	108	**223**	213	**324**	182	**118**	287	**788**	790
Disposal of investment in associates	**-**	-	**-**	-	**-**	-	**-**	(7)	**-**	(7)
Profit for the financial year	**19**	15	**8**	30	**10**	202	**10**	17	**47**	264
Changes in equity	**17**	-	**-**	-	**-**	-	**-**	6	**17**	6
Dividend received from the associates during the financial year	**-**	-	**(20)**	(20)	**(10)**	(60)	**(2)**	(15)	**(32)**	(95)
Net assets at 31 December	**159**	123	**211**	223	**324**	324	**126**	288	**820**	958
Interest in associates	**23.37%**	23.37%	**20.00%**	20.00%	**30.07%**	30.07%	**-**	-	**-**	-
Group share of net assets	**37**	29	**42**	45	**97**	97	**54**	120	**230**	291
Reclassification - Assets held for sale	**-**	-	**-**	-	**-**	-	**-**	(70)	**-**	(70)
Goodwill	**18**	20	**5**	5	**15**	15	**(10)**	(12)	**28**	28
Carrying value of group's interest in associates	**55**	49	**47**	50	**112**	112	**44**	38	**258**	249

Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN JOINT VENTURES

	Group 2017	Group 2016
At cost		
Shares unquoted in Malaysia	**1,267**	1,267
Share of post-acquisition reserves	**141**	84
	1,408	1,351

The Group has voting rights and 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* 2017	Percentage of ownership interest* 2016	Principal activities	Accounting model applied
QSR Brands (M) Holdings Bhd	Malaysia	**51.00%**	51.00%	Note (i)	Equity method
Tepak Marketing Sdn Bhd	Malaysia	**63.04%**	63.04%	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 mainly involved in the business of quick service restaurants.

(ii) The principal activities consist of contract packing of tea and tea trading.

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19. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of QSR Brands (M) Holdings 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

	QSR Brands (M) Holdings Bhd		Tepak Marketing Sdn Bhd		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Non-current assets	**3,818**	3,908	**3**	2	**3,821**	3,910
Cash and cash equivalents	**486**	515	**1**	2	**487**	517
Other current assets	**655**	513	**18**	16	**673**	529
Total current assets	**1,141**	1,028	**19**	18	**1,160**	1,046
Total assets	**4,959**	4,936	**22**	20	**4,981**	4,956
Current liabilities (excluding trade and other payables and provisions)	**128**	117	**-**	1	**128**	118
Trade and other payables and provisions	**734**	778	**7**	7	**741**	785
Total current liabilities	**862**	895	**7**	8	**869**	903
Non-current liabilities (excluding trade and other payables and provisions)	**1,366**	1,421	**-**	-	**1,366**	1,421
Trade and other payables and provisions	**3**	3	**-**	-	**3**	3
Total non-current liabilities	**1,369**	1,424	**-**	-	**1,369**	1,424
Total liabilities	**2,231**	2,319	**7**	8	**2,238**	2,327
Net assets	**2,728**	2,617	**15**	12	**2,743**	2,629

Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of QSR Brands (M) Holdings 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

	QSR Brands (M) Holdings Bhd		Tepak Marketing Sdn Bhd		Total	
	2017	2016	2017	2016	2017	2016
Revenue	**4,560**	4,244	**42**	37	**4,602**	4,281
Depreciation and amortisation	**214**	226	**-**	-	**214**	226
Interest income	**9**	6	**-**	-	**9**	6
Interest expense	**80**	78	**-**	-	**80**	78
Profit before tax	**275**	157	**3**	3	**278**	160
Income tax expense	**91**	66	**-**	1	**91**	67
Profit after tax	**184**	127	**3**	2	**187**	129
Other comprehensive income	**1**	-	**-**	-	**1**	-
Total comprehensive income	**185**	127	**3**	2	**188**	129

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures.

	QSR Brands (M) Holdings Bhd		Tepak Marketing Sdn Bhd		Total	
	2017	2016	2017	2016	2017	2016
Net assets at 1 January	**2,617**	2,495	**12**	12	**2,629**	2,507
Profit for the financial year	**184**	127	**3**	2	**187**	129
Other comprehensive income	**1**	-	**-**	-	**1**	-
Change in ownership interest	**1**	(4)	**-**	-	**1**	(4)
Dividend paid	**(75)**	(1)	**-**	(2)	**(75)**	(3)
Net assets at 31 December	**2,728**	2,617	**15**	12	**2,743**	2,629
Interest in joint ventures	**51.00%**	51.00%	**63.04%**	63.04%	**-**	-
Group's share of net assets	**1,392**	1,336	**9**	8	**1,401**	1,344
Goodwill	**11**	11	**(4)**	(4)	**7**	7
Carrying value of Group's interest in joint ventures	**1,403**	1,347	**5**	4	**1,408**	1,351

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20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

Deferred tax assets and liabilities are attributable to the following:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Subject to income tax:				
Deferred tax assets	**347**	304	**259**	209
Deferred tax liabilities	**(95)**	(21)	**-**	-
Subject to real property gain tax:				
Deferred tax assets	**-**	-	**-**	-
Deferred tax liabilities	**(881)**	(860)	**(302)**	(280)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
At 1 January	**(577)**	(551)	**(71)**	(70)
Credited/(charged) to profit or loss:				
Property, plant and equipment	**86**	15	**15**	22
Investment properties	**(28)**	(77)	**(48)**	(56)
Tax losses	**37**	33	**46**	37
Provisions	**(11)**	(8)	**(12)**	(6)
Others	**(66)**	31	**-**	-
	18	(6)	**1**	(3)
(Charged)/credited to other comprehensive income:				
Property, plant and equipment	**(70)**	(20)	**27**	2
	(70)	(20)	**27**	2
As at 31 December	**(629)**	(577)	**(43)**	(71)

Amounts in RM Million Unless Otherwise Stated

20. DEFERRED TAX (CONTINUED)

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Deferred tax assets				
Property, plant and equipment	**45**	36	**34**	18
Provisions	**6**	17	**3**	15
Unutilised tax losses	**226**	189	**222**	176
Others	**70**	62	**-**	-
Amount before offsetting	**347**	304	**259**	209
Offsetting	**(41)**	(24)	**-**	-
As at 31 December	**306**	280	**259**	209
Deferred tax liabilities				
Investment properties	**(287)**	(259)	**(267)**	(219)
Property, plant and equipment	**(594)**	(601)	**(35)**	(61)
Others	**(95)**	(21)	**-**	-
Amount before offsetting	**(976)**	(881)	**(302)**	(280)
Offsetting	**41**	24	**-**	-
As at 31 December	**(935)**	(857)	**(302)**	(280)

Unrecognised deferred tax assets

The amount of deductible temporary differences and unused tax losses (both of which have no expiry dates) for which no deferred tax assets are recognised in the statement of financial position by certain subsidiaries as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Deductible temporary differences	**454**	486	**-**	-
Unutilised tax losses	**469**	569	**-**	-
	923	1,055	**-**	-

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21. OTHER INVESTMENTS

Group 2017	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Shares Outside Malaysia Unquoted	Fund Investment	Warrant In Malaysia Quoted	Total
Non-current:						
Available-for-sale financial assets	10	22	173	5	3	213
Financial assets at fair value through profit or loss	2	-	-	-	-	2
	12	22	173	5	3	215
Current:						
Financial assets at fair value through profit or loss	-	5	-	-	-	5
	-	5	-	-	-	5
	12	27	173	5	3	220
Representing items:						
At fair value (Note 36)	12	27	-	5	3	47
At cost (Note 36)	-	-	173	-	-	173
	12	27	173	5	3	220

Amounts in RM Million Unless Otherwise Stated

21. OTHER INVESTMENTS (CONTINUED)

Group 2016	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Shares Outside Malaysia Unquoted	Fund Investment	Total
Non-current:					
Available-for-sale financial assets	10	31	173	2	216
Financial assets at fair value through profit or loss	2	3	-	-	5
	12	34	173	2	221
Current:					
Financial assets at fair value through profit or loss	-	8	-	8	16
	-	8	-	8	16
	12	42	173	10	237
Representing items:					
At fair value (Note 36)	12	42	-	10	64
At cost (Note 36)	-	-	173	-	173
	12	42	173	10	237

Corporation 2017	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Warrant In Malaysia Quoted	Total
Current:				
Financial assets at fair value through profit or loss	**-**	**24**	**32**	**56**
	-	**24**	**32**	**56**
Representing item:				
At fair value (Note 36)	**-**	**24**	**32**	**56**

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21. OTHER INVESTMENTS (CONTINUED)

Corporation 2016	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Warrant In Malaysia Quoted	Total
Current:				
Financial assets at fair value through profit or loss	-	32	16	48
	-	32	16	48
Representing item:				
At fair value (Note 36)	-	32	16	48

22. INVENTORIES

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Stores and raw materials	**55**	45	**-**	-
Agricultural produce	**31**	12	**-**	-
Finished goods	**31**	46	**-**	-
Property development cost	**69**	27	**-**	-
	186	130	**-**	-
Shops and houses	**138**	53	**18**	21
	324	183	**18**	21

Inventories of the Corporation at carrying amount of RM1 million (2016: RM1 million) are pledged as security for borrowings.

Amounts in RM Million Unless Otherwise Stated

23. TRADE AND OTHER RECEIVABLES

	Group		Corporation	
	2017	2016	2017	2016
Non current				
Other receivables*	**65**	51	**-**	-
Amount due from related parties	**-**	-	**-**	196
Less: Allowance for impairment	**-**	-	**-**	(43)
	65	51	**-**	153
Current				
Trade receivables	**820**	952	**28**	19
Less: Allowance for impairment	**(54)**	(77)	**-**	-
	766	875	**28**	19
Other receivables**	**684**	674	**24**	188
Less: Allowance for impairment	**(34)**	(24)	**(6)**	(4)
	650	650	**18**	184
Deposits	**22**	13	**-**	-
Amount due from related parties	**-**	-	**266**	465
Less: Allowance for impairment	**-**	-	**(169)**	(243)
	22	13	**97**	222
Amount due from associates	**2**	37	**-**	-
	1,440	1,575	**143**	425
	1,505	1,626	**143**	578

* Included in other receivables (Non-current) is amounts due from PT Graha Sumber Berkah ("GSB") of RM36 million in relation to sale of BARUT and compensation receivable as disclosed in Note 39(2)(b).

** Included in the other receivables (Current) of the Group is deposit, prepayment and further investment of RM47 million (2016: RM47 million), RM162 million (2016: RM162 million) and RM22 million (2016: nil) respectively paid for the purchase and subscription of shares in PT Citra Sarana Energy (Note 39(2)(c)).

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23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Concentration of credit risk with respect to trade receivables are limited due to the Group's diverse customer base. The Group controls its credit risk by ensuring its customers have solid financial standing and credit history.

(a) Trade receivables

Ageing analysis of trade receivables

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

	Group		Corporation	
	2017	2016	2017	2016
Neither past due nor impaired	261	264	16	-
1 to 30 days past due not impaired	196	176	3	-
31 to 60 days past due not impaired	85	81	-	4
61 to 90 days past due not impaired	46	39	-	2
91 to 120 days past due not impaired	46	45	5	9
More than 121 days past due not impaired	132	270	4	4
	766	875	28	19
Impaired	54	77	-	-
	820	952	28	19

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 RM505 million (2016: RM611 million) and RM12 million (2016: RM19 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.

Amounts in RM Million Unless Otherwise Stated

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired

The Group's and the Corporation's trade receivables that are impaired at the reporting date amounting to RM54 million (2016: RM77 million) and RM nil (2016: RM nil) respectively. The individually impaired receivables mainly relates to plantation and healthcare services, which are in unexpectedly difficult economic situations. The movement of the allowance accounts used to record the impairment are as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Movement in allowance account:				
At 1 January	**77**	91	**-**	-
Charge for the financial year	**18**	35	**-**	-
Reversal of impairment losses	**(2)**	(49)	**-**	-
Write off	**(39)**	-	**-**	-
At 31 December	**54**	77	**-**	-

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 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 RM169 million (2016: RM286 million) for impairment of related parties. The individually impaired amounts due from related parties relate to those companies which are in unexpectedly difficult economic situation.

There has been net reversal of provision made in the Corporation allowance account for the financial year ended 31 December 2017 of RM16 million (2016: RM83 million). The reversal of impairment of RM35 million (2016: RM110 million) was mainly due to debt recovered from the related parties.

	Corporation	
	2017	**2016**
Movement in allowance account:		
At 1 January	**286**	365
Charge for the financial year	**19**	27
Reversal of impairment losses	**(35)**	(110)
Reclassification of subsidiary	**-**	4
Reclassification to investment in subsidiaries (Note 17)	**(101)**	-
At 31 December	**169**	286

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23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Other receivables

Ageing analysis of other receivables

The ageing analysis of the Group's other receivables are as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Neither past due nor impaired	**566**	563	**17**	49
1 to 30 days past due not impaired	**18**	9	**1**	2
31 to 60 days past due not impaired	**3**	1	**-**	-
61 to 90 days past due not impaired	**10**	5	**-**	-
91 to 120 days past due not impaired	**49**	55	**-**	-
More than 121 days past due not impaired	**69**	68	**-**	133
	715	701	**18**	184
Impaired	**34**	24	**6**	4
	749	725	**24**	188

Other receivables that are impaired

At the reporting date, the Group and the Corporation have provided an allowance of RM34 million (2016: RM24 million) and RM6 million (2016: RM4 million) respectively for impairment of other receivables.

There has been net reversal in the Group's and the Corporation's allowance for impairment account for the financial year ended 31 December 2017 of RM10 million (2016: RM2 million) and RM2 million (2016: RM 4 million) respectively.

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Movement in allowance account:				
At 1 January	**24**	22	**4**	-
Charge for the financial year	**10**	5	**2**	4
Reversal of impairment losses	**-**	(3)	**-**	-
At 31 December	**34**	24	**6**	4

24. OTHER CURRENT ASSETS

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Prepayments	**-**	369	**-**	329
Amount due from contract customers	**8**	154	**-**	-
	8	523	**-**	329

Amounts in RM Million Unless Otherwise Stated

24. OTHER CURRENT ASSETS (CONTINUED)

	Group 2017	2016
Construction contract cost incurred to date	**825**	628
Attributable (losses)/profit	**(80)**	96
	745	724
Progress billings	**(835)**	(527)
Effect of foreign exchange differences	**(34)**	(43)
Amount due (to)/from contract customers	**(124)**	154
Presented as follows:		
Amount due from contract customers	**8**	154
Provision for foreseeable losses (Note 29)	**(130)**	-
Amount due to contract customers (Note 29)	**(2)**	-
	(124)	154

Included in the Group's recognised losses for the year is foreseeable loss and damages due to the increased contract costs arising from the additional request for rectification work from the contract customer. The Group had submitted a proposal on contractual cost settlement in November 2017 and January 2018.

25. DERIVATIVE FINANCIAL INSTRUMENT

	Group Notional amount		Group Carrying amount	
	2017	2016	2017	2016
Cash flow hedges:				
Current assets				
Interest rate swap	**455**	210	**-**	-
	455	210	**-**	-
Current liabilities				
Interest rate swap	**-**	-	**2**	-
	-	-	**2**	-

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26. CASH AND BANK BALANCES

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Cash at banks and on hand	**589**	783	**21**	75
Fixed deposits with:				
Licensed banks	**293**	484	**9**	2
Other finance institutions	**-**	1	**-**	-
Cash and bank balances	**882**	1,268	**30**	77

Included in the deposits with licensed banks are the following amounts subject to restriction:

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Pledged with licensed banks for bank guarantee facilities provided to subsidiaries/third parties	**19**	61	**-**	-
Restricted usage under SUKUK	**-**	17	**-**	-
Restricted usage under Government Grant	**-**	19	**-**	19
Restricted usage - others	**26**	-	**-**	-
	45	97	**-**	19

The currency profile of cash and cash equivalents is as follows:

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Ringgit Malaysia	**850**	1,207	**30**	77
Indonesian Rupiah	**24**	26	**-**	-
Australian Dollar	**8**	35	**-**	-
	882	1,268	**30**	77

The weighted average interest rates of deposits, bank and cash balances that were effective at the reporting date were as follows:

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Deposits with licensed banks	**3.64%**	3.70%	**3.30%**	3.40%
Deposits with other financial institutions	**3.10%**	3.10%	**-**	-

Deposits of the Group and of the Corporation have an average maturity of 45 days (2016: 50 days) and 31 days (2016: 30 days) respectively.

Included in cash and bank balances of the Group is an amount of RM87 million (2016: RM74 million) of which the utilisation is subject to the Housing Developers (Housing Development Account) Regulations 2002.

Amounts in RM Million Unless Otherwise Stated

27. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Group		Corporation	
	2017	2016	2017	2016
Assets of disposal group classified as held for sale:				
Property, plant and equipment (Note 27a,c(i),d)	**230**	148	**82**	-
Land held for property development (Note 27b(i))	**-**	-	**27**	-
Property development cost (Note 27c(i)(ii))	**67**	-	**2**	-
Investment properties (Note 27a,c(i),d)	**426**	109	**206**	155
Other investment (Note 27d)	**18**	70	**-**	37
Trade and other receivables (Note 27d)	**12**	-	**-**	-
Cash and bank balance (Note 27d)	**28**	-	**-**	-
Deferred tax assets (Note 27d)	**14**	-	**-**	-
	795	327	**317**	192
Liabilities directly associated with disposal group classified as held for sale:				
Loan and borrowings (Note 27d)	**34**	-	**-**	-
Trade and other payables (Note 27d)	**156**	-	**-**	-
Deferred tax liabilities (Note 27d)	**13**	-	**-**	-
	203	-	**-**	-

Below are the significant assets of disposal group classified as held for sale, all of which are expected to complete in 2018:

(a) Property, plant and equipment

Group and Corporation

On 10 November 2017, a Sale of Facilities Agreement ("SFA") was entered between Corporation ("the vendor") and DIALOG Terminal Sdn Bhd ("the purchaser") in relation for the disposal of a tank terminal facility consisting of equipment, machinery and assets for the handling, storing, separating, blending and distributing petroleum by vessel and petroleum related products, petrochemical products and such chemical products and other substances of blending components approximately 100,000 cubic metre ("cbm") in storage capacity for a total sale consideration amounting to RM91 million. This is presented under Industry Segment in Note 38.

(b) Land held for property development

Corporation

(i) On 1 October 2017, the Corporation has agreed to sell commercial lands measuring 5.861 acres to Johor Land Berhad for the development of B5 Johor Street Market project for a total consideration of RM38 million.

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27. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Below are the significant assets of disposal group classified as held for sale: (continued)

(c) Investment properties, property, plant and equipment and property development cost

Group and Corporation

(i) The Group and Corporation are entering into a development agreement with the State Government to surrender certain investment properties, property plant and equipment and property development cost for a development project in exchange for neighbouring land after the completion of the Arena Larkin development project under the term of "Serah Balik Kurnia Semula" ("SBKS").

(ii) Bandar Baru Majidee Sdn Bhd, a subsidiary of Johor Land Berhad entered into a Joint Development Right, Supplementary Agreement and Second Supplementary Agreement on 23 November 2014, 7 April 2016 and 14 December 2017 respectively for a total consideration of RM130 million for sales of development rights to certain property, plant and equipment together with completed infrastructure and amenities.

(d) Jeta Gardens (Qld) Pty Ltd and Al-'Aqar Australia Pty Ltd

Al-'Aqar Australia Pty Ltd, a subsidiary of Al-'Aqar Healthcare Berhad plans to dispose the investment property in Australia in relation to disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries by KPJ Healthcare Berhad.

Assets and liabilities of Jeta Gardens (Qld) Pty Ltd and Al-'Aqar Australia Pty Ltd are as follows:

	Group 2017
Asset held for sale:	
Property, plant and equipment	**103**
Investment properties	**151**
Other investments	**18**
Trade and other receivables	**12**
Cash and bank balances	**28**
Deferred tax assets	**14**
	326
Liabilities associated with assets held for sale:	
Trade and other payables	**156**
Borrowings	**34**
Deferred tax liabilities	**13**
	203

Amounts in RM Million Unless Otherwise Stated

28. LOANS AND BORROWINGS

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Non-current				
Secured:				
Finance lease	**37**	27	**-**	-
Term loans	**1,430**	2,304	**-**	-
Islamic Debt Securities	**270**	-	**-**	-
Islamic Medium Term Notes ("IMTN")	**2,562**	3,350	**2,562**	2,556
Federal Government loans	**116**	121	**-**	-
Unsecured:				
Islamic Medium Term Notes ("IMTNs")	**900**	900	**-**	-
Term loans	**952**	55	**-**	-
Federal Government loans	**120**	89	**47**	54
Redeemable Preference Shares	**-**	312	**-**	-
	6,387	7,158	**2,609**	2,610
Current				
Secured:				
Bank overdrafts	**99**	95	**-**	-
Revolving credits	**289**	97	**-**	-
Bankers' acceptance	**3**	-	**-**	-
Finance lease	**23**	45	**-**	-
Term loans	**390**	525	**-**	-
Bridging loans	**98**	98	**-**	-
Islamic Debt Securities	**55**	-	**-**	-
Islamic Medium Term Notes ("IMTNs")	**574**	413	**-**	400
Unsecured:				
Bank overdrafts	**37**	45	**-**	-
Revolving credits	**599**	702	**-**	-
Term loans	**118**	313	**-**	-
Federal Government loans	**22**	16	**11**	6
	2,307	2,349	**11**	406
Total loans and borrowings	**8,694**	9,507	**2,620**	3,016

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28. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Group's loans and borrowings:

At 31 December 2017	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Bank overdrafts	**On demand**	**99**	**99**	**-**	**-**	**-**
Revolving credits	**-**	**289**	**289**	**-**	**-**	**-**
Bankers' acceptances	**On demand**	**3**	**3**	**-**	**-**	**-**
Finance lease	**2017-2022**	**60**	**23**	**11**	**26**	**-**
Term loans	**2017-2030**	**1,820**	**390**	**159**	**743**	**528**
Bridging loans	**On demand**	**98**	**98**	**-**	**-**	**-**
Islamic Debt Securities	**2017-2023**	**325**	**55**	**250**	**-**	**20**
Islamic Medium Term Notes ("IMTNs")	**2017-2022**	**3,136**	**574**	**800**	**1,762**	**-**
Federal Government loans	**2017-2034**	**116**	**-**	**-**	**28**	**88**
Unsecured:						
Bank overdrafts	**On demand**	**37**	**37**	**-**	**-**	**-**
Revolving credits	**-**	**599**	**599**	**-**	**-**	**-**
Term loans	**2017-2030**	**1,070**	**118**	**107**	**292**	**553**
Islamic Medium Term Notes ("IMTNs")	**2017-2022**	**900**	**-**	**-**	**900**	
Federal Government loans	**2017-2029**	**142**	**22**	**-**	**-**	**120**
Total		**8,694**	**2,307**	**1,327**	**3,751**	**1,309**

At 31 December 2016	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Bank overdrafts	On demand	95	95	-	-	-
Revolving credits	-	97	97	-	-	-
Finance lease	2016-2019	72	45	15	12	-
Term loans	2016-2029	2,829	525	571	1,282	451
Islamic Medium Term Notes ("IMTNs")	2017-2022	3,763	413	-	1,571	1,779
Bridging loans	On demand	98	98	-	-	-
Federal Government loans	2016-2034	121	-	-	8	113
Unsecured:						
Bank overdrafts	On demand	45	45	-	-	-
Revolving credits	-	702	702	-	-	-
Term loans	2016-2019	368	313	55	-	-
Islamic Medium Term Notes ("IMTNs")	2017-2022	900	-	-	-	900
Federal Government loans	2016-2022	105	16	-	-	89
Redeemable Preference Shares	2018	312	-	312	-	-
Total		9,507	2,349	953	2,873	3,332

Amounts in RM Million Unless Otherwise Stated

28. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Corporation's loans and borrowings:

At 31 December 2017	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Islamic Medium Term Notes ("IMTNs")	**2017-2022**	**2,562**	**-**	**800**	**1,762**	**-**
Unsecured:						
Federal Government loans	**2017-2029**	**58**	**11**	**-**	**-**	**47**
Total		**2,620**	**11**	**800**	**1,762**	**47**
At 31 December 2016						
Secured:						
Islamic Medium Term Notes ("IMTNs")	2017-2022	2,956	400	-	-	2,556
Unsecured:						
Federal Government loans	2016-2029	60	6	-	-	54
Total		3,016	406	-	-	2,610

	Group 2017	Group 2016
Finance lease liabilities		
Minimum lease payments:		
Not later than 1 year	**24**	45
Later than 1 year and not later than 2 years	**12**	17
Later than 2 years and not later than 5 years	**26**	12
	62	74
Future finance charges on finance leases	**(2)**	(2)
Carrying amount of finance lease liabilities	**60**	72
Non-current	**37**	27
Current	**23**	45
Total	**60**	72

Amounts in RM Million Unless Otherwise Stated

28. LOANS AND BORROWINGS (CONTINUED)

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
Weighted average effective interest rates of borrowings at the reporting date:				
Bank overdrafts	**7.76**	7.54	**-**	-
Revolving credits	**5.10**	3.28	**-**	-
Term loans	**5.95**	5.75	**-**	-
Federal Government loans	**4.19**	3.42	**4.00**	4.83
Bankers' acceptance	**4.70**	2.48	**-**	-
Bridging loans	**7.75**	6.13	**-**	-
Finance lease	**3.14**	2.95	**-**	-
Islamic Debt Securities	**1.75**	-	**-**	-
Islamic Medium Term Notes ("IMTNs")	**5.71**	4.29	**3.67**	3.67
Redeemable Preference Shares	**-**	12.00	**-**	-

Group borrowings: Period of maturity or repricing

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 year and not later than 5 years	Later than 5 years	Total
As at 31 December 2017					
Fixed	**1,604**	**1,060**	**2,716**	**229**	**5,609**
Floating	**703**	**267**	**1,035**	**1,080**	**3,085**
Total	**2,307**	**1,327**	**3,751**	**1,309**	**8,694**
As at 31 December 2016					
Fixed	919	392	2,468	2,165	5,944
Floating	1,430	561	405	1,167	3,563
Total	2,349	953	2,873	3,332	9,507

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 2017					
Fixed	**11**	**800**	**1,762**	**47**	**2,620**
As at 31 December 2016					
Fixed	406	-	-	2,610	3,016

Amounts in RM Million Unless Otherwise Stated

28. 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 2017				
Term loans - floating	**2,891**	**3,174**	**-**	**-**
Islamic Debt Securities	**325**	**325**	**-**	**-**
Revolving Credits	**888**	**888**	**-**	**-**
Islamic Medium Term Notes ("IMTNs")	**4,036**	**3,853**	**2,562**	**2,600**
Federal Government loans	**258**	**255**	**58**	**58**
As at 31 December 2016				
Term loans - floating	3,190	2,924	-	-
Revolving Credits	799	799	-	-
Islamic Medium Term Notes ("IMTNs")	4,663	3,845	2,956	3,004
Federal Government loans	226	222	60	60

Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Group and the Corporation liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and the Corporation statement of cash flows as cash flows from financing activities.

	Group		Corporation	
	2017	2016	2017	2016
Loans and borrowings				
At 1 January	**9,507**	8,017	**3,016**	3,025
Net cash changes (i)	**(911)**	1,016	**(490)**	(109)
Interest accretion	**423**	433	**88**	100
Other changes (ii)	**(325)**	41	**6**	-
At 31 December	**8,694**	9,507	**2,620**	3,016

(i) The net changes from borrowings represent the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include payments of transaction cost and settlement of BCSB RPS-i (Note 28(d)).

Amounts in RM Million Unless Otherwise Stated

28. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security

Corporation

(a) Islamic Medium Term Notes ("IMTNs")

On 14 June 2012, the Corporation entered into an Islamic Medium Term Notes ("IMTNs") Programme of up to RM3 billion, under the Syariah principle of Wakalah Bil Istithmar with Maybank Investment Bank ("MIB") ("Facility Agent") and, MIB and CIMB Investment Bank ("CIMB") ("Joint Lead Arrangers"). The IMTNs were issued in 3 series as follows:

Series	Principal amount	Tenure (Years)	Profit rate (% per annum)	Maturity date
Series 1	400	5	3.48	14 June 2017
Series 2	800	7	3.68	14 June 2019
Series 3	1,800	10	3.84	14 June 2022
	3,000			

The frequency of the expected periodic distribution ("Profit Payment") should be on a semi-annual basis or such other period of frequency to be agreed between the Corporation and the Joint Book Runners ("JBRs") prior to each issuance of the IMTNs.

The Federal Government of Malaysia ("GOM") has agreed to guarantee (irrevocably and unconditionally) the Corporation's payment obligations under the IMTNs in accordance with Loans Guarantee (Bodies Corporate) Act, 1965, that subject to the Guaranteed amount (the nominal value of the IMTNs guaranteed by the GOM shall not exceed RM3 billion in aggregate) for the period of 11 years from the date of first issuance of the IMTNs.

In consideration of the provision of guarantee by the GOM, the Corporation being a body corporate declared by the Minister of Finance ("MOF") pursuant to the Loans Guarantee (Declaration of Bodies Corporate) (Johor Corporation) Order 2012 [P.U(A)128/2012] agreed to pay on an annual basis the Guarantee Fee of 0.01% for the first 5 years and 0.02% for the 6th year onwards based on the outstanding IMTNs.

Subsequent to the issuance, the IMTNs may not be offered, sold, transferred or otherwise disposed of directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to categories of person falling with Schedule 6 or Section 229(1)(b), of the Capital Market and Services Act, 2007, as amended from time to time.

The IMTNs is not listed on Bursa Malaysia Securities Berhad or any other stock exchange.

There is no specific financial covenant associated with the IMTNs issued by the Corporation other than in the event of default, the entire IMTNs become immediately due and repayable.

28. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Corporation (continued)

(b) Federal Government loans

On 17 July 2002, the Corporation had applied for a restructuring of its Federal Government loans (inclusive of outstanding interest) to the Ministry of Finance.

The agreement for the restructuring scheme amounting to RM58 million was finalised on 13th April 2017 with the following terms:

(i) Period of repayment is revised to 15 years starting from 2015 with semi annual repayments on 1 June and 1 December;

(ii) Interest rate of 4% per annum;

(iii) Late payment interest of 2% per annum will be imposed if the payment is not accordance to the schedule; and

(iv) Exemption on previous interest accrued of RM17 million will be only approved if the repayment is in accordance to the schedule. If there is any failure to comply with the payment schedule, the interest accrued shall be paid in a lump sum on 31 December 2030.

There is no others specific financial covenant associated with the Federal Government loans.

Subsidiaries

(a) Kulim (Malaysia) Berhad ("KMB")

i. Islamic financing facilities

In connection with term loan facilities amounting to RM164 million granted to KMB and its subsidiaries, the following significant financial covenants have been agreed:

1. the ratio of the total borrowings to the consolidated shareholders' funds does not exceed 125% at all times; and
2. 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; and
3. The gearing ratio of a KMB subsidiary will not exceed 1.75 times; and
4. A minimum of Tangible Net Worth (TNW) of RM350 million on a consolidated basis and total liabilities to TNW on consolidated basis shall not exceed 1.5 to 1.

The borrowings are secured by charges over certain fixed deposits and property, plant and equipment, and corporate guarantee from KMB.

28. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(a) Kulim (Malaysia) Berhad ("KMB") (continued)

ii. Oil and gas segment

1. E.A. Technique (M) Berhad ("EAT") total financing to tangible net worth ("Gearing ratio") will not exceed 3.0 times at all times as per the following formula:

$$\frac{\text{Total Financing}}{\text{Tangible Net Worth + Subordination of Shareholders and Directors Advances}}$$

2. EAT's debt to equity ratio will not exceed 10.0 times at all times.

(b) Tanjung Langsat Port Sdn Bhd ("TLP")

Soft loan from the Government of Malaysia ("GOM")

On 13 February 2013, TLP had entered into a Loan Agreement with the GOM amounting to RM111 million for the construction of Berth 8 and Berth 9, which is secured by the assets constructed and a letter of comfort by the Corporation.

The repayment of the loan and associated interest has been temporarily suspended due to changes in terms of repayment and interest rate which are yet to be finalised as at date of this report.

There is no specific financial covenant associated with the soft loan from the GOM issued by TLP other than in the event of default, the entire soft loan from the GOM become immediately due and repayable.

(c) JCorp Capital Solutions Sdn Bhd ("JCSSB")

Bridging loan

(i) On 21 November 2013, JCSSB entered into a new Facility Agreement, with a licensed bank for a margin trading facility of up to a maximum aggregate sum of RM26 million, to part finance the acquisition of quoted shares and warrants in KPJ. The facility was secured over 17.5 million of KPJ Healthcare Berhad ("KPJ") quoted shares. On 21 July 2014, the Margin Trading Facility Agreement dated 21 November 2013 with a licensed bank was revised and increased the maximum aggregate sum from RM26 million to RM99 million to finance the conversion of 23 million units of KPJ warrants into new KPJ share of a 1 for 1 basis at a conversion price of RM3.13 per share. The facility is secured over the same securities.

There is no specific financial covenant associated with the bridging loan issued by JCSSB other than in the event of default, the entire bridging loan become immediately due and repayable.

28. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(c) JCorp Capital Solutions Sdn Bhd ("JCSSB") (continued)

Bridging loan (continued)

(ii) On 4 May 2017, JCSSB entered into a Short Term Revolving Credit-i ("STRC-i") for a maximum aggregate amount of RM300 million to refinance the existing Margin Trading Facility above and/or to finance general working capital requirement of JCSSB and its related company. The facility is secured against KPJ shares and/or other quoted listed shares in Bursa Malaysia Securities Berhad and a Letter of Awareness from the Corporation.

There is no specific financial covenant associated with the STRC-i issued by JCSSB other than in the event of default, the entire bridging loan become immediately due and repayable.

(d) Business Chronicles Sdn Bhd ("BCSB")

Redeemable Preference Shares ("RPS-i")

During 2017, the Group entered into settlement agreements with the remaining shareholders of RPS-i. The compensation amounted to:

(i) RM58 million of which RM28 million was paid in 2017 and RM2 million had been paid as preference dividends in prior year. The balance RM22 million (on a discounted basis) shall be paid over the next 5 years and is recorded in other payables (Note 29(b(iii)));

(ii) RM182 million due (on a discounted basis) shall be paid over the next 5 years and is recorded in other payables (Note 29(b)(ii)).

The outstanding accrued interest together with the remaining borrowings amounting to RM92 million were reversed and recognised in the income statement during the financial year.

(e) Efinite Structure Sdn Bhd ("ESSB")

Sukuk Ijarah, Islamic term financing

Pursuant to the Asset Rationalisation Programme ("Programme") involving ESSB, the Corporation, Tanjung Langsat Port Sdn. Bhd. ("TLP"), Damansara Assets Sdn. Bhd. ("DASB") and Johor City Development Sdn. Bhd. ("JCD"), ESSB has entered into Sukuk Ijarah Facility Agreement and Tawarruq Master Facility Agreement in 2013 to obtain Sukuk Ijarah and Islamic term financing amounting to RM353 million.

During the financial year, ESSB refinanced the existing borrowings in full by entering into a Syndicated Islamic Financing Facility ("SIFF") of up to RM325 million. The SIFF is secured against certain assets of the Corporation and TLP and a Letter of Awareness from the Corporation.

ESSB shall maintain a Finance Service Coverage Ratio ("FSCR") of not less than 1.25 times at all times and a Security Cover Ratio of not less than 1.5 times.

28. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(f) KPJ Healthcare Berhad ("KPJ")

Term loans - Syariah compliant

The term loan amounting to RM346 million is secured over certain investment properties. Other borrowings are secured by certain assets of KPJ.

KPJ has to comply with the following significant covenants:

(i) KPJ finance to equity ratio being not more than 1.5 times (Islamic Medium Term Notes);

(ii) A subsidiary's dividends declared or paid being not more than fifty percent (50%) of profit after tax;

(iii) A subsidiary's debt service current ratio to be maintained at a minimum of 1.5 times;

(iv) A subsidiary's borrowings over net tangible assets being not more than 2.0 times;

(v) KPJ bank borrowings to Tangible Net Worth not more than 1.25 times;

(vi) Interest Coverage Ratio not more than 4 times; and

(vii) A subsidiary's gearing ratio to be maintained at a minimum of 3.5 times.

(g) TPM Technopark Sdn Bhd ("TPM")

Islamic term financing, Revolving credit facility

(i) The Revolving Credit facility-I ("RC-i") of RM20 million under Bai'Inah Facility Agreement is secured by the related Development Rights Agreement ("DRA").

(ii) The Islamic term financing and revolving credit facilities amounting to RM123 million is secured by certain assets and a Letter of awareness from the Corporation.

There is no specific financial covenant associated with Islamic term financing and RC-i issued by TPM other than in the event of default, the entire Islamic term financing and RC-i become immediately due and repayable.

(h) BDO Assets Management Sdn Bhd ("BDO")

The Commodity Murabahah Term Financing-I ("CMTF-i") of RM245 million is secured over certain shares and assets.

There is no specific financial covenant associated with the CMTF-i issued by BDO other than in the event of default, the entire CMTF-i become immediately due and repayable.

28. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(i) Al-'Aqar Capital Sdn Bhd ("AACSB")

Sukuk Ijarah

In 2013, AACSB undertook an Islamic financing facility comprising IMTNs of up to RM1 billion in nominal value and issued RM655 million in nominal value of IMTNs. On 20 July 2017, AACSB made a partial early one-off redemption of RM80 million.The remaining Sukuk Ijarah Programme of RM575 million is due in May 2018. AACSB is in the midst of undertaking steps to refinance the said issuance.

The financing facility is secured against the investment properties totalling RM1.24 billion (2016: RM1.20 billion).

AACSB shall at all times maintain and/or caused to be maintained the following Finance Service Cover Ratio (“FSCR”)

i. FSCR at AACSB Level of not less than 1.5 times;
ii. FSCR at Al-’Aqar Healthcare REIT level of not less than 1.5 times;
iii. such other financial covenant(s) as may be determined by RAM Rating Services Berhad (“RAM”) and to be mutually agreed to by AACSB.

(j) Damansara Assets Sdn Bhd (“DASB”)

The term loans amounting to RM391 million are secured by way of legal charges over certain investment properties of DASB and the assignment of shares.

There is no specific financial covenant associated with the term loan issued by DASB other than in the event of default, the entire term loan become immediately due and repayable.

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For The Financial Year Ended 31 December 2017

Amounts in RM Million Unless Otherwise Stated

29. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Current				
Trade payables	**690**	772	**28**	13
Other payables	**707**	815	**213**	280
Provision for foreseeable losses (Note 24)	**130**	-	**-**	-
Amount due to contract customer (Note 24)	**2**	-	**-**	-
Retention money	**4**	5	**1**	2
Lease rental payable	**-**	15	**-**	-
Amount owing to associates	**4**	-	**-**	-
Trade accruals	**275**	185	**3**	3
Amount due to other shareholders of subsidiaries	**125**	15	**-**	-
Amount due to subsidiaries	**-**	-	**810**	619
Arbitration settlement	**7**	10	**-**	-
	1,944	1,817	**1,055**	917
Non-current				
Amount owing to a subsidiary	**-**	-	**295**	368
Arbitration settlement	**67**	82	**-**	-
Other payables	**204**	5	**83**	-
	271	87	**378**	368
Total	**2,215**	1,904	**1,433**	1,285

(a) Trade payables and trade accruals

These amounts are non-interest bearing. Trade payables and trade accruals are normally settled on 60-day (2016: 60-day) terms.

(b) Other payables, retention money and lease rental payable

These amounts are non-interest bearing and are normally settled on an average term of six months (2016: average term of six months). Included in other payables is:

(i) an amount of RM83 million for additional land acquisiton payable in 2020;

(ii) amount payable to State Government of Johor and State Heritage Trust Fund amounting to RM182 million (2016: RM nil) over the next 5 years at a discounted rate of 6.60% (2016: nil); and

(iii) amount payable to a previous shareholder of RPS-i amounting to RM22 million (2016: RM nil) over the next 5 years discounted at a rate of 6.60% (2016: nil).

(c) Amounts owing to associates and other shareholders of subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

Amounts in RM Million Unless Otherwise Stated

29. TRADE AND OTHER PAYABLES (CONTINUED)

(d) Amount owing to subsidiaries

This amount is unsecured, non-interest bearing and repayable on demand except for a subsidiary bearing interest between 6.50% to 6.75% (2016: 6.55% to 6.77%) per annum. The amount owing to that subsidiary is repayable between 2013 and 2023 pursuant to Ijarah Agreement entered into between the subsidiary and the Corporation on 24 June 2013.

Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Corporation liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Corporation statement of cash flows as cash flows from financing activities.

	Corporation	
	2017	2016
At 1 January	619	376
Net cash changes (i)	211	216
Interest accretion	34	29
Other changes (ii)	(54)	(2)
At 31 December	810	619

(e) Arbitration settlement

On 11 November 2016, Tanjung Langsat Port Sdn Bhd ("TLP") entered into Settlement Agreement with a Claimant for a total settlement of USD30 million. Both parties had by joint application to the Federal Court, agreed to adjourn the Company's Section 80 Application from 7 February 2017 to 20 February 2017 to enable the Claimant to verify the compliance with Clause 3.1.2 of the Settlement Agreement by the Company. In the event that both the conditions precedents, namely the initial payment of USD4 million and issuance of Letter of Undertaking after obtaining the prior written consent from the Ministry of Finance are satisfied, the Claimant shall forever waive its original claim of USD141 million and interest therein under the Award, which claims and rights shall be merged into or superseded by the agreed settlement amounts of USD30 million as mentioned in the Settlement Agreement.

On 14 March 2017, the Claimant had notified TLP that all the terms and condition stipulated under the Settlement Agreement have been complied with. The Claimant had satisfied and waived the original claims and rights under the Partial Award against TLP including all orders and judgement of the Courts in favour of the Claimant which now all the rights shall be superseded by the Settlement Agreement.

On 17 March 2017, TLP and the Claimant had notified Court of Appeal which informed that both parties has perfected the settlement of disputes and therefore requested the Court to withdraw both parties appeal on the date of the continued hearing fixed on 20 April 2017. TLP had filed the Notice of Discontinuance on 24 March 2017 for TLP's appeals at the Court of Appeal and at the Federal Court for TLP's Leave Application and TLP's Section 80 Application.

Amounts in RM Million Unless Otherwise Stated

29. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Arbitration settlement (continued)

Based on the Settlement Agreement, the settlement sum shall be settled by TLP in the following manner:

(i) An initial payment of USD4 million which was paid in 2016;

(ii) A second payment of USD4 million had been made by TLP on 27 March 2017; and

(iii) The balance of USD23 million shall be paid by 6 annual instalments with the first due within a year from the date of fulfilment of the condition precedent stated above. The first and second instalments amount to USD3 million each and the third to sixth instalments amount to USD4 million each.

A letter of undertaking was issued by Corporation on 3 February 2017.

The balance of settlement sum of USD27 million, after deduction the initial payment, has been discounted to its fair value upon recognition using the prevailing market interest rate for borrowing of 8%. The difference between the fair value and the balance of settlement sum is recognised as interest over the remaining settlement period through amortisation.

The amount outstanding are as follows:

	Group	
	2017	**2016**
Balance outstanding	**74**	92
Maturity profile:		
Within 12 months	**7**	10
Later than 1 year and not later than 5 years	**51**	47
Later than 5 years	**16**	35
Total outstanding balance	**74**	92
Repayable within 12 months (under current liabilities)	**(7)**	(10)
Repayable after 12 months (under non-current liabilities)	**67**	82
Carrying value	**74**	92
Fair value	**74**	92

Amounts in RM Million Unless Otherwise Stated

29. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Arbitration settlement (continued)

The movement in provision for arbitration is as follows:

	Group	
	2017	**2016**
At 1 January	**92**	77
Additional provision during the year	**-**	4
(Gain) / loss on unrealised foreign exchange	**(8)**	27
Settlement of arbitration	**(16)**	(16)
Interest on arbitration settlement	**6**	-
At 31 December	**74**	92

30. OTHER LONG TERM LIABILITIES

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Government Grant (Note (a))	**295**	315	**243**	258
Land lease rental received in advance (Note (b))	**682**	580	**527**	436
Other long term payables (Note (c))	**38**	39	**-**	-
Deposits (Note (d))	**28**	27	**-**	-
Others	**13**	9	**13**	-
	1,056	970	**783**	694

Notes to the Financial Statements

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Amounts in RM Million Unless Otherwise Stated

30. OTHER LONG TERM LIABILITIES (CONTINUED)

(a) Government Grant (continued)

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
At cost:				
At 1 January	**340**	462	**265**	278
Grant received during the financial year	**12**	45	**7**	40
Reversal	**(19)**	(163)	**(19)**	(49)
Reclassification	**-**	(4)	**-**	(4)
At 31 December	**333**	340	**253**	265
Accumulated amortisation:				
At 1 January	**25**	176	**7**	3
Amortisation (Note 5)	**13**	12	**3**	4
Reversal	**-**	(163)	**-**	-
At 31 December	**38**	25	**10**	7
Balance as at 31 December	**295**	315	**243**	258

(b) Land lease rental received in advance

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
At cost:				
At 1 January	**632**	242	**451**	115
Additions	**120**	390	**103**	336
At 31 December	**752**	632	**554**	451
Accumulated amortisation:				
At 1 January	**52**	35	**15**	-
Amortisation for the financial year	**18**	17	**12**	15
At 31 December	**70**	52	**27**	15
Carrying amount as at 31 December	**682**	580	**527**	436

Amounts in RM Million Unless Otherwise Stated

30. OTHER LONG TERM LIABILITIES (CONTINUED)

(b) Land lease rental received in advance (continued)

This represents money received in advance from sub leases for periods between 30 to 60 years which will be recognised in the Statement of Comprehensive Income as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Under 1 year	**14**	13	**9**	7
1 to 2 years	**15**	23	**10**	17
2 to 3 years	**16**	23	**10**	17
Over 3 years	**637**	521	**498**	395
At 31 December	**682**	580	**527**	436

(c) Other long term payables

Other long term payables are in respect of the balances of purchase consideration for the acquisition of freehold land and property from the State Government of Johor and the State Secretary of Johor (Incorporation) ("SSI"). These amounts are unsecured, non-interest bearing and are repayable as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Under 1 year	**1**	1	**-**	-
1 to 2 years	**1**	1	**-**	-
2 to 3 years	**1**	1	**-**	-
Over 3 years	**35**	36	**-**	-
At 31 December	**38**	39	**-**	-

(d) Deposits

Deposits represent amounts received from medical consultants, which are repayable on death, retirement (at age 65) or disability of the medical consultants. Deposits are forfeited on termination of a medical consultant's practice either by the Group due to events of breach or on early termination by the medical consultant. However, the deposits may be refunded to the medical consultants if approval from the KPJ's board of Directors is obtained.

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31. RESERVES

(a) Capital reserves

Capital reserves mainly comprise of Warrant Reserve, ESOS Reserve, and other reserves set aside by the subsidiaries of the Group.

(b) Asset revaluation reserve

Asset revaluation reserve represents surplus from the revaluation of property, plant and equipment in respect of healthcare properties and estate land.

(c) Currency fluctuation reserve

The currency fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation where functional currencies are different from that of the Group's presentation currency.

(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.

32. 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	
	2017	**2016**	**2017**	**2016**
Paid/payable to subsidiaries:				
Purchases of fresh fruit bunches	**-**	-	**-**	29
Management fees	**-**	-	**3**	1
Rental expenses	**-**	-	**7**	2
Interest expenses	**-**	-	**34**	29
Marketing expenses	**-**	-	**3**	6
Paid/payable to government related entity:				
Land premium	**-**	197	**6**	197

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32. 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	
	2017	**2016**	**2017**	**2016**
Receipt/receivable from subsidiaries:				
Sale of goods	**-**	-	**36**	29
Interest income	**-**	-	**2**	1
Dividend	**-**	-	**111**	128
Management fee income	**40**	-	**40**	3
Rental income	**-**	-	**7**	5
Concession fee	**-**	-	**22**	22
Sales of property, plant and equipment	**-**	-	**32**	-
Sales of investment properties	**147**	-	**37**	-
Sales of other investment	**67**	-	**67**	-

Johor Corporation was incorporated under the Johor Corporation Enactment (No. 4, 1986) (as amended by Enactment No. 5, 1995), and controlled by the Johor State Government. The Group considers that, for the purpose of FRS 124 - "Related Party Disclosures", the Johor State Government is in the position to exercise control over the Corporation. As a result, the Johor State Government and Johor State Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Corporation.

Apart from the individually significant transactions as disclosed in the financial statements, the Group and the Corporation have collectively, but not individually, significant transactions with other government related entities which include but not limited to the following:

(i) Quit rent and assesment fees paid to Municipal and Land Department of Johor;
(ii) Business license and rental paid to state government-related entities; and
(iii) Land conversion premium paid to government-related entities.

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparts are government-related entities or not.

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33. COMMITMENTS

(a) Capital commitments

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	**182**	312	**46**	50
Not contracted for	**427**	265	**-**	-
	609	577	**46**	50
Analysed as follows:				
Property, plant and equipment	**460**	437	**-**	-
Land held for property development	**58**	62	**46**	50
Investment properties	**91**	78	**-**	-
	609	577	**46**	50

34. CONTINGENCIES

(a) Corporation

Land Acquisition of Kem Tebrau

The Corporation is subject to various litigations relating to the land acquisition as follows:

(i) claims by certain third parties that they were allegedly excluded from participating in the land enquiry;

(ii) claims by landowners for RM6 billion compensation compared to actual compensation paid by Corporation of RM329 milion; and

(iii) judicial review that the decision of the State Government and Corporation is in bad faith and/or unlawful and thus null and void.

The claims are currently progressing in various courts and all decisions to date have been in favour of the Corporation.

34. CONTINGENCIES (CONTINUED)

(b) Tanjung Langsat Port Sdn Bhd ("TLP")

(i) On 10 October 2014, TLP was served with a Notice of Arbitration from Langsat Terminal (One) Sdn Bhd ("LGT1") for the alleged failure of the TLP to provide adequate jetty and berthing facilities ("Arbitration Proceeding"). TLP has responded on 7 November 2014 disputing the allegation. LGT1 has since submitted a loss and damages claim of RM600 million on 8 July 2016 while the TLP has counter-claimed for a sum of RM63 million as at 31 May 2016. The hearing of the Arbitration Proceeding took place in 2017. On 9 March 2018, parties had entered into Settlement Agreement on full and final settlement of the Arbitration Proceeding and had submitted a joint notice to the Arbitral Tribunal for the termination of the same.

(ii) TLP had on 7 April 2014 initiated an arbitration proceeding against Dialog E&C Sdn Bhd ("DECSB") the contractor responsible for the detailed engineering design, procurement, construction and commissioning of the oil storage tanks, where the fire incident occurred in 2008, to indemnify the TLP on a back to back basis against the liabilities that arise from the arbitration award referred to in Note 29(e) ("Arbitration Proceeding"). On 9 March 2018, parties had entered into a Settlement Agreement as full and final settlement of the Arbitration Proceeding and had submitted a joint notice to the Arbitral Tribunal for the termination of the same.

(c) KPJ Healthcare Berhad ("KPJ")

KPJ is subject to litigations in the ordinary course of business, mainly arising from its subsidiaries hospital operations. The Directors are of the opinion, based on legal advice and malpractice insurance, that no significant exposure will arise that requires recognition.

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35. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Corporation as at 31 December are categorised into the following classes:

Group	2017	2016
Loans and receivables:		
Trade and other receivables (Note 23)	**1,505**	1,626
Cash and bank balances (Note 26)	**882**	1,268
	2,387	2,894
Financial assets at fair value through profit or loss:		
Other investments (Note 21)	**7**	21
	7	21
Available-for-sale financial assets:		
Other investments (Note 21)	**213**	216
	220	237
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 29)	**2,215**	1,904
Loans and borrowings (Note 28)	**8,694**	9,507
	10,909	11,411

Corporation	2017	2016
Loans and receivables:		
Trade and other receivables (Note 23)	**143**	578
Cash and bank balances (Note 26)	**30**	77
	173	655
Financial assets at fair value through profit or loss:		
Other investments (Note 21)	**56**	48
	56	48
Financial liabilities measured at amortised cost:		
Trade and other payables (Note 29)	**1,433**	1,285
Loans and borrowings (Note 28)	**2,620**	3,016
	4,053	4,301

36. 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 given by the Corporation 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.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Corporation will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Corporation's exposure to liquidity risk arises primarily from mismatches of financial assets and liabilities. The Group's and the Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Corporation's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

At 31 December 2017 Group	On demand or within 1 year	More than 1 year to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	1,944	289	-	2,233
Other long term liabilities	1	37	-	38
Loans and borrowings	2,438	6,209	533	9,180
Total undiscounted financial liabilities	4,383	6,535	533	11,451
Corporation				
Financial liabilities:				
Trade and other payables	1,054	403	-	1,457
Loans and borrowings	12	2,589	20	2,621
Total undiscounted financial liabilities	1,066	2,992	20	4,078

At 31 December 2016 Group	On demand or within 1 year	More than 1 year to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	1,822	86	-	1,908
Loans and borrowings	2,433	4,023	3,461	9,917
Total undiscounted financial liabilities	4,255	4,109	3,461	11,825
Corporation				
Financial liabilities:				
Trade and other payables	916	393	-	1,309
Loans and borrowings	407	2,586	24	3,017
Total undiscounted financial liabilities	1,323	2,979	24	4,326

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36. 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 10 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	
	2017	**2016**	**2017**	**2016**
Interest rate:				
10 bp increase in interest rates	**8**	9	**3**	3
10 bp decrease in interest rates	**(8)**	(9)	**(3)**	(3)

(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	
	2017	**2016**
Trade and other receivables	**43**	207
Cash and bank balances	**82**	302
Trade and other payables	**(244)**	(167)
Loans and borrowings	**(315)**	(552)
Net exposure in the statement of financial position	**(434)**	(210)

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36. 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	
	2017	**2016**	**2017**	**2016**
USD				
Strengthened 5% (2016: 5%)	**(23)**	(9)	**1**	1
Weakened 5% (2016: 5%)	**23**	9	**(1)**	(1)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investments in quoted equity instruments. The quoted equity instruments in Malaysia are listed in the Bursa Malaysia Securities Berhad. 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 did 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 29)	28
Trade and other payables	29

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36. 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.

Fair value hierarchy

The Group held the following asset and liabilities measured at fair value or not measured at fair value but fair value is disclosed in the Statements of Financial Position:

Group At 31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at cost:				
Unquoted shares	-	-	173	173
Financial assets measured at fair value:				
Unquoted shares	-	-	12	12
Quoted shares	27	-	-	27
Quoted warrants	3	-	-	3
Fund investments	5	-	-	5
Non-financial assets measured at fair value:				
Investment properties	-	-	3,640	3,640
Property, plant and equipment				
- Healthcare properties	-	-	1,861	1,861
- Freehold land	-	-	1,736	1,736
- Leasehold land	-	-	2,238	2,238
Financial liabilities not measured at fair value but fair value is disclosed :				
Term loans - floating	-	-	3,174	3,174
Islamic Debt Securities	-	-	325	325
Revolving Credits	-	-	888	888
Islamic Medium Term Notes ('IMTNs')	-	-	3,853	3,853
Federal Government loans	-	-	255	255
	35	-	18,155	18,190

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value hierarchy (continued)

Group **At 31 December 2016**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at cost:				
Unquoted shares	-	-	173	173
Financial assets measured at fair value:				
Unquoted shares	-	-	12	12
Quoted shares	42	-	-	42
Fund investments	10	-	-	10
Non-financial assets measured at fair value:				
Investment properties	-	-	3,609	3,609
Property, plant and equipment				
- Healthcare properties	-	-	1,875	1,875
- Freehold land	-	-	1,580	1,580
- Leasehold land	-	-	2,170	2,170
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Term loans- floating	-	-	2,924	2,924
Revolving Credits	-	-	799	799
Islamic Medium Term Notes ('IMTNs')	-	-	3,845	3,845
Federal Government loan	-	-	222	222
	52	-	17,209	17,261

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value hierarchy (continued)

Corporation At 31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Quoted shares	24	-	-	24
Quoted warrants	32	-	-	32
Investment properties	-	-	1,499	1,499
Property, plant and equipment:				
- Freehold land	-	-	150	150
- Estate land	-	-	151	151
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ('IMTNs')	-	-	2,600	2,600
Federal Government Loan	-	-	58	58
	56	-	4,458	4,514

Corporation At 31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Quoted shares	32	-	-	32
Quoted warrants	16	-	-	16
Investment properties	-	-	1,450	1,450
Property, plant and equipment				
- Freehold land	-	-	150	150
- Estate land	-	-	350	350
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ('IMTNs')	-	-	3,004	3,004
Federal Government Loan	-	-	60	60
	48	-	5,014	5,062

During the reporting period ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

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37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain an optimal capital structure so as to comply with financial covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected cash flows, projected capital expenditures and projected strategic investment opportunities.

Management monitors capital based on a net gearing ratio. The gearing ratio is calculated as net debt divided by shareholders' equity. Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
Loans and borrowings (Note 28)	**8,694**	9,507	**2,620**	3,016
Less: Cash and bank balances (Note 26)	**(882)**	(1,268)	**(30)**	(77)
Net debt	**7,812**	8,239	**2,590**	2,939
Total equity	**8,626**	7,787	**1,987**	1,969
Debt-to-equity ratios	**0.91**	1.06	**1.30**	1.49

There were no changes in the Group's approach to capital management during the financial year.

As at 31 December 2017, the Group and Corporation had complied with all external financial covenants as disclosed in Note 28.

There is a capital requirement imposed by the Bank Negara Malaysia to an indirect subsidiary which involves in insurance brokering and consultancy to maintain a minimum shareholder's fund of RM600,000 at any point in time. This externally imposed capital requirement has been compiled with by the above mentioned subsidiary for the financial year.

38. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective chief operating decision maker responsible for the performance of the respective segments under their charge. The chief operating decision maker of the Group is the Group Top Management Committee who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and land held for property development.

Reportable segments

The Group comprises the following reportable segments:

- Palm oil – Oil palm plantation, crude palm oil processing, plantation management services and consultancy.
- Healthcare – Hospitals and healthcare services.
- Property – Property development, housing development, property management service, property investment and real estate investment trust.
- Industry – Development and sale of industrial land, project management, promote, develop, operate and manage the port.
- Quick service restaurant – Kentucky Fried Chicken, Pizza Hut and Ayamas outlets.
- Intrapreneur ventures – Parking management, sales of wood-based products and bulk mailing and printing.

Other operations of the Group are not of sufficient size to be reported separately.

Reconciliation to the Statement of Comprehensive Income mainly relates to the elimination of QSR Brands (M) Holdings Sdn Bhd, a subsidiary of a joint venture of the Group, which is included within the reportable segment.

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38. SEGMENT INFORMATION (CONTINUED)

Group **As at 31 December 2017**	**Palm oil**	**Healthcare**	**Property**	**Industry**	**Quick service restaurant**	**Intrapreneur ventures**	**Subtotal**
External revenue	1,136	3,178	713	106	4,644	56	9,833
Inter-segment revenue	(109)	-	(136)	(6)	-	(7)	(258)
Total revenue	1,027	3,178	577	100	4,644	49	9,575
Results							
Segment results	380	264	428	18	352	(9)	1,433
Unallocated income							
Unallocated costs							
Profit from operations							
Finance costs							
Share of results of associates							
Share of results of joint ventures							
Profit before tax							
Tax							
Profit after tax							

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38. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2017	Others	Grand Total	Reconciliation	Continued operation	Discontinued operation	Group
External revenue	801	10,634	(4,560)	6,074	55	6,129
Inter-segment revenue	(237)	(495)	-	(495)	-	(495)
Total revenue	564	10,139	(4,560)	5,579	55	5,634
Results						
Segment results	(44)	1,389	(355)	1,034	(82)	952
Unallocated income		9	-	9	-	9
Unallocated costs		(64)	-	(64)	-	(64)
Profit from operations		1,334	(355)	979	(82)	897
Finance costs		(503)	80	(423)	(2)	(425)
Share of results of associates		14	-	14	-	14
Share of results of joint ventures		-	95	95	-	95
Profit before tax		845	(180)	665	(84)	581
Tax		(214)	91	(123)	1	(122)
Profit after tax		631	(89)	542	(83)	459

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38. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2017	Palm oil	Healthcare	Property	Industry	Quick service restaurant	Intrapreneur ventures	Others	Total	Reconciliation	Group
Other information										
Segment assets	5,780	3,479	3,505	1,528	4,983	43	5,770	25,088	(4,959)	20,129
Associates	-	463	214	-	-	-	(419)	258	-	258
Joint ventures	-	-	-	-	-	-	-	-	1,408	1,408
Unallocated assets	-	-	-	-	-	-	-	-	-	-
Consolidated total assets								25,346	(3,551)	21,795
Segment liabilities	2,908	2,381	1,981	965	2,273	42	4,758	15,308	(2,231)	13,077
Unallocated liabilities	-	-	-	-	-	-	-	92	-	92
Consolidated total liabilities								15,400	(2,231)	13,169
Capital expenditure	325	871	501	3	238	-	828	2,766	(237)	2,529
Depreciation and amortisation	180	223	7	10	236	-	103	759	(229)	530

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38. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2016	Palm oil	Healthcare	Property	Industry	Quick service restaurant	Intrapreneur ventures	Others	Total	Reconciliation	Group
External revenue	981	3,021	580	227	4,297	58	965	10,129	(4,244)	5,885
Inter-segment revenue	(162)	-	(119)	(30)	-	-	(219)	(530)	-	(530)
Total revenue	819	3,021	461	197	4,297	58	746	9,599	(4,244)	5,355
Results										
Segment results	131	239	306	63	225	1	104	1,069	(235)	834
Unallocated income								73	-	73
Unallocated costs								(74)	-	(74)
Profit from operations								1,068	(235)	833
Finance costs								(511)	78	(433)
Share of results of associates								77	-	77
Share of results of joint ventures								-	64	64
Profit before tax								634	(93)	541
Tax								(192)	66	(126)
Profit after tax from continuing operations								442	(27)	415
Profit from discontinued operations								36	(36)	-
Profit for the financial year								478	(63)	415

Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

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38. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2016	Palm oil	Healthcare	Property	Industry	Quick service restaurant	Intrapreneur ventures	Others	Total	Reconciliation	Group
Other information										
Segment assets	5,591	3,538	3,096	1,469	4,955	83	5,676	24,408	(4,936)	19,472
Associates	-	78	162	-	-	-	9	249	-	249
Joint ventures	-	-	-	-	-	-	-	-	1,351	1,351
Unallocated assets								8	-	8
Consolidated total assets								24,665	(3,585)	21,080
Segment liabilities	3,426	2,163	2,671	1,021	2,352	78	3,586	15,297	(2,319)	12,978
Unallocated liabilities								315	-	315
Consolidated total liabilities								15,612	(2,319)	13,293
Capital expenditure	248	262	3	4	233	-	722	1,472	(230)	1,242
Depreciation and amortisation	85	151	4	10	227	3	136	616	(226)	390

Notes to the Financial Statements

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38. SEGMENT INFORMATION (CONTINUED)

	Sales (External)		Total Assets		Capital Expenditure	
Group	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Malaysia	**9,141**	8,597	**24,254**	23,580	**2,758**	1,411
Singapore	**811**	791	**277**	265	**-**	52
Australia	**70**	63	**337**	345	**4**	4
Indonesia	**49**	60	**182**	126	**4**	4
Brunei	**35**	35	**24**	24	**-**	1
Thailand	**-**	25	**-**	55	**-**	-
Cambodia	**21**	21	**11**	11	**-**	-
Bangladesh	**12**	7	**3**	2	**-**	-
Total	**10,139**	9,599	**25,088**	24,408	**2,766**	1,472
Reconciliation	**(4,560)**	(4,244)	**(4,959)**	(4,936)	**(237)**	(230)
Group	**5,579**	5,355	**20,129**	19,472	**2,529**	1,242
Associates			**258**	249		
Joint ventures			**1,408**	1,351		
Unallocated assets			**-**	8		
Total assets			**21,795**	21,080		

Notes to the Financial Statements

For The Financial Year Ended 31 December 2017

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39. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO FINANCIAL YEAR END

1. Johor Corporation ("the Corporation")

(a) On 10 November 2017, a Sales of Facilities Agreement and Lease Agreement was entered between the Corporation and Langsat Terminal (Three) Sdn Bhd in relation to the disposal of tank terminal facilities and lease of land for a period of 30 years.The sale consideration was RM91 million and RM62 million respectively.

(b) The State Government on 16 August 2017 approved Arena Larkin's development cost structure amounting to RM357 million. One of the components agreed for the development is that the Corporation and Johor Foods Sdn Bhd surrender certain lands to the State Goverment in exchange of neighbouring lands and other monetary considerations. It was also agreed that the approved Arena Larkin's development cost structure be adopted into Arena Larkin agreement between the State Goverment and the Corporation and Johor Foods Sdn Bhd. The State Legal Advisor is currently reviewing the draft agreement which is expected to be signed and completed in 2018.

2. Kulim (Malaysia) Berhad ("KMB")

(a) Disposal of PT Sawit Sumber Rejo, PT Wahana Semesta Karisma, PT Harapan Barito Sejahtera ("BARUT").

PT Graha Sumber Berkah ("GSB") and PT Wisesa Inspirasi Nusantara ("WIN") entered into a Share Transfer Agreement ("STA") dated 6 December 2017 for the disposal of WIN's 95% interest in PT Harapan Barito Sejahtera ("HBS"), PT Sawit Sumber Rejo ("SSR") and PT Wahana Semesta Kharisma ("WSK") to GSB for a consideration of IDR7 billion (RM2 million) (hereinafter referred to as "Purchase Price") which shall be repaid within 2 years from the date hereof. The disposal was completed on 28 December 2017 and resulted in a loss on disposal of RM75 million.

(b) Compensation agreement

On 14 February 2014, KMB completed its acquisition of 74% interest in WIN for a consideration of RM59 million (USD17 million) from GSB. KMB and GSB entered into a Shareholders Agreement ("SA") for WIN dated 14 February 2014 ("collectively referred to as Parties").

As part of obligations under the SA, KMB undertakes to provide further investment of up to RM87 million (USD25 million) in WIN and/or its subsidiaries namely HBS, SSR and WSK in respect of land concessions of oil palm plantation of 40,645 hectares ("the Land") located at Kalimantan Tengah. WIN owns 95% interest in HBS, SSR and WSK.

In return of further investment by KMB in WIN and its subsidiaries, GSB had agreed to assist WIN to procure Hak Guna Usaha ("HGU") for the Land based on terms and conditions as contained in the SA. GSB has failed to procure the HGU in respect of the Land which caused KMB to issue a Default Notice to GSB on 8 June 2017. With the issuance of Default Notice, the Parties desirous to resolve the matter amicably.

KMB and GSB entered into a Settlement Agreement dated 6 December 2017 whereas GSB agrees and undertakes to refund to KMB a net sum of RM41 million (fair value after discounting of RM36 million) ("Agreed Settlement Sum") as full and final settlement for the GSB's failure to procure the HGU which shall be repaid within 2 years from the date hereof. The amount has been recognised as a gain in the statement of comprehensive income.

GSB also pledged 1,650 shares in CSE (representing 11% equity interest) in favour of KMB as security for the payment of Agreed Settlement Sum. The 11% interest is valued at RM75 million.

39. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

(c) Proposed acquisition in PT Citra Sarana Energy ("CSE")

On 10 December 2014, the KMB's group via Kulim Energy Nusantara Sdn Bhd ("KENSB") entered into a Conditional Subscription and Share Purchase Agreement ("CSSPA") with CSE and its existing shareholders, namely PT Wisesa Inspirasi Sumatera ("WIS") and PT Inti Energi Sejahtera ("IES"), 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 USD134 million (RM535 million).

On 7 February 2016, KENSB entered into a Supplemental Agreement of CSSPA ("SA CSSPA") to revise the total cash consideration from USD134 million (RM535 million) to USD80 million (RM318 million).

On 6 December 2017, KENSB, WIS and CSE (collectively referred to as the "Parties") have agreed that the Supplemental Agreement in respect of the Conditional Subscription and Share Purchase Agreement dated 7 February 2016 be varied and amended which affected the mode of payment of the balance purchase price for the Sale Shares of USD11 million (RM46 million), among others. WIS plans to sell its shares in CSE to potential investors (hereinafter referred to "CSE Divestment"). The Parties agreed that the balance purchase price for the Sale Shares amounting to USD11 million (RM46 million) shall be paid by the KENSB to WIS by way of set off from the KENSB's entitlement to the proceeds of the CSE Divestment. This is by virtue of the CSSPA dated 10 December 2014 and SA CSSPA dated 7 February 2016 entered into between WIS, IES, CSE and the KENSB that 60% of the shares in CSE is held by WIS for the benefit of the KENSB. Therefore, KENSB is entitled to the proceeds from the CSE Divestment as the beneficial owner of the shares.

As at 31 December 2017, the KENSB has paid a total of USD59 million (RM231 million) representing:

1. USD13 million (RM47 million) as deposit for Acquisition of Shares;
2. USD41 million (RM162 million) as Prepayment for Subscription of Shares; and
3. USD5 million (RM22 million) as part of the Further Investment of USD15 million in accordance with the CSSPA and SA CSSPA.

The balance payable in respect of the Further Investment amounting to USD10 million (RM41 million) is due to be paid upon settlement of balance purchase price for the Sale Shares of USD11 million (RM46 million).

The completion date of the CSSPA and SA CSSPA has been further extended to 4 November 2018 due to the pending approval by the Indonesian Government and Special Task Force for Upstream Oil and Gas Activities ("SKK MIGAS") in respect of the change of control ("COC") of the Production Sharing Contract ("PSC") which is anticipated to be obtained by June 2018.

The Directors of KMB are of the opinion that the CSSPA and SA CSSPA will be completed by the end of 2018 and are currently evaluating several proposals in relation to this investment.

Notes to the Financial Statements

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Amounts in RM Million Unless Otherwise Stated

39. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

(d) On 22 November 2016, E.A. Technique (M) Berhad ("EAT") announced that it has mutually agreed with MTC Engineering Sdn Bhd ("MTCE") to have the Agreement terminated and to proceed with a different arrangement to enable an outright transfer of asset belonging to MTCE being affected. The parties further agree that the Agreement shall be deemed to be null and void and neither party shall have any claim against the Proposed Joint Venture.

On the same date, EAT entered into a conditional Sale and Purchase Agreement ("SPA") with MTCE in relation to the proposed acquisition of topside equipment currently attached to the Company's vessel known as M.T. Nautica Muar, comprising amongst others, extended well test system, flare tower system, metering skid, cargo pump, quick release hook and helideck (collectively known as the "Topside Equipment") for a total purchase consideration of USD24 million (RM97 million) ("Proposed Acquisition").

The Proposed Acquisition had been duly approved on 25 January 2017 by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Independent Advice Letter ("IAL") had been submitted to Bursa Malaysia for approval to effect the issuance of the IAL to the non-shareholders of EAT in respect of the Proposed Acquisition.

EAT has received approval from the Shareholders on the Acquisition of the Topside Equipment from MTCE in its Extraordinary General Meeting which was held on 20 March 2017 at Puteri Pacific Hotel, Johor Bahru.

All conditions precedents to the SPA have been met by all parties. The disbursements to the respective parties have been completed on 23 June 2017.

The acquisition has been duly completed and an announcement was made on 1 August 2017. The Novation of Revised Contract between MTCE, EAT and Vestigo Petroleum Sdn Bhd ("VPSB") was entered on 11 April 2017. Pursuant to the Novation of Revised Contract, EAT will lease the vessel with the Topside Equipment directly to VPSB.

3. KPJ Healthcare Berhad ("KPJ")

On 23 January 2018, the Board of Directors of KPJ had announced that the KPJ's wholly-owned subsidiary, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and KPJSB's wholly owned subsidiary Lablink (M) Sdn Bhd ("Lablink"), had entered into a Subscription and Share Purchase Agreement ("SSPA") with KL Kappa Sdn Bhd ("KL Kappa" or "Investor") for the subscription of new shares in Lablink by KL Kappa and for the purchase of some existing shares in Lablink by KL Kappa from KPJSB.

The proposed SSPA marks the beginning of the partnership between KPJ and Quadria Capital to grow Lablink's pathology and diagnostics businesses in Malaysia and explore new growth markets in Southeast Asia to become the region's leader in pathology and diagnostics services. The SSPA involves the proposed issuance of new shares in Lablink to KL Kappa and the selling of existing Lablink shares by KPJSB to KL Kappa that will collectively result in KL Kappa having a 49% stake in Lablink's enlarged share capital, with the remaining 51% held by KPJSB.

Subject to the adjustment mechanism contained in the SSPA, KL Kappa shall subscribe for new Lablink shares and purchase existing Lablink shares from KPJ for a total cash consideration of RM120 million.

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2017 were authorised for issue on 27 March 2018 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 2017 %	Group Effective Interest 2016 %
1 CORE BUSINESS				
A PALM OIL				
EPA Management Sdn Bhd	Investment holding and provision of management services and consultancy, and mechanical equipment assembler	Malaysia	**99.98**	99.98
Kulim (Malaysia) Berhad	Oil palm plantation, investment holding and property investment	Malaysia	**99.98**	99.98
Kulim Energy Sdn Bhd	Investment holding	Malaysia	**79.98**	79.98
Kulim Plantations (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	99.98
Kumpulan Bertam Plantations Berhad	Oil palm plantation	Malaysia	**95.55**	95.51
Mahamurni Plantations Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	99.98
Pristine Bay Sdn Bhd	Investment holding	Malaysia	**50.99**	51.00
PT Kulim Agro Persada^	Management service	Indonesia	**99.98**	99.98
Kulim Topplant Sdn Bhd	Production of oil palm clones	Malaysia	**99.98**	99.98
Selai Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	99.98
SIM Manufacturing Sdn Bhd	Dormant	Malaysia	**89.99**	90.00
Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd	Oil palm plantation	Malaysia	**99.98**	99.98
United Malayan Agricultural Corp Berhad	Oil palm plantation	Malaysia	**99.98**	99.98
Kulim Safety Training and Services Sdn Bhd	Provision of training services and any other services related to occupational safety, health, environmental and security systems	Malaysia	**74.99**	75.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
A	**PALM OIL (CONTINUED)**				
	Pembangunan Mahamurni Sdn Bhd	Investment holding	Malaysia	**99.98**	99.98
	Danamin (M) Sdn Bhd	Construction of oil and gas equipment	Malaysia	**74.99**	75.00
	Edaran Badang Sdn Bhd	Dealer in agricultural machinery and parts	Malaysia	**99.98**	99.98
	Extreme Edge Sdn Bhd	Computer equipment supplier and services	Malaysia	**74.99**	75.00
	Kulim Civilworks Sdn Bhd	Facilities maintenance, project and construction works	Malaysia	**99.98**	99.65
	Kulim Nursery Sdn Bhd	Oil palm nursery and other related services	Malaysia	**99.98**	99.98
	Optimum Status Sdn Bhd	Mill maintenance	Malaysia	**74.99**	75.00
	Perfect Synergy Trading Sdn Bhd	Fertilizer supplier	Malaysia	**74.99**	75.00
	Pinnacle Platform Sdn Bhd	Software maintenance and supplier	Malaysia	**94.98**	95.00
	Renown Value Sdn Bhd	Cultivation of pineapples and other agricultural produce	Malaysia	**94.98**	75.00
	Sovereign Multimedia Resources Sdn Bhd	Information and communication technology business	Malaysia	**74.99**	75.00
	Special Appearance Sdn Bhd	Production house and event management	Malaysia	**99.54**	99.56
	E.A. Technique (M) Berhad#^	Provision of sea transportation and related services	Malaysia	**53.33**	50.60
	Epasa Shipping Agency Sdn Bhd	Shipping and forwarding agent	Malaysia	**99.98**	99.98
	Johor Shipyard & Engineering Sdn Bhd^	Shipbuilding, fabrication of steel structures, engineering services and consultancy	Malaysia	**53.33**	50.59

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
A	**PALM OIL (CONTINUED)**				
	Libra Perfex Precision Sdn Bhd^	Hire and charter of vessel, supplying and installation of equipment supplying of all kinds of chemicals and chemical preparation and cleaning services for the industrial, oil and gas, marine, engineering and agricultural sector	Malaysia	**53.33**	50.59
	Microwell Trading Sdn Bhd	Dormant	Malaysia	**59.99**	60.00
	Microwell Bio Solutions Sdn Bhd	Trading of agricultural fertilizer, water treatment, biotechnology research and development	Malaysia	**59.99**	60.00
	MIT Insurance Brokers Sdn Bhd	Insurance broking and consultancy	Malaysia	**74.99**	75.00
	MIT Captive Ltd	Licensed to carry Labuan Captive takaful business	Malaysia	**74.99**	75.00
	Sindora Berhad	Investment holding operations of oil palm million and rubber estates	Malaysia	**99.98**	99.98
	Sindora Timber Sdn Bhd	Timber logging, processing and sale of sawn timber, timber doors, laminated timber scantling and trading of wood products (ceased operation in August 2017)	Malaysia	**82.01**	82.03
	Sindora Wood Products Sdn Bhd^	Property letting	Malaysia	**99.98**	99.98
	Kulim Energy Nusantara Sdn Bhd	Investment holding	Malaysia	**99.98**	99.98
	Asia Economic Development Fund Limited^	Investment holding	Hong Kong	**99.99**	100.00
	PT Rambang Agro Jaya^	Oil palm plantation	Indonesia	**70.29**	70.29
	PT Tempirai Palm Resources^	Oil palm plantation	Indonesia	**70.29**	70.29

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
	A PALM OIL (CONTINUED)				
	PT Wisesa Inspirasi Nusantara^	Investment holding	Indonesia	**73.99**	74.00
	PT Harapan Barito Sejahtera^	Oil palm plantation	Indonesia	**Disposed on 28.12.2017**	70.29
	PT Wahana Semesta Kharisma^	Oil palm plantation	Indonesia	**Disposed on 28.12.2017**	70.29
	PT Sawit Sumber Rejo^	Oil palm plantation	Indonesia	**Disposed on 28.12.2017**	70.29
	Asia Logistics Council Sdn Bhd^	E-commerce	Malaysia	**79.99**	80.00
	Kulim Smart Technologies Sdn Bhd	Researching and developing cutting edge solutions for oil and gas, healthcare and industrial automation	Malaysia	**99.98**	99.98
	Kulim Livestock Sdn Bhd	Breeding and sales of cattle	Malaysia	**99.98**	99.98
	DQ-IN Sdn Bhd	Dormant	Malaysia	**74.99**	75.00
	EPA Futures Sdn Bhd	Dormant	Malaysia	**99.98**	99.98
	KCW Electrical Sdn Bhd^	Dormant	Malaysia	**99.98**	99.65
	KCW Roadworks Sdn Bhd^	Dormant	Malaysia	**99.98**	99.65
	Skellerup Foam Products (Malaysia) Sdn Bhd	Dormant	Malaysia	**99.98**	99.98
	Skellerup Latex Products (M) Sdn Bhd	Dormant	Malaysia	**99.98**	99.98
	Xcot Tech Sdn Bhd	Dormant	Malaysia	**74.99**	74.99
	Sindora Timber Products Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
	Sindora Trading Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
A	**PALM OIL (CONTINUED)**				
	KCW Hardware Sdn Bhd^	Dormant	Malaysia	**99.98**	99.65
	KCW Kulim Marine Services Sdn Bhd^	Dormant	Malaysia	**99.98**	99.65
	Sindora Development Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
	JTP Montel Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
	Sindora Marketing Sdn Bhd	Dormant	Malaysia	**99.98**	99.98
	Exquisite Livestock Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
	Tiram Fresh Sdn Bhd^	Dormant	Malaysia	**82.01**	82.02
	Skellerup Industries (Malaysia) Sdn Bhd	Dormant	Malaysia	**99.98**	99.98
	Panquest Ventures Limited	Dormant	British Virgin Island	**99.98**	99.98
	Yayasan Ansar^	Corporate Social Responsibility	Malaysia	**Limited by Guarantee**	Limited by Guarantee
	JTP Trading Sdn Bhd	Trading/distribution of tropical fruits	Malaysia	**99.98**	99.98
	SG Lifestyles Sdn Bhd^	Marketing of personal care products	Malaysia	**99.98**	99.98
	Cita Tani Sdn Bhd^	Cultivation of sugar cane and other agriculture produce	Malaysia	**99.98**	99.98
	Jejak Juara Sdn Bhd^	Dormant	Malaysia	**82.01**	72.91
	Akli Resources Sdn Bhd^	Provider of in-house and external training programmes	Malaysia	**99.98**	99.98

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
B	**RESTAURANT/FOOD**				
	Ayamas Shoppe Sdn Bhd^	Investment holdings and operation of a convenience foodstore chain	Malaysia	**100.00**	100.00
	Ayamas Food Corporation Sdn Bhd^	Poultry processing and further processing plants and investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Ayamas Integrated Poultry Industry Sdn Bhd^	Breeder and broiler farms/hatchery, feedmill and investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Ayamas Shoppe (Sabah) Sdn Bhd^	Convenience food store	Malaysia	**65.00**	65.00
	Business Chronicles Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Massive Equity Sdn Bhd^	Investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	QSR Brands (M) Holdings 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	Kemboja	**Joint-controlled entity**	Joint-controlled entity
	Kentucky Fried Chicken (Malaysia) Sendirian Berhad^	Human resource management	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

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1 CORE BUSINESS (CONTINUED)				
B RESTAURANT/FOOD (CONTINUED)				
KFC (Peninsular Malaysia) Sdn Bhd^	Restaurants and investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC (Sabah) Sdn Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC (Sarawak) Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC Events Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC Holdings (Malaysia) Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFCIC Assets Sdn Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Manufacturing Sdn Bhd^	Bakery and commissary	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Trading Sdn Bhd^	Sales and marketing of food products	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Ladang Ternakan Putihekar (N.S) Sdn Bhd^	Breeder farms	Malaysia	**Joint-controlled entity**	Joint-controlled entity
MH Integrated Farm Berhad^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Tepak Marketing Sdn Bhd^	Contract packing	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Multibrand QSR Holdings Pte Ltd^	Investment holding	Singapore	**Joint-controlled entity**	Joint-controlled entity
Pintas Tiara Sdn Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
PHD Delivery Sdn Bhd^	Pizza delivery	Malaysia	**Joint-controlled entity**	Joint-controlled entity

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
B	**RESTAURANT/FOOD (CONTINUED)**				
	Pizza Hut Restaurants Sdn Bhd^	Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Pizza Hut Singapore Pte Ltd^	Restaurants	Singapore	**Joint-controlled entity**	Joint-controlled entity
	Rasamas Holding Sdn Bhd^	Restaurants	Malaysia	**100.00**	100.00
	Region Food Industries Sdn Bhd^	Sauce manufacturing plant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Roaster's Chicken Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	SPM Restaurants Sdn Bhd^	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	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Rasamas Tebrau Sdn Bhd^	Restaurants	Malaysia	**89.23**	89.23
	Kara Holdings Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	QSR Stores Sdn Bhd^	Restaurants and trading in consumables	Malaysia	**Joint-controlled entity**	Joint-controlled entity
	Virtualflex Sdn Bhd^	Operation of KASH card	Malaysia	**100.00**	100.00
	QSR Technology Sdn Bhd (formerly known as Chippendales (M) Sdn Bhd)^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1 CORE BUSINESS (CONTINUED)				
B RESTAURANT/FOOD (CONTINUED)				
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
Efinite Revenue Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
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
Hiei Food Industries Sdn Bhd^	Dormant	Malaysia	**Struck off on 14.07.2017**	Joint-controlled entity
QSR Brands Bhd^	Dormant	Malaysia	**Struck off on 30.11.2017**	51.00
QSR Ventures Sdn Bhd^	Dormant	Malaysia	**Struck off on 13.06.2017**	51.00
Yayasan Amal Bistari^	Corporate Social Responsibilities (In the process of striking off)	Malaysia	**Limited by Guarantee**	Limited by Guarantee
Rasamas Sdn Bhd (Brunei Darussalam)^	Dormant (In the process of striking off)	Brunei	**Joint-controlled entity**	Joint-controlled entity
Restoran Keluarga Sdn Bhd^	Dormant	Malaysia	**Struck off on 11.08.2017**	Joint-controlled entity
C HEALTHCARE				
Ampang Puteri Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Bandar Baru Klang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
Damansara Specialist Hospital Sdn Bhd	Dormant	Malaysia	**36.87**	36.99
Diaper Technology Industries Sdn Bhd	Providing IT services and rental of software	Malaysia	**34.56**	34.67
FP Marketing (S) Pte Ltd^	Dormant	Singapore	**36.87**	36.99
Hospital Penawar Sdn Bhd^	Operating as a specialist hospital	Malaysia	**11.06**	11.10
Hospital Pusrawi SMC Sdn Bhd^	Dormant	Malaysia	**11.50**	11.54
Ipoh Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.29**	36.41
Jeta Gardens (Qld) Pty Ltd^	Providing retirement village and aged care services	Australia	**21.07**	21.14
Johor Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Kajang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Kedah Medical Centre Sdn Bhd^	Operating as a specialist hospital	Malaysia	**16.83**	16.89
Kota Kinabalu Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**35.76**	35.88
Advanced Health Care Solutions Sdn Bhd	Providing healthcare information system service	Malaysia	**36.87**	36.99
KPJ Healthcare Berhad#	Investment holding	Malaysia	**36.87**	36.99
Kuantan Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Kuching Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**25.81**	25.89

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
Kumpulan Perubatan (Johor) Sdn Bhd	Managing and investment holding company for medical sector	Malaysia	**36.87**	36.99
Lablink (M) Sdn Bhd	Providing laboratory and pathology services	Malaysia	**36.87**	36.99
Maharani Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Medical Supplies (Sarawak) Sdn Bhd	Marketing and distributing medical pharmaceutical products	Malaysia	**27.65**	27.74
Pahang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**25.81**	25.89
Pasir Gudang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Penang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Perdana Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**22.33**	22.40
PharmaCARE Sdn Bhd^	Providing human resource, training services and rental of human resource information system	Malaysia	**36.87**	22.40
Pharmaserv Alliances Sdn Bhd	Marketing and distributing medical and pharmaceutical products	Malaysia	**36.87**	36.99
Point Zone (M) Sdn Bhd	Providing treasury management services to the companies within the group	Malaysia	**36.87**	36.99
PT Khasanah Putera Jakarta Medica	Operating as a specialist hospital	Indonesia	**27.65**	27.74
PT Khidmat Perawatan Jasa Medika^	Operating as a specialist hospital	Indonesia	**29.50**	29.59
Pusat Pakar Kluang Utama Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99

List of Subsidiaries, Associates and Joint Ventures

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
Pusat Pakar Tawakal Sdn Bhd^	Operating as a specialist hospital	Malaysia	**36.87**	36.99
KPJ Healthcare University College Sdn Bhd (formerly known as Puteri Nursing College Sdn Bhd)	Operating as a private university college of nursing and allied health	Malaysia	**36.87**	36.99
Puteri Specialist Hospital (Johor) Sdn Bhd	Dormant	Malaysia	**36.87**	36.99
Selangor Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**22.12**	22.19
Sentosa Medical Centre Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
Seremban Specialist Hospital Sdn Bhd	Dormant	Malaysia	**36.87**	36.99
Sibu Geriatric Health & Nursing Centre Sdn Bhd	Operating and managing an aged care facilities	Malaysia	**36.87**	36.99
Sibu Medical Centre Corporation Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
SMC Healthcare Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
KPJ Eyecare Specialist Sdn Bhd	Providing medical and consultancy services	Malaysia	**36.87**	36.99
Sterile Services Sdn Bhd	Sterile services	Malaysia	**36.87**	36.99
Taiping Medical Centre Sdn Bhd	Dormant	Malaysia	**36.87**	36.99
Tawakal Holdings Sdn Bhd^	Investment holding	Malaysia	**36.87**	36.99
Sri Manjung Specialist Centre Sdn Bhd^	Operating as a specialist hospital	Malaysia	**36.29**	36.41
Rawang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
C	**HEALTHCARE (CONTINUED)**				
	Pride Outlet Sdn Bhd	Maintenance service for medical equipment	Malaysia	**31.34**	31.44
	Vejthani Public Company Limited^	Specialist hospital	Thailand	**8.62**	8.64
	Fabricare Laundry Sdn Bhd^	Laundry services	Malaysia	**35.03**	35.14
	KFCH Education (M) Sdn Bhd (formerly known as KFCH Education (M) Sdn Bhd)^	Dormant	Malaysia	**36.87**	36.99
	Healthcare IT Solutions Sdn Bhd^	Healthcare IT services	Malaysia	**25.81**	25.89
	Skop Yakin (M) Sdn Bhd^	Marketing and distributing general merchandise	Malaysia	**25.81**	25.89
	Teraju Farma Sdn Bhd	Marketing and distributing medical and pharmaceutical products	Malaysia	**23.97**	24.04
	KPJ Dhaka Pte Ltd	Providing management services to a specialist hospital	Bangladesh	**36.87**	36.99
	Miri Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**25.81**	25.89
	Energy Excellent Sdn Bhd^	Dormant	Malaysia	**36.87**	36.99
	Perlis Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**22.12**	22.19
	Bandar Dato Onn Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**36.87**	36.99
	Massive Hybrid Sdn Bhd^	Operating as a specialist hospital	Malaysia	**36.87**	36.99
	UTM KPJ Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**36.87**	36.99
	BDC Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**36.87**	36.99
	Healthcare Technical Services Sdn Bhd^	Project management and engineering maintenance services	Malaysia	**11.06**	11.10

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
C	**HEALTHCARE (CONTINUED)**				
	Open Access Sdn Bhd^	Dormant	Malaysia	**36.87**	36.99
	KPJ Healthshoppe Sdn Bhd^	Operating as pharmacy retail outlet	Malaysia	**36.87**	36.99
	Total Meal Solution Sdn Bhd^	Provide central kitchen services	Malaysia	**25.81**	25.89
	Amity Development Sdn Bhd	Dormant	Malaysia	**36.87**	36.99
	Bayan Baru Specialist Hospital Sdn Bhd^	Dormant	Malaysia	**20.28**	20.34
	Freewell Sdn Bhd^	Dormant	Malaysia	**29.50**	29.59
	KPJ Mediktv Sdn Bhd^	Dormant	Malaysia	**36.87**	36.99
	Malaysian Institute of Healthcare Management Sdn Bhd^	Dormant	Malaysia	**27.65**	27.74
	Pharmacare Surgical Technologies (M) Sdn Bhd^	Dormant	Malaysia	**36.87**	36.99
	PT Al-'Aqar Bumi Serpong Damai^	Operating as building management company	Indonesia	**36.87**	36.99
	PT Al-'Aqar Permata Hijau^	Operating as building management company	Indonesia	**36.87**	36.99
	Al-'Aqar Capital Sdn Bhd^	Special purpose company for the purpose of raising Islamic Financing for the Fund	Malaysia	**14.50**	14.88
	Al-'Aqar Australia Pty Ltd^	Special purpose company for the purpose of acquisition of Australia property for the Fund	Australia	**14.50**	14.88

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
KPJ Education Services Sdn Bhd^	Dormant	Malaysia	**36.87**	36.99
Crossborder Aim (M) Sdn Bhd	Investment holding	Malaysia	**36.87**	36.99
Crossborder Hall (M) Sdn Bhd	Investment holding	Malaysia	**36.87**	36.99
D PROPERTY				
Advance Development Sdn Bhd^	Property development	Malaysia	**100.00**	99.50
Johor Land Berhad^	Property development, construction and investment holding	Malaysia	**100.00**	99.50
Revertex (Malaysia) Sdn Bhd	Processing and marketing of latex and other related products	Malaysia	**30.07**	29.92
Pembinaan Prefab Sdn Bhd^	Property development	Malaysia	**100.00**	99.50
Bertam Properties Sdn Bhd^	Estate management	Malaysia	**20.00**	19.90
BP Plantations Sdn Bhd^	Plantation	Malaysia	**20.00**	19.90
Penang Golf Resort Bhd^	Management of golf course	Malaysia	**20.00**	19.90
Bandar Baru Majidee Development Sdn Bhd^	Property development	Malaysia	**100.00**	99.50
Pro Biz Solution Sdn Bhd^	Fully equipped service office	Malaysia	**100.00**	85.00
Bukit Damansara Development Sdn Bhd^	Property and investment holding	Malaysia	**100.00**	100.00
Damansara Assets Sdn Bhd^	Investment and property holding, property development, project and property management and collection management	Malaysia	**100.00**	100.00
Damansara REIT Managers Sdn Bhd^	REITs management company	Malaysia	**100.00**	100.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
D	**PROPERTY (CONTINUED)**				
	DHealthcare Centre Sdn Bhd^	Healthcare service provider	Malaysia	**49.00**	49.00
	Johor Silica Industries Sdn Bhd^	Silica sand quarrying	Malaysia	**100.00**	100.00
	Premier Revenue Sdn Bhd^	Provision of insurance agency services	Malaysia	**100.00**	100.00
	Johor City Development Sdn Bhd^	Property development	Malaysia	**100.00**	100.00
	Synergy Mall Management Sdn Bhd^	Investment holding and property management	Malaysia	**100.00**	100.00
	HC Duraclean Sdn Bhd^	Franchisor of cleaning services	Malaysia	**10.41**	21.06
	TMR Urusharta (M) Sdn Bhd^	Real estate services, facilities management and consultant	Malaysia	**4.53**	15.18
	Bertam Golf Management and Services Sdn Bhd^	Nursery operation	Malaysia	**20.00**	19.90
	Mutiara Golf Properties Sdn Bhd^	Golf course management	Malaysia	**20.00**	19.90
	Premium Angle Development Sdn Bhd^	Property development	Malaysia	**100.00**	99.50
	Harta Consult Sendirian Berhad^	Property management and collection agent	Malaysia	**100.00**	100.00
	Tunjuk Laut Resort Sdn Bhd^	Dormant	Malaysia	**100.00**	100.00
	AB Theme Park Sdn Bhd^	Indoor theme park operator	Malaysia	**100.00**	100.00

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
E	**INDUSTRIAL DEVELOPMENT**				
	Johor Skills Development Centre Sdn Bhd^	Technical skills development and training centre	Malaysia	**75.00**	75.00
	Johor Logistics Sdn Bhd^	Renting out building and container yards and rendering of related 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^	Leasehold properties and providing property	Malaysia	**100.00**	100.00
	Panca Pesona Sdn Bhd^	Industrial land and housing projects developmennt	Malaysia	**40.00**	40.00
	PT Padang Industrial Park^	Industrial land development	Indonesia	**55.00**	55.00
	Sri Gading Land Sdn Bhd^	Industrial land development	Malaysia	**51.00**	51.00
	Tanjung Langsat Port Sdn Bhd^	Promote, develop, operate, manage and maintain Tanjung Langsat Port	Malaysia	**100.00**	100.00
	Techno SCP Sdn Bhd^	Engaged in the development and sale of industrial land	Malaysia	**60.00**	60.00
	Tg. Langsat Development Sdn Bhd^	Engaged as contractors for earthwork, building and road construction	Malaysia	**100.00**	100.00
	Total Project Management Sdn Bhd^	Provide architectural and project management services	Malaysia	**100.00**	100.00
	TPM Technopark Sdn Bhd^	Engaged in the development and sale of industrial land and project management	Malaysia	**100.00**	100.00
	Pagoh Highlands Resort Sdn Bhd	Property investment	Malaysia	**60.00**	60.00
	Langsat Marine Terminal Sdn Bhd^	Clearing and forwarding agents warehousing agency for goods imported and exported and business of logistics organisers	Malaysia	**100.00**	100.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
1	**CORE BUSINESS (CONTINUED)**				
E	**INDUSTRIAL DEVELOPMENT (CONTINUED)**				
	Langsat OSC Sdn Bhd^	Manage and operate on offshore and a marine logistics base to cater for the support and service of the offshore oil and gas industry	Malaysia	**51.00**	51.00
	TLP Terminal Sdn Bhd^	Promote, develop, operate, manage and maintain Tanjung Langsat Port	Malaysia	**100.00**	100.00
	Johor Concrete Products Sdn Bhd^	Trading in construction material	Malaysia	**51.00**	51.00
F	**LIST OF FUNDS**				
	Al-'Aqar Healthcare REIT#^	Management of real estate investment trusts	Malaysia	**14.50**	14.88
	Al-Salam Real Estate Investment Trust#^	Management of real estate investment trusts	Malaysia	**56.48**	56.40
2	**NON-CORE BUSINESS**				
	SME/NON-SME				
	IPPJ Sdn Bhd^	Investment holding, conducting entrepreneurial training programs and seminars, sub-letting its rented premises and other activities relating thereto	Malaysia	**75.00**	75.00
	Maruah Emas Sdn Bhd^	Pawn broking	Malaysia	**100.00**	100.00
	Rajaudang Aquaculture Sdn Bhd^	Prawn and fish farming	Malaysia	**75.00**	75.00
	Syarikat Pengangkutan Maju Berhad^	Public bus service according to itinerary travel and vehicle rental	Malaysia	**77.62**	77.62
	Teraju Fokus Sdn Bhd^	Security services	Malaysia	**30.00**	30.00
	Rajaudang Trading Sdn Bhd^	Investment holding, rental of marine livestocks ponds and related activities	Malaysia	**69.46**	69.46
	Aquabuilt Sdn Bhd^	Letting of hatcheries	Malaysia	**100.00**	100.00

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Ihsan Permata Sdn Bhd^	Manage project for Agropreneur Cattle Satellite project under Teraju Agenda Bumiputera	Malaysia	**100.00**	100.00
	Convenue Marketing Sdn Bhd^	Marketing of convention centre	Malaysia	**75.00**	75.00
	Intrapreneur Development Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	JCorp Hotels and Resorts Sdn Bhd^	Investment holding and hospitality services	Malaysia	**100.00**	100.00
	Johor Capital Holdings Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Johor Foods Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Johor Franchise Development Sdn Bhd^	Investment holding and oil palm cultivation	Malaysia	**100.00**	100.00
	Pro Corporate Management Services Sdn Bhd^	Engaged in business of share registrar and corporate management service for Johor Corporation's group of companies	Malaysia	**100.00**	100.00
	Johor Ventures Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	N2W Corporation Sdn Bhd (formerly known as Kumpulan Perbadanan Johor Sdn Bhd)^	Rental of motor vehicles to the holding corporation and related company	Malaysia	**100.00**	100.00
	Penawar Express Line Berhad^	Public bus and express bus services	Malaysia	**77.62**	77.62
	Permodalan Teras Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Puteri Hotels Sdn Bhd^	Engaged in the business of hotel operations and convention centre	Malaysia	**100.00**	100.00
	Rajaudang Sdn Bhd^	Investment holding and rental of marine livestocks ponds and related activities	Malaysia	**100.00**	100.00
	SPMB Holdings 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 2017 %	Group Effective Interest 2016 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Tenaga Utama (Johor) Bhd^	Investment holding	Malaysia	**69.76**	69.76
	Intrapreneur Value Creation Sdn Bhd^	Provide financing to companies within Johor Corporation Group based on Shariah principles and to subscribe, acquire, hold, dispose shares or other securities of any other company which are Shariah compliant	Malaysia	**78.43**	100.00
	Efinite Structure Sdn Bhd^	Special purpose company for the purpose to acquire certain assets under the Asset Rationalisation programme	Malaysia	**100.00**	100.00
	BDO Assets Management Sdn Bhd^	Investment holding and other related activities	Malaysia	**100.00**	100.00
	JCorp Capital Solutions Sdn Bhd^	Investment holding	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^	Food and beverages outlet	Malaysia	**51.00**	51.00
	Aiman Lifestyle Sdn Bhd^	Food and beverages outlet	Malaysia	**51.00**	51.00
	Selasih Catering Services Sdn Bhd^	Engaged in the business of catering services and restaurant	Malaysia	**100.00**	100.00
	Johor Paper & Publishing Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Absolute Ambient Sdn Bhd^	Cultivation of agricultural products, other cash crops and agricultural products	Malaysia	**100.00**	100.00
	Classruum Technologies Sdn Bhd^	Business of information communication technologies, providing online learning class and other related activities	Malaysia	**76.00**	76.00

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Larkin Sentral Property Berhad#	Provider of technical services	Malaysia	-	41.14
	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 cold room facilities	Malaysia	**88.22**	88.22
	Palley Investments Limited^	Investment holding	British Virgin Island	**100.00**	100.00
	Paper Automation Sdn Bhd^	Warehouse services and trading in paper products	Malaysia	**93.58**	93.58
	Pelaburan Johor Berhad^	Dormant	Malaysia	**100.00**	100.00
	Larkin Sentral Management Sdn Bhd^	Property management	Malaysia	**100.00**	100.00
	Larkin Sentral Sdn Bhd^	Contractor and developer	Malaysia	**100.00**	100.00
	PJB Capital Sdn Bhd^	Dormant	Malaysia	**100.00**	100.00
	Sergam Berhad^	Trading of steel products, building materials, petroleum and fuel oil	Malaysia	**96.78**	96.78
	Tanjung Leman Theme Park Sdn Bhd^	To be operation of a theme park	Malaysia	**100.00**	100.00
	Damai Ecotech Sdn Bhd^	Marketing and managing orchards	Malaysia	**100.00**	100.00
	Hotel Selesa (JB) Sdn Bhd^	Hotelier and property investment	Malaysia	**100.00**	100.00
	Hotel Selesa Sdn Bhd^	Business of hotelier	Malaysia	**100.00**	100.00
	Sibu Island Resorts Sdn Bhd^	Engaged in the operation of a tourist resort	Malaysia	**100.00**	100.00

List of Subsidiaries, Associates and Joint Ventures

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Trapezoid Web Profile Sdn Bhd^	The business of project management, consultancy services and manufacturer of steel products	Malaysia	**81.74**	81.74
	Westbury Tubular (M) Sdn Bhd^	Building and construction works	Malaysia	**41.69**	41.69
	Warren Plantation (Mt.Hagen) Limited^	Cultivation of tea and coffee	Papua New Guinea	**100.00**	100.00
	JCorp Capital Excellence Sdn Bhd (formerly known as Akademi JCorp Sdn Bhd)^	Engage in a business of education program and training facilities	Malaysia	**100.00**	100.00
	Tanjung Tuan Hotel Sdn Bhd^	Engaged in all aspects of the hotel business	Malaysia	**100.00**	100.00
	Johor Aluminium Processing Sdn Bhd^	Aluminium products	Malaysia	**35.00**	35.00
	Pro Office Services Sdn Bhd^	Rental of machines and other related services	Malaysia	**100.00**	100.00
	Ibrahim International Business District (Johor) Sdn Bhd^	Dormant	Malaysia	**60.00**	-
	Sindora Ventures Sdn Bhd^	Investment holding	Malaysia	**&**	&
	PharmaCare Medicine Shoppe Sdn Bhd^	Consist of wholesale of pharmaceutical products and franchising of retail pharmacy	Malaysia	**&**	&
	Waqaf An-Nur Berhad^	Dormant	Malaysia	**@**	@
	COMPANIES IN WINDING UP PROCESS				
	Australian Gold Field N.L.^	Gold exploration	Australia	**27.73**	27.73
	Buat Niaga Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2017 %	Group Effective Interest 2016 %
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
	LY Technologies (M) Sdn Bhd^	Distributor of bus and body-parts	Malaysia	**Struck off on 25.08.2017**	51.00
	COMPANY IN THE PROCESS OF STRIKING OFF				
	Yakin Tea Sdn Bhd^	In process of being winding up	Malaysia	**62.24**	62.24
	COMPANY UNDER RECEIVERSHIP				
	Kok Lian Marketing Sdn Bhd^	Book publisher	Malaysia	**51.19**	51.19

\# Listed on the Main Board of Bursa Malaysia Securities Berhad
@ Limited by Guarantee
^ Subsidiaries not audited by PricewaterhouseCoopers PLT
& Subsidiaries of Waqaf An-Nur Berhad

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