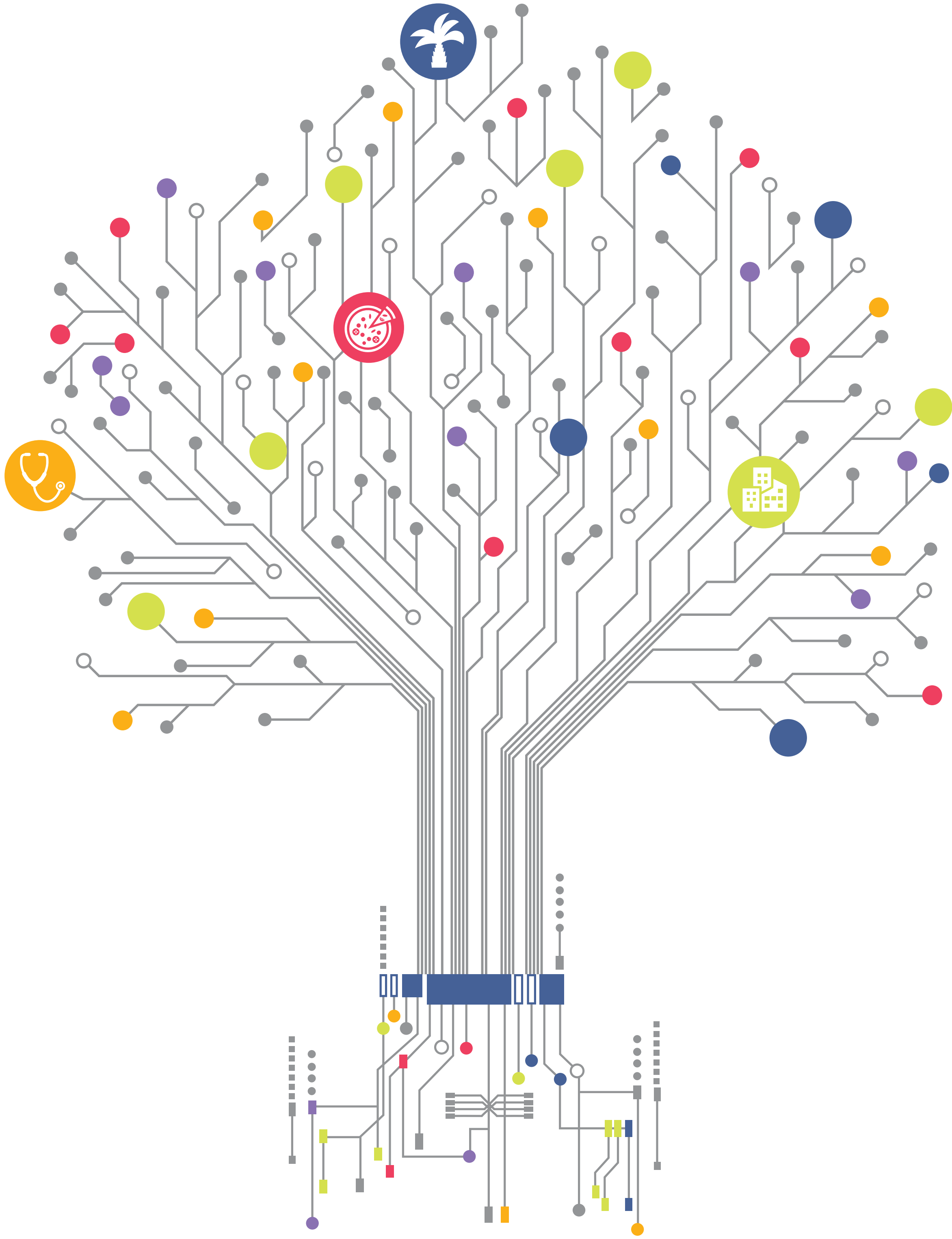
JCORP
Johor Corporation



DRIVING SUSTAINABLE GROWTH

FINANCIAL STATEMENTS 2019

FINANCIAL STATEMENTS

CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
JOHOR CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2019

Report on the Audit of the Financial Statements

Opinion

The Financial Statements of Johor Corporation and the Group for the year ended 31 December 2019 which comprise the Statements of Financial Position as at 31 December 2019 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 6 to 192, have been audited by my representative.

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 2019 and of their financial performance and cash flows for the year then ended in accordance with financial reporting standards in Malaysia and Johor Corporation Enactment (No. 4 of 1968) (as amended under Enactment No. 5 of 1995).

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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 19 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.

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

PUTRAJAYA
08 APRIL 2020

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 2019.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM Million	Corporation RM Million
Profit from continuing operations, net of tax	295	164
Loss from discontinued operations, net of tax	(7)	-
Profit net of tax	288	164
Profit attributable to:		
Owner of the Corporation	101	164
Non-controlling interests	187	-
	288	164

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

DIRECTORS

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

YAB Datuk Ir. Haji Hasni Bin Haji Mohammad	(Chairman appointed on 1 March 2020)
YAB Dato' Dr Sahruddin Bin Haji Jamal	(Appointed on 14 April 2019, retired on 01 March 2020)
YAB Dato' Haji Osman Bin Haji Sapian	(Retired on 13 April 2019)
YBhg Tan Sri Dr Ismail Bin Haji Bakar	(Retired on 31 December 2019)
YBhg Tan Sri Dr Ali Bin Hamsa	(Retired on 30 September 2019)
YBhg Datuk Syed Mohamed Bin Syed Ibrahim	(President & Chief Executive appointed on 9 January 2020)
YB Dato' Kamaruzzaman Bin Abu Kassim	(Retired on 31 December 2019)
YBhg Datuk Nor Azri Bin Zulfakar	(Appointed on 8 March 2020)
YB Dato' Haji Azmi Bin Rohani	
YBhg Tuan Amir Bin Nasruddin	(Appointed on 1 January 2020)
YB Dato' Ishak Bin Sahari	(Retired on 31 December 2019)
YB Dato' Haji A. Rahim Bin Haji Nin	
YBhg Datuk Siti Zauyah Binti Md Desa	(Retired 14 November 2019)
YBhg Dato' Azman Bin Mahmud	
YBhg Dato' Saiful Anuar Bin Lebai Hussen	(Appointed on 1 October 2019)
YBhg Datuk Dr Hafsah Binti Hashim	(Retired on 8 March 2020)
YBhg Datuk Ibrahim Bin Ahmad	(Retired on 8 March 2020)
YBhg Datuk Dr Shahruddin Bin Md Salleh	(Retired on 31 January 2020)
YBhg Dato' Sr. Hisham Bin Jafrey	(Appointed on 8 March 2020)

DIRECTORS' REMUNERATION

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

OTHER INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the Financial Statements of the Group and of the Corporation were prepared, the Directors took reasonable steps:

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

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

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

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

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

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

DIRECTORS' REPORT

OTHER INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

(e) In the opinion of the Directors:

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

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

Signed on behalf of the Board of Directors:

DATUK IR. HAJI HASNI BIN HAJI MOHAMMAD
Chairman

DATUK SYED MOHAMED BIN SYED IBRAHIM
President & Chief Executive

Johor Bahru

08 April 2020

STATEMENTS BY CHAIRMAN

And One Of The Directors Of Johor Corporation

We, Datuk Ir. Haji Hasni Bin Haji Mohammad and Datuk Syed Mohamed Bin Syed Ibrahim, being the Chairman and one of the Directors of Johor Corporation respectively, do hereby state that, in the opinion of the Directors, the accompanying financial statements as stated in the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows set out together with the notes to the financial statements are drawn up in accordance to Malaysian Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Corporation as at 31 December 2019 and of their results and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors:

DATUK IR. HAJI HASNI BIN HAJI MOHAMMAD
Chairman

DATUK SYED MOHAMED BIN SYED IBRAHIM
President & Chief Executive

Johor Bahru

08 April 2020

DECLARATION MADE BY THE OFFICER PRIMARILY

Responsible For The Financial Management Of Johor Corporation

I, Aziah Binti Ahmad, MIA Membership No: 9915, the officer primarily responsible for the financial management and accounting records of the Group and the Corporation, do solemnly and sincerely declare that the financial statements shown in the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows set out together with the notes to the financial statements are in my knowledge and opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed
at Johor Bahru on 08 April 2020

Before me,

PESURUHJAYA SUMPAH
No. J253
HJ ZAMANI BIN HJ AHMAD
01/01/19-30/09/20
MALAYSIA

Commissioner of Oaths

P O BOX 112, Lot K1 & K2 Podium 2
Menara Ansar 65 Jalan Trus
80000 Johor Bahru
Johor

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

	Note	Group 2019	Group 2018 Restated	Corporation 2019	Corporation 2018 Restated
Continuing operations					
Revenue	4	**6,007**	5,657	**566**	460
Cost of sales		**(4,217)**	(3,967)	**(155)**	(194)
Gross profit		**1,790**	1,690	**411**	266
Other items of income					
Other income	5	**381**	376	**112**	370
Other items of expense					
Distribution expenses		**(43)**	(54)	**(1)**	(1)
Administrative expenses		**(1,220)**	(1,144)	**(155)**	(136)
Other expenses	6	**(178)**	(147)	**(68)**	(194)
Finance costs	7	**(470)**	(451)	**(137)**	(152)
Share of results of associates, net of tax		**27**	27	**-**	-
Share of results of joint ventures, net of tax		**97**	91	**-**	-
Profit before tax from continuing operations	8	**384**	388	**162**	153
Tax	11	**(89)**	(172)	**2**	6
Profit from continuing operations, net of tax		**295**	216	**164**	159
Discontinued operations					
Loss from discontinued operations, net of tax	12	**(7)**	(4)	**-**	-
Profit net of tax		**288**	212	**164**	159

STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

	Group 2019	Group 2018 Restated	Corporation 2019	Corporation 2018 Restated
Other comprehensive income, to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation of foreign operations	**5**	46	**-**	-
Other comprehensive income/(loss), not to be reclassified to profit or loss in subsequent periods:				
Fair value adjustment for financial assets at FVOCI	**(4)**	(199)	**-**	-
Fair value adjustment for financial assets at FVOCI in relation to disposal of subsidiary	**99**	-	**-**	-
Net surplus from revaluation of property, plant and equipment	**42**	89	**-**	-
Surplus on transfer of property, plant and equipment to investment property	**5**	-	**-**	-
Disposal of property, plant and equipment	**(6)**	-	**-**	-
Other comprehensive income/(loss), for the financial year, net of tax	**141**	(64)	**-**	-
Total comprehensive income for the financial year	**429**	148	**164**	159
Profit attributable to:				
Owner of the Corporation	**101**	62	**164**	159
Non-controlling interests	**187**	150	**-**	-
	288	212	**164**	159
Total comprehensive income attributable to:				
Owner of the Corporation	**217**	(99)	**164**	159
Non-controlling interests	**212**	247	**-**	-
	429	148	**164**	159

STATEMENTS OF FINANCIAL POSITION

For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

		Group			Corporation		
	Note	31.12.2019	31.12.2018 Restated	01.01.2018 Restated	31.12.2019	31.12.2018 Restated	01.01.2018 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	13	**8,928**	10,601	10,569	**352**	597	529
Right-of-use assets	14	**2,079**	-	-	**253**	-	-
Inventories	15	**493**	737	759	**34**	261	365
Investment properties	16	**4,704**	4,265	3,549	**1,982**	1,875	1,499
Biological assets	17	**-**	2	1	**-**	-	-
Intangible assets	18	**251**	252	250	**-**	-	-
Investment in subsidiaries	19	**-**	-	-	**3,378**	3,151	3,327
Investment in associates	20	**300**	282	268	**4**	4	4
Investment in joint ventures	21	**1,760**	1,701	1,583	**-**	-	-
Deferred tax assets	22	**210**	171	170	**148**	118	82
Financial assets at Fair Value through Other Comprehensive Income ("FVOCI")	23(a)	**28**	20	215	**-**	-	-
Financial assets at Fair Value through Profit or Loss ("FVTPL")	23(b)	**2**	-	-	**-**	-	-
Trade and other receivables	25	**40**	23	65	**-**	-	-
		18,795	18,054	17,429	**6,151**	6,006	5,806
Current assets							
Inventories	15	**1,592**	1,314	1,346	**900**	665	707
Biological assets	17	**29**	21	31	**-**	-	-
Contract costs	24	**7**	2	4	**-**	-	-
Trade and other receivables	25	**1,017**	1,078	1,194	**159**	290	143
Contract assets	26	**134**	129	61	**39**	76	-
Financial assets at Fair Value through Profit or Loss ("FVTPL")	23(b)	**5**	4	5	**21**	20	56
Tax recoverable		**118**	83	68	**1**	4	4
Cash and bank balances	28	**1,136**	1,239	877	**116**	119	30
		4,038	3,870	3,586	**1,236**	1,174	940
Assets of disposal group classified as held for sale	29	**448**	790	795	**183**	245	317
		4,486	4,660	4,381	**1,419**	1,419	1,257
Total assets		**23,281**	22,714	21,810	**7,570**	7,425	7,063

STATEMENTS OF FINANCIAL POSITION
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

		Group			Corporation		
	Note	31.12.2019	31.12.2018 Restated	01.01.2018 Restated	31.12.2019	31.12.2018 Restated	01.01.2018 Restated
EQUITY AND LIABILITIES							
Current liabilities							
Current tax liabilities		**35**	34	63	**-**	-	-
Lease liabilities	30	**47**	-	-	**6**	-	-
Loans and borrowings	31	**2,123**	2,635	2,307	**3**	807	11
Trade and other payables	32	**2,119**	1,788	2,022	**1,164**	391	1,058
Contract liabilities	26	**95**	78	20	**12**	-	-
Derivative financial instrument	27	**3**	2	2	**-**	-	-
		4,422	4,537	4,414	**1,185**	1,198	1,069
Liabilities directly associated with disposal group classified as held for sale	29	**-**	180	203	**-**	-	-
		4,422	4,717	4,617	**1,185**	1,198	1,069
Net current assets/(liabilities)		**64**	(57)	(236)	**234**	221	188
Non-current liabilities							
Trade and other payables	32	**442**	439	271	**1,067**	1,100	378
Other long term liabilities	33	**1,227**	1,235	1,056	**958**	934	783
Deferred tax liabilities	22	**789**	808	772	**266**	241	211
Loans and borrowings	31	**7,272**	6,642	6,387	**1,789**	1,808	2,609
Lease liabilities	30	**81**	-	-	**16**	-	-
		9,811	9,124	8,486	**4,096**	4,083	3,981
Total liabilities		**14,233**	13,841	13,103	**5,281**	5,281	5,050
Net assets		**9,048**	8,873	8,707	**2,289**	2,144	2,013
Equity							
Capital reserves	34(a)	**391**	392	392	**55**	55	55
Asset revaluation reserve	34(b)	**159**	149	123	**-**	-	-
Currency fluctuation reserve	34(c)	**9**	(66)	(43)	**-**	-	-
FVOCI reserve	34(d)	**(99)**	(95)	69	**-**	-	-
Revenue reserve	34(e)	**6,058**	6,066	5,913	**2,234**	2,089	1,958
		6,518	6,446	6,454	**2,289**	2,144	2,013
Non-controlling interests		**2,530**	2,427	2,253	**-**	-	-
Total equity		**9,048**	8,873	8,707	**2,289**	2,144	2,013
Total equity and liabilities		**23,281**	22,714	21,810	**7,570**	7,425	7,063

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

2019 **Group**	**Note**	**Capital reserves**	**Asset revaluation reserve**	**Currency fluctuation reserve**	**FVOCI reserve**	**Revenue reserve**	**Total**	**Non-controlling interests**	**Total equity**
At 1 January 2019 (as previously reported)		392	149	(66)	(95)	6,253	6,633	2,427	9,060
Prior year adjustment	43	-	-	-	-	(187)	(187)	-	(187)
At 1 January 2019 (restated)		392	149	(66)	(95)	6,066	6,446	2,427	8,873
Effect of MFRS 16		-	-	-	-	(1)	(1)	-	(1)
Adjusted balance as at 1 January 2019		392	149	(66)	(95)	6,065	6,445	2,427	8,872
Profit net of tax		-	-	-	-	101	101	187	288
Other comprehensive income									
Revaluation surplus on property, plant and equipment	13	-	7	-	-	-	7	35	42
Surplus on transfer of property, plant and equipment to investment properties	16	-	5	-	-	-	5	-	5
Disposal of property, plant and equipment		-	(2)	-	-	-	(2)	(4)	(6)
Fair value adjustment for financial assets at FVOCI	23(a)	-	-	-	(4)	-	(4)	-	(4)
Fair value adjustment for financial assets in relation to disposal of subsidiary		-	-	-	-	99	99	-	99
Foreign currency translation of foreign operations		-	-	11	-	-	11	(6)	5
Total other comprehensive loss for the financial year		-	10	11	(4)	99	116	25	141
Total comprehensive income for the financial year		-	10	11	(4)	200	217	212	429
Transaction with owner									
Dividend paid to non-controlling interests		-	-	-	-	-	-	(119)	(119)
Disposal of subsidiary		(1)	-	64	-	(181)	(118)	(1)	(119)
Accretion of interest in subsidiaries		-	-	-	-	(6)	(6)	8	2
Dilution of interest in subsidiaries		-	-	-	-	(2)	(2)	3	1
Distribution to State Government		-	-	-	-	(18)	(18)	-	(18)
		(1)	-	64	-	(207)	(144)	(109)	(253)
Closing balance at 31 December 2019		391	159	9	(99)	6,058	6,518	2,530	9,048

STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

2018 **Group**	**Note**	**Capital reserves**	**Asset revaluation reserve**	**Currency fluctuation reserve**	**FVOCI reserve**	**Revenue reserve**	**Total**	**Non-controlling interests**	**Total equity**
At 1 January 2018		392	123	(43)	69	6,063	6,604	2,253	8,857
Prior year adjustment	43	-	-	-	-	(150)	(150)	-	(150)
At 1 January 2018 (restated)		392	123	(43)	69	5,913	6,454	2,253	8,707
Effect of MFRS 9		-	-	-	-	4	4	-	4
Adjusted balance as at 1 January 2018		392	123	(43)	69	5,917	6,458	2,253	8,711
Profit net of tax		-	-	-	-	62	62	150	212
Other comprehensive income									
Revaluation surplus on property, plant and equipment	13	-	26	-	-	-	26	63	89
Fair value adjustment for financial assets at FVOCI		-	-	-	(164)	-	(164)	(35)	(199)
Foreign currency translation of foreign operations		-	-	(23)	-	-	(23)	69	46
Total other comprehensive income for the financial year		-	26	(23)	(164)	-	(161)	97	(64)
Total comprehensive income for the financial year		-	26	(23)	(164)	62	(99)	247	148
Transaction with owner									
Dividend paid to non-controlling interests		-	-	-	-	-	-	(104)	(104)
Accretion of interest in subsidiaries		-	-	-	-	33	33	(35)	(2)
Dilution of interest in subsidiaries		-	-	-	-	54	54	66	120
		-	-	-	-	87	87	(73)	14
Closing balance at 31 December 2018		392	149	(66)	(95)	6,066	6,446	2,427	8,873

STATEMENT OF CHANGES IN EQUITY
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

Corporation	Note	Capital reserves	Asset revaluation reserve	Revenue reserve	Total equity
At 1 January 2019 (as previously reported)		**55**	**-**	**2,223**	**2,278**
Prior year adjustment	43	**-**	**-**	**(134)**	**(134)**
At 1 January 2019 (restated)		**55**	**-**	**2,089**	**2,144**
Effect of MFRS 16	44	**-**	**-**	**(1)**	**(1)**
Adjusted balance as at 1 January 2019		**55**	**-**	**2,088**	**2,143**
Profit net of tax		**-**	**-**	**164**	**164**
Distribution to State Government		**-**	**-**	**(18)**	**(18)**
Total comprehensive income for the financial year		**55**	**-**	**2,234**	**2,289**
Closing balance at 31 December 2019		**55**	**-**	**2,234**	**2,289**

	Note	Capital reserves	Asset revaluation reserve	Revenue reserve	Total equity
At 1 January 2018 (as previously reported)		55	118	1,814	1,987
Prior year adjustment	43	-	-	(120)	(120)
Effect of MFRS		-	(118)	264	146
At 1 January 2018 (restated)		55	-	1,958	2,013
Effect of MFRS 9		-	-	(28)	(28)
Adjusted balance as at 1 January 2018		55	-	1,930	1,985
Profit net of tax		-	-	159	159
Total comprehensive income for the financial year		55	-	2,089	2,144
Closing balance at 31 December 2018		55	-	2,089	2,144

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

	Group		Corporation	
	2019	2018 Restated	2019	2018 Restated
OPERATING ACTIVITIES				
Profit before tax:				
Continuing operations	**384**	388	**162**	153
Discontinued operations	**(8)**	(5)	**-**	-
Adjustments:				
Property, plant and equipment:				
Net gain on disposal	**(10)**	(31)	**-**	-
Written off	**4**	1	**-**	-
Depreciation	**391**	426	**6**	23
Impairment loss	**10**	29	**2**	-
Right-of-use assets				
Depreciation	**70**	-	**22**	-
Investment properties:				
Changes in fair value	**(165)**	(65)	**(74)**	(183)
Net loss/(gain) on disposal	**-**	1	**-**	5
Biological assets:				
Changes in fair value	**(2)**	7	**-**	-
Gain on disposal of:				
Subsidiaries	**(1)**	-	**-**	(43)
Associates	**(2)**	-	**-**	-
Asset held for sales	**-**	(71)	**-**	-
Financial assets through profit or loss:				
Changes in fair value	**(1)**	1	**(1)**	44
Allowance for impairment :				
Joint venture	**43**	-	**-**	-
Subsidiaries	**-**	-	**-**	48
Intangible assets:				
Written off	**-**	1	**-**	-
Amortisation and impairment	**12**	5	**-**	-
Dividend income	**(2)**	(5)	**(280)**	(212)
Unrealised foreign currency exchange loss/(gain)	**(3)**	10	**-**	-
Amortisation:				
Government grant	**(14)**	(16)	**(7)**	(7)
Land lease rental	**(15)**	(14)	**(11)**	(11)
Allowance for impairment of trade and other receivables	**70**	12	**56**	9
Reversal of impairment for trade and other receivables	**(10)**	(4)	**(9)**	(42)
Interest expense	**470**	451	**137**	152
Interest income	**(32)**	(45)	**(11)**	(8)
Share of results of associates and joint ventures	**(124)**	(118)	**-**	-
Operating profit/(loss) before changes in working capital	**1,065**	958	**(8)**	(72)

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

	Group 2019	Group 2018 Restated	Corporation 2019	Corporation 2018 Restated
Changes in working capital				
Inventories	**(39)**	(158)	**(11)**	(156)
Receivables	**54**	505	**(48)**	213
Contract assets	**(5)**	(68)	**-**	-
Payables	**239**	(226)	**984**	234
Contract liabilities	**15**	58	**-**	-
Associates and joint ventures	**42**	(5)	**-**	-
Cash generated/(used in) from operations	**1,371**	1,064	**917**	219
Tax refunded	**45**	8	**3**	-
Tax paid	**(205)**	(223)	**(3)**	-
Net cash generated from operating activities	**1,211**	849	**917**	219
INVESTING ACTIVITIES				
Proceeds from disposal of investment in:				
Subsidiaries	**-**	-	**-**	52
Financial assets at fair value through profit or loss	**-**	5	**-**	-
Acquisition of additional interest in subsidiaries	**-**	(2)	**(17)**	(60)
Dividend received from subsidiaries	**2**	5	**280**	212
Dividend received from associates	**11**	13	**-**	-
Adjustment on initial recognition of MFRS 16	**-**	-	**1**	-
Interest received	**32**	45	**11**	8
Property, plant and equipment:				
Proceeds from disposal	**24**	190	**-**	5
Purchase	**(606)**	(617)	**(37)**	(3)
Right of use asset:				
Purchase	**(15)**	-	**-**	-
Investment properties:				
Purchase	**(195)**	(428)	**(11)**	(10)
Biological assets:				
Proceeds from disposal	**3**	6	**-**	-
Purchase	**(7)**	(4)	**-**	-
Intangible assets:				
Proceeds from disposal	**-**	3	**-**	-
Purchase	**(15)**	(11)	**-**	-
Purchase of:				
Financial assets at fair value through other comprehensive income	**(41)**	-	**-**	-
Financial assets at fair value through profit or loss	**(1)**	(5)	**-**	(42)
Investment in joint venture	**(47)**	(27)	**-**	-
Increase in deposits with licensed bank with maturity of more than 3 months	**(77)**	(93)	**-**	-

STATEMENTS OF CASH FLOWS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

	Group 2019	Group 2018 Restated	Corporation 2019	Corporation 2018 Restated
INVESTING ACTIVITIES (CONTINUED)				
Government grant received	**21**	15	**14**	10
Net cash inflow on disposal group classified as held for sale	**-**	181	**-**	91
Net cash flows (used in)/generated from investing activities	**(911)**	(724)	**241**	263
FINANCING ACTIVITIES				
Drawdown of term loans and other long term borrowings	**2,846**	1,544	**-**	-
Repayment of term loans and other long term borrowings	**(2,799)**	(955)	**(809)**	(5)
Repayment of the lease liabilities	**(24)**	-	**(8)**	-
Repayment to subsidiaries	**-**	-	**(199)**	(224)
Advances from non-controlling interest of subsidiaries, net of repayments	**-**	(5)	**-**	-
Proceed from dilution of interest in subsidiary	**-**	120	**-**	-
Disposal of subsidiary	**3**	-	**-**	-
Interest paid	**(470)**	(451)	**(77)**	(112)
Interest paid to subsidiaries	**-**	-	**(60)**	(40)
Dividend paid to non-controlling interests	**(119)**	(104)	**-**	-
Distribution of fund to State Government	**(8)**	(12)	**(8)**	(12)
Designated account	**(34)**	(17)	**-**	-
Net cash used in financing activities	**(605)**	120	**(1,161)**	(393)
Net change in cash and cash equivalents	**(305)**	245	**(3)**	89
Cash and cash equivalents at 1 January	**866**	607	**119**	30
Effect of exchange rate changes on cash and cash equivalents	**7**	14	**-**	-
Cash and cash equivalents at 31 December	**568**	866	**116**	119
CASH AND CASH EQUIVALENTS				
Cash and bank balances	**761**	834	**100**	27
Fixed deposits	**375**	405	**16**	92
	1,136	1,239	**116**	119
Bank overdrafts	**(213)**	(129)	**-**	-
Deposit with licensed bank with maturity of more than 3 months	**(203)**	(126)	**-**	-
Designated account	**(152)**	(118)	**-**	-
	568	866	**116**	119

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

1. CORPORATE INFORMATION

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

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

The consolidated financial statements of the Corporation as at and for the financial year ended 31 December 2019 comprise the Corporation and its subsidiaries and the Group's interest in associates and joint ventures.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Corporation have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") in Malaysia.

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

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

The preparation of financial statements in conformity with the MFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates. It also requires management to exercise judgement in the process of applying the Group's and the Corporation's accounting policies, the areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements as disclosed in Note 3.

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

2.2 Standards, amendments and interpretations issued that are effective

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

Other than the adoption of MFRS 16, the Directors of the Corporation do not anticipate that the application of these amendments and improvements will have a significant impact on the Group's and the Corporation's current period or any prior period and is not likely to affect future periods financial statements. The detailed impact of the changes are disclosed in Note 44.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards, amendments and interpretations issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
The Conceptual Framework for Financial Reporting (Revised 2018)	1 January 2020
Amendments to MFRS 101 and MFRS 108 'Definition of Material'	1 January 2020
Amendments to MFRS 3 'Definition of a Business Combination'	1 January 2020
MFRS 17 'Insurance Contracts'	1 January 2021
Amendments to MFRS 9, MFRS 139 and MFRS 7	1 January 2021
Amendments to MFRS 10 and MFRS 128	Deferred

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

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

Key changes to the Framework are as follows:

- Objective of general purpose financial reporting - clarification that the objective of financial reporting is to provide useful information to the users of financial statements for resource allocation decisions and assessment of management's stewardship.
- Qualitative characteristics of useful financial information - reinstatement of the concept of prudence when making judgement of uncertain conditions and "substance over form" concept to ensure faithful representation of economic phenomenon.
- Clarification on reporting entity for financial reporting - introduction of new definition of a reporting entity, which might be a legal entity or a portion of a legal entity.
- Elements of financial statements - the definitions of an asset and a liability have been refined. Guidance in determining unit of account for assets and liabilities have been added, by considering the nature of executory contracts and substance of contracts.
- Recognition and derecognition - the probability threshold for asset or liability recognition has been removed. New guidance on de-recognition of asset and liability have been added.
- Measurement - explanation of factors to consider when selecting a measurement basis have been provided.
- Presentation and disclosure - clarification that statement of profit or loss ("P&L") is the primary source of information about an entity's financial performance for a reporting period. In principle, recycling of income/expense included in other comprehensive income to P&L is required if this results in more relevant information or a more faithful representation of P&L.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) The Conceptual Framework for Financial Reporting (Revised 2018) (continued)

Amendments to References to the Conceptual Framework in MFRS Standards

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

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

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

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

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

The amendments also:

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

The amendments shall be applied prospectively.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The amendments shall be applied prospectively.

(d) MFRS 17 "Insurance Contracts"

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

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

Alternative measurement models are provided for the different insurance coverages:

a) Simplified Premium Allocation Approach if the insurance coverage period is a year or less.

b) Variable Fee Approach should be applied for insurance contracts that specify a link between payments to the policyholder and the returns on the underlying items.

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

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

(e) Amendments to MFRS 9, MFRS 139 and MFRS 7

(f) Amendments to MFRS 10 and MFRS 128

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation

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

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

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

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

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

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

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

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

(iii) Rights arising from other contractual arrangements; and

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

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

Business combinations

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.10 (a).

2.5 Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

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

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

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

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

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

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

Leasehold land	15 - 904 years
Bearer assets	20 years from year of maturity
Buildings	4 - 50 years
Healthcare properties	50 - 999 years
Plant and machinery	3 - 25 years
Office equipment	5 - 15 years
Furniture and fittings	2 - 20 years
Motor vehicles	3 - 5 years
Renovations	10 years

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

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

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

2.8 Investment properties

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

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

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

2.9 Biological assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

(a) Goodwill

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

(b) Other intangible assets

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

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

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

Software development expenditure	5 years
Others	1 - 2 years

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. See accounting policy on impairment of non-financial assets as set out in Note 2.11.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

The Group and the Corporation 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 and the Corporation 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 of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows Cash-Generating Units ("CGU").

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

Impairment losses are recognised in profit or loss

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

2.12 Investments in subsidiaries

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments in associates and joint ventures

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

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

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

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

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

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

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

After application of the equity method, the Group applies MFRS 9 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments

Financial assets - classification and measurement

(i) Classification

The Group and the Corporation classify its financial assets in the following measurement categories:

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Financial assets - classification and measurement (continued)

(iii) Measurement (continued)

Debt instruments (continued)

(a) Amortised cost

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

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

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

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

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

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

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

Equity instruments

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Impairment of financial assets and financial guarantee contracts

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

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

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

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

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

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

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

The measurement of ECL reflects:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Impairment of financial assets and financial guarantee contracts (continued)

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

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

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

Note 25 sets out the measurement details of ECL.

(b) <u>Simplified approach for trade receivables and contract assets.</u>

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

Note 25 sets out the measurement details of ECL.

(ii) Significant increase in credit risk

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

The following indicators are incorporated:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Impairment of financial assets and financial guarantee contracts (continued)

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

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

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

(a) Collective assessment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Impairment of financial assets and financial guarantee contracts (continued)

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

(b) Individual assessment

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

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

(v) Write off

(a) Trade receivables and contract assets

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

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

(b) Other receivables

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

(c) Loan to subsidiaries

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Financial liabilities

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

Financial liabilities (continued)

Financial guarantee contracts

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

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

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

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

Trade and other receivables

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

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

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

2.15 Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

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

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

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

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

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

(b) Property development projects (current)

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

(c) Other inventories (current)

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

Cost is determined using the weighted average cost method and includes the cost of direct materials and an appropriate proportion of estate expenditure, manufacturing costs and overhead costs based on normal operating capacity.

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

2.17 Provisions

Provisions are recognised when the Group and the Corporation 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Government grants

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

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

2.19 Receivables

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

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Corporation incurred in connection with the borrowing of funds.

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group and the Corporation 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases

The Group and the Corporation has applied MFRS 16 using modified restropective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated.

Accounting policies applied from 1 January 2019

The Group and the Corporation assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group and the Corporation applies a single recognition and measurement approach for all lease, except for short-term leases and lease of low-value assets. The Group and the Corporation recognise lease liabilities to make lease payment and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Corporation recognises a right-of-use assets at the lease commencement date. The right-of-use asset is initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows :

Leasehold land	15 - 904 years
Buildings	4 - 50 years
Plant and machinery	3 - 25 years
Office equipment	5 - 15 years
Furniture and fittings	2 - 20 years
Motor vehicles	3 - 5 years

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Corporation recognised lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term payment include fixed payment less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Corporation and the payments of penalties for terminating the lease, if the lease term reflects the Group and the Corporation exercising the option to terminate.

In calculating the present value of lease payments, the Group and the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (continued)

Accounting policies applied from 1 January 2019 (continued)

(a) As lessee (continued)

(ii) Lease liabilities (continued)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addtion, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payment or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Corporation has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Corporation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As lessor

To classify each lease, the Group and the Corporation makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease.Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(h)(ii).

Accounting policies applied until 31 December 2018

(a) As lessee

Finance leases, which transfer to the Group and the Corporation substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group and the Corporation 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.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met:-

a) the asset must be available for immediate sale in its present condition, and
b) the sale is highly probable within one year

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.

2.24 Revenue recognition

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (continued)

Performance obligations from the business sectors above are as follows:

(a) Palm Oil

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

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

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

(b) Healthcare services

(a) Revenue from hospital and healthcare charges

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

i. Revenue from inpatient and outpatient hospital charges

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (continued)

(b) Healthcare services (continued)

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

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

ii. Wellness packages

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

Advance payment received are recognised as contract liabilities.

(b) Tuition fees

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

(c) Property

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Corporation will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Corporation's performance does not create an asset with an alternative use to the Group and the Corporation and the Group and the Corporation have an enforceable right to payment for performance completed to date.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group and the Corporation seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Corporation's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Corporation. The Group and the Corporation have the right to payment for performance completed to date. The Group and the Corporation are entitled to continue to transfer to the customer the development units promised and have the rights to complete the construction of the properties and enforce its rights to full payment.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (continued)

(c) Property (continued)

The transaction price is adjusted for expected liquidated ascertained damages ("LAD") payment, based on the expected value method and the effects of time value of money if the timing of payments provides the customer or the Group and the Corporation with a significant benefit of financing the transfer of goods or services to the customer. For contracts with deferred payment scheme, the Group and the Corporation adjust the promised consideration for the effects of the significant financing component using the discount rate that would be reflected in a separate financing transaction between the Group and the Corporation and its customer at contract inception. The significant financing component is recognised as finance income in statement of comprehensive income over the credit period using the effective interest rate applicable at the inception date.

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Corporation recognise revenue over time using input method, which is based on the input to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of the total estimated costs for each contract.

The Group and the Corporation recognise sales at a point in time for the sale of land and sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Corporation will collect the considerations to which it will be entitled to in exchange for the assets sold.

When the Group and the Corporation are not able to determine the probability that the Group and the Corporation will collect the consideration to which the Group and the Corporation will be entitled to in exchange for properties, the Group and the Corporation will defer the recognition of revenue from sales of the property development. Consideration received from the customer is recognised as deposit liability.

(d) Industrial

Construction of earthwork and road works

The Group and the Corporation recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants.

Sales of land and completed properties

The Group and the Corporation recognise sales at a point in time for the sale of land and completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group and the Corporation will collect the considerations to which it will be entitled to in exchange for the assets sold.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (continued)

(e) Quick services restaurant

Sales of goods

Revenue from sales of goods is recognised at a point in time upon delivery of goods when control of the goods has been transferred to the customers.

(f) Intrapreneur ventures

In the intrapreneur ventures operations, revenue from retail selling of agriculture, fertilisers, mechanical buffalo, fertilisers and computer hardware are recognised at a point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customers, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

(g) Others comprising Hospitality Business and Management Services

(i) Hospitality business

Revenue from hotel services comprises rental of hotel rooms, convention centre operations, sale of food and beverage and other related income are recognised at the point in the time when customer obtains control of the goods, which is generally at delivery.

(ii) Management services

Management services represent amounts charged to residents at the retirement village under the long term management agreements. Deferred management fees are recognised at a point in time upon performances of services, calculated in accordance with terms stipulated in resident contracts.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition (continued)

(h) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Corporation are as follows:

(i) Dividend income

Dividends are received from financial assets measured at FVTPL and at FVOCI.

Dividend income from financial assets at FVTPL are recognised as part of net gains or net losses on these financial instruments. Dividend income from financial assets at FVOCI are recognised in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Dividends that clearly represents a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVOCI.

(ii) Rental income and landlease income

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

(iii) Interest income

Interest income is recognised using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(iv) Vessel charter hire income

Revenue from providing the charter hire services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided during the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours. If the contract includes an hourly fee, revenue in the amount to which the Group has a right to invoice.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in the estimated revenue or cost is reflected in profit or loss in the period in which the circumtances that give rise to the revision become known by management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Contract assets and contract liabilities

A contract asset is recognised when the Group's or the Corporation's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Finance Instruments (see Note 2.14).

A contract liability is stated at cost and represents the obligation of the Group or the Corporation to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

2.26 Contract cost

The Group and the Corporation have elected the practical expedient to recognise contract cost incurred related to contracts with period of less than one year as an expense when incurred.

Incremental cost to obtain contract

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

Costs to fulfill a contract

The Group or the Corporation recognise a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Corporation, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2.27 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Income taxes (continued)

(b) Deferred tax (continued)

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.

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective chief operating decision maker responsible for the performance of the respective segments under their charge. The chief operating decision maker of the Group is the Group TERAJU Committee who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.14. Derivatives that qualify for hedge accounting are designated as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(b) Hedges of a particular risk associated with a recognised assets or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current assets or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2.31 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Control over the following companies:

(i) Investment in KPJ Healthcare Berhad ("KPJ")

The Directors consider that the Group has control of KPJ even though it has less than 50% of the voting rights.

The Group is the majority shareholder of KPJ with 39% equity interest. The second, third, forth and fifth largest shareholder are Employee Provident Fund ("EPF"), Waqaf An-Nur Corporation Berhad, Retirement Fund (Incorporated) and Amanah Saham Bumiputera, which own 11%, 7%, 5% and 5% of the equity shares of KPJ respectively. All other shareholders individually own less than 5% of the equity shares of KPJ. Historically, the other shareholders did not form a group to exercise their votes collectively.

The Directors assessed that the Group has control over KPJ. Therefore, in accordance with the requirements of MFRS 10, KPJ is a subsidiary of the Corporation.

(ii) Investment in Al-'Aqar Healthcare REIT ("Al-'Aqar")

As at 31 December 2019, the Corporation and its subsidiaries collectively hold 37% equity interest in Al-'Aqar.

KPJ is leasing the properties from Al-'Aqar, which is under the control of Damansara REIT Managers Sdn Bhd ("DREIT"), the fund manager and real estate investment management arm of the Group. Therefore, the fund manager has decision making power to direct the relevant activities of Al-'Aqar. However, any decisions that affect the Group's overall exposure to variable return will be made in the best interest of the Group.

The Directors assessed that the Group has control over Al-'Aqar. Therefore, in accordance with the requirements of MFRS 10, Al-'Aqar is a subsidiary of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Judgements in applying accounting policies (continued)

(b) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured at fair value, the Group has concluded that certain investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time while others are held for eventual sale. As a result, the Group has measured deferred tax on changes in fair values of these investment properties using the corporate income tax rate or the real property gains tax rate, as appropriate.

(c) Revenue recognition

Input method of recognising revenue over time

The input method is based on the input to the satisfaction of the perfomance obligation, by reference to the contract costs incured up to the end of reporting period as a percentage of the total estimated costs of each contract. Costs incurred during the year in connection with future activities on a contract are excluded from contract costs in determining the stage of completion.

Output method of recognising revenue over time

The output method is based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants. Significant judgement and high degree of estimation are required in assessing the outcome of the contract.

(d) Extension and termination of options as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. After the lease commencement date, the assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment that is within the control of the lessee. The carrying amounts of lease liabilities and the movements during the financial year is disclosed under Note 30.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the recoverable amount of the Cash-Generating Units ("CGU") to which goodwill is allocated.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amounts of the CGUs were determined based on the higher of fair value less cost of disposal or value in use calculations. As a result of these impairment assessments, the Group has recognised an impairment of RM8 million during the financial year (2018: RM1 million).

Further details of the use of estimates and the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 18.

(b) Impairment of cost of investment

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss and reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

(c) Impairment of property, plant and equipment

The Group and the Corporation has estimated the recoverable amount of certain properties, plant and equipment. The recoverable amount is the higher of an asset's fair value less costs of disposal and present value of the estimated future cash flows expected to be derived from the property, plant and equipment including the proceeds from its disposal. As the recoverable amount is lower than the carrying amount, an impairment charge has been recorded.

(d) Fair value of investment properties and property, plant and equipment

Fair value of the investment properties and certain property, plant and equipment of the Group were based on valuations carried out by independent professional valuers. The valuation applies estimates, judgements and assumptions in the determination of fair values. The valuation forms the basis for the carrying amount in the financial statements disclosed in Notes 13 and 16.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key source of estimation uncertainty (continued)

(e) Taxes

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised as disclosed in Note 22.

Income taxes and Transfer Pricing

Income taxes are estimated based on the rules governed under Income Tax Act, 1967 and Transfer Pricing Guidelines. Significant judgement is required in determining the provision for income taxes and tax penalty exposure as there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due, or any tax penalty will crystallise. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(f) Measurement of ECL allowance

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Corporation use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Corporation's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of the key assumptions and inputs used are disclosed in Note 39.

(g) Estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay for borrowing, under similar terms, to fund the purchase of a similar right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

4. REVENUE

Revenue comprise of the following:

	Group 2019	Group 2018 Restated	Corporation 2019	Corporation 2018 Restated
Revenue from contracts with customers				
Palm oil	**831**	844	**31**	28
Healthcare services	**3,604**	3,308	**-**	-
Property	**384**	365	**-**	59
Industrial	**245**	121	**201**	108
Quick service restaurant	**268**	115	**-**	-
Intrapreneur ventures	**25**	48	**-**	-
Others	**70**	316	**-**	-
	5,427	5,117	**232**	195
Revenue from other sources				
Vessel charter hire income	**267**	278	**-**	-
Rental income and landlease income	**132**	134	**46**	45
Dividend income	**2**	5	**280**	212
Rendering of other services	**179**	123	**8**	8
	6,007	5,657	**566**	460

Disaggregation of the Group's and the Corporation's revenue from contracts with customers:

Group 2019	Palm oil	Healthcare services	Property	Industrial	Quick service restaurants	Intrapreneur venture	Others	Total
Geographical market:								
Malaysia	**831**	**3,469**	**384**	**245**	**268**	**19**	**67**	**5,283**
Indonesia	**-**	**63**	**-**	**-**	**-**	**-**	**3**	**66**
Others	**-**	**72**	**-**	**-**	**-**	**6**	**-**	**78**
	831	**3,604**	**384**	**245**	**268**	**25**	**70**	**5,427**
Timing of revenue recognition:								
At a point in time	**831**	**3,565**	**-**	**50**	**268**	**25**	**66**	**4,805**
Over time	**-**	**39**	**384**	**195**	**-**	**-**	**4**	**622**
	831	**3,604**	**384**	**245**	**268**	**25**	**70**	**5,427**

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

4. REVENUE (CONTINUED)

Disaggregation of the Group's and the Corporation's revenue from contracts with customers (continued):

Group 2018	Palm oil	Healthcare services	Property	Industrial	Quick service restaurants	Intrapreneur venture	Others	Total
Geographical market:								
Malaysia	844	3,243	365	121	115	48	316	5,052
Indonesia	-	49	-	-	-	-	-	49
Others	-	16	-	-	-	-	-	16
	844	3,308	365	121	115	48	316	5,117
Timing of revenue recognition:								
At a point in time	844	3,259	85	14	115	48	193	4,558
Over time	-	49	280	107	-	-	123	559
	844	3,308	365	121	115	48	316	5,117

Corporation 2019	Palm oil	Industrial	Total
Geographical market:			
Malaysia	**31**	**201**	**232**
	31	**201**	**232**
Timing of revenue recognition:			
At a point in time	**31**	**6**	**37**
Over time	**-**	**195**	**195**
	31	**201**	**232**

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

4. REVENUE (CONTINUED)

Disaggregation of the Group's and the Corporation's revenue from contracts with customers (continued):

Corporation 2018	Palm oil	Property	Industrial	Total
Geographical market:				
Malaysia	28	59	108	195
	28	59	108	195
Timing of revenue recognition:				
At a point in time	28	59	7	94
Over time	-	-	101	101
	28	59	108	195

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsastified) as at 31 December are as follow:

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Within one year	**-**	-	**-**	-
More than one year	**151**	206	**-**	-
	151	206	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

5. OTHER INCOME

The following items have been included in other income:

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Amortisation of government grant (Note 33)	**14**	16	**7**	7
Changes in fair value of :				
Investment properties (Note 16)	**165**	65	**74**	183
Financial assets at fair value through profit and loss	**1**	-	**4**	-
Biological assets (Note 17)	**2**	-	**-**	-
Gain on disposal of:				
Property, plant and equipment (Note 13)	**10**	31	**-**	-
Asset held for sale	**-**	71	**-**	-
Subsidiaries	**1**	-	**-**	43
Associate	**2**	-	**-**	-
Interest income	**32**	45	**11**	8
Grants related to income received from government	**7**	5	**-**	-
Reversal of allowance for impairment of:				
Trade and other receivables (Note 25 (a)(i)(ii))	**10**	6	**9**	42
Investment in subsidiaries (Note 19)	**-**	-	**-**	50
Unrealised foreign currency exchange gain	**4**	-	**-**	-
Waiver of creditor	**30**	-	**-**	-
Gain on modification of intercompany payables	**-**	-	**-**	17
Sundry income	**78**	87	**8**	25

6. OTHER EXPENSES

The following items have been included in other expenses:

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Amortisation and impairment of intangible assets (Note 18)	**12**	5	**-**	-
Changes in fair value of :				
Financial assets at fair value through profit and loss	**-**	1	**3**	44
Biological assets (Note17)	**-**	7	**-**	-
Allowances for impairment for :				
Trade and other receivables (Note 25 (a)(i))	**70**	23	**54**	9
Investment in subsidiaries (Note 19)	**-**	-	**-**	98
Investment in joint venture	**43**	-	**-**	-
Unrealised foreign currency exchange loss	**1**	10	**-**	-
Loss on disposal of investment properties	**-**	1	**-**	5
Rental yield guarantee	**-**	7	**-**	-
Others	**22**	34	**11**	32

7. FINANCE COSTS

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Interest expense on:				
Islamic Medium Term Notes ("IMTNs")	**172**	192	**75**	96
Term loans	**168**	172	**6**	-
Islamic Bond	**13**	17	**-**	-
Short term borrowings	**33**	21	**-**	-
Finance leases	**6**	3	**-**	-
Interest expense on lease liabilities	**3**	-	**1**	-
Bank overdraft	**13**	10	**-**	-
Federal government loan	**6**	12	**1**	1
Amount owing to subsidiaries	**-**	-	**53**	40
Others	**56**	24	**1**	15
	470	451	**137**	152
Capitalised as assets :				
Property, plant and equipment	**7**	19	**-**	-
Inventories	**7**	2	**7**	2
Investment properties	**-**	5	**-**	-
	14	26	**7**	2

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax from continuing operations:

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Medical consultants fees	**866**	817	**-**	-
Plantation operating costs	**683**	671	**38**	17
Charter service costs	**147**	172	**-**	-
Engineering, procurement, construction, installation and commissioning of floating storage and offloading vessels ("EPCIC") costs	**-**	72	**-**	-
Audit fees	**7**	6	*****	*
Cost of medical supplies	**857**	789	**-**	-
Reversal for foreseeable losses,net	**-**	(45)	**-**	-
Hire of property, plant and equipment	**2**	1	**-**	-
Property, plant and equipment:				
Depreciation (Note 13)	**391**	426	**6**	23
Written off	**4**	1	**-**	-
Impairment (Note 13)	**10**	29	**2**	-
Right-of-use assets:				
Depreciation (Note 14)	**70**	-	**22**	-
Cost of property development projects and industrial land	**312**	264	**-**	-
Amortisation of land lease rental	**14**	14	**12**	11
Rental of offices and buildings	**7**	11	**-**	8
Employee benefits expense (Note 9)	**1,303**	1,183	**64**	57
Repair and maintenance	**74**	69	**-**	-

* Audit fees for the Corporation is RM80,000 (2018: RM103,000)

9. EMPLOYEE BENEFITS EXPENSE (INCLUDING EXECUTIVE DIRECTORS REMUNERATION)

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Wages, salaries and bonus	**1,168**	1,044	**56**	50
Defined contribution retirement plan	**115**	116	**8**	7
Other employee benefits	**20**	23	**-**	-
	1,303	1,183	**64**	57

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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Executive Director:				
Fees	**742**	576	**379**	265
Remuneration	**1,892**	1,892	**1,892**	1,892
Defined contribution retirement plan	**284**	302	**284**	284
Other benefits	**1**	1	**1**	1
	2,919	2,771	**2,556**	2,442
Non-executive Directors:				
Fees	**3,224**	2,737	**3,224**	2,737
Other key management personnel:				
Fees	**3,376**	2,657	**-**	-
Remuneration	**32,912**	30,087	**13,145**	13,006
Other employee benefits	**3,277**	3,038	**21**	21
Defined contribution retirement plan	**4,332**	3,889	**1,828**	1,886
	43,897	39,671	**14,994**	14,913
	50,040	45,179	**20,774**	20,092

11. TAX

	Group 2019	Group 2018	Corporation 2019	Corporation 2018
Current income tax for the financial year:				
Malaysia	**100**	128	**3**	-
Under provision in prior financial years	**47**	9	**-**	-
	147	137	**3**	-
Deferred tax (Note 22)	**(58)**	35	**(5)**	(6)
	89	172	**(2)**	(6)
Income tax attributable to continuing operations	**90**	173	**(2)**	(6)
Income tax attributable to discontinued operations (Note 12)	**(1)**	(1)	**-**	-
Total tax	**89**	172	**(2)**	(6)

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 2019	Group 2018	Corporation 2019	Corporation 2018
Profit before tax from continuing operations	**384**	388	**162**	153
Loss before tax from discontinued operations (Note 12)	**(8)**	(5)	**-**	-
	376	383	**162**	153
Tax at Malaysian statutory tax rate of 24%	**90**	92	**39**	37
Non-deductible expenses	**109**	137	**23**	13
Income not subject to tax	**(93)**	(22)	**(75)**	(59)
Deferred tax assets not recognised	**(25)**	(10)	**11**	3
Share of results of associates	**(8)**	(9)	**-**	-
Share of results of joint ventures	**(31)**	(33)	**-**	-
Change in real property gains tax rate	**-**	8	**-**	-
Under provision in prior financial years:				
Income tax	**47**	9	**-**	-
Total tax	**89**	172	**(2)**	(6)

The Corporation and certain of its subsidiaries are exempt from taxes in respect of certain income, which expire over periods ranging from the year 2019 to 2022.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Discontinued operation in 2019

(a) Planned disposal of Puteri Hotel Sdn Bhd

The Group via JCorp Hotel and Resorts Sdn Bhd ("JHR") has entered into Sales and Purchase Agreement ("SPA") for the sale of business assets for purchase consideration RM139.4 million to third party. Accordingly, assets related to the hotel business segment were reclassified to assets held for sale at carrying amount. Pursuant to the reclassification, the hotel was presented as discontinued operation.

Statement of comprehensive income of the discontinued operation is as follows:

	2019
Revenue	**18**
Cost of sales	**(2)**
Gross profit	**16**
Administrative expenses	**(23)**
Other income	**-**
Loss from operations	**(7)**
Finance costs	**(1)**
Loss before tax from discontinued operation (Note 11)	**(8)**
Income tax (Note 11)	**1**
Net loss for the financial year	**(7)**

Discontinued operation in 2018

(a) Planned disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries

The Group via KPJ Healthcare Berhad ("KPJ") and Al-'Aqar Healthcare REIT ("Al-'Aqar") has commenced discussion with potential buyer in connection with the disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries and the investment property in Al-'Aqar Australia Pty Ltd. The disposal is subject to the approval of the relevant authorities. Currently, a corporate advisor has been appointed to manage the divestment process. As of 31 December 2018, the divestment process was yet to be completed and directors of KPJ and Al-'Aqar has confirmed that the sale is on track and is expected to be completed in 2019.

In October 2019, the Directors acknowledged that the aged care providers have been adversely affected by on-going Aged Care Royal Commission and increase in Home Care packages made available by the Australian Government. In this unfavourable situation, any exit will be difficult as potential buyers will be cautious about expanding their business until they are certain about the decision to be made in the future by the Aged Care Royal Commission. The final report is expected to be released by the Australian Government to the public by the end of 2020.

Amounts in RM Million Unless Otherwise Stated

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Discontinued operation in 2018 (continued)

(a) Planned disposal of Jeta Gardens (Qld) Pty Ltd and its subsidiaries (continued)

Due to this current development, Directors have decided that the disposal will not be able to complete within the next twelve months. It is more prudent to improve the operations of Jeta Gardens under the current climate and reconsider any divestment in the future, if required. The Directors will review the financial structure and management of Jeta Gardens to improve sustainablility and subsequently increase shareholders' return.

Since the investment in Jeta Gardens no longer meets the criteria set in MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the amount has been reclassified to the continuing operations.

Statement of comprehensive income of the discontinuing operation is as follows:

	2018
Revenue	57
Cost of sales	(40)
Gross profit	17
Administrative expenses	(23)
Other income	1
Loss from operations	(5)
Finance income	1
Finance costs	(1)
Loss before tax from discontinued operation (Note 11)	(5)
Income tax (Note 11)	1
Net loss for the financial year	(4)

Statement of cash flows of the discontinuing operation is as follows:

	2018
Net cash from operating activities	(2)
Net cash from investing activities	2
Net cash from financing activities	(4)
Net cash inflows	(4)
Cash and cash equivalents at the beginning of the year	26
Cash and cash equivalents at the end of the year	22

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Bearer assets	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
At cost or valuation								
At 1 January 2018	1,482	2,317	1,679	872	2,197	4,213	645	13,405
Additions	-	8	50	28	11	257	286	640
Disposals	(3)	(1)	(5)	(1)	-	(183)	-	(193)
Write off	-	-	(12)	(2)	-	(46)	-	(60)
Reclassification	-	(3)	-	(15)	127	23	(132)	-
Acquisition of subsidiaries	-	-	-	-	-	1	-	1
Disposal of subsidiary	-	-	-	(1)	-	(1)	-	(2)
Transfer:								
to assets held for sale	-	(30)	-	(140)	-	(46)	-	(216)
from/(to) investment properties (Note 16)	3	-	-	(38)	-	-	(7)	(42)
from intangible assets (Note 18)	-	-	-	-	-	2	-	2
from inventories	-	-	-	11	-	-	73	84
Exchange differences	-	4	(8)	-	(6)	(2)	-	(12)
Revaluation	-	-	-	-	86	-	-	86
At 31 December 2018	**1,482**	**2,295**	**1,704**	**714**	**2,415**	**4,218**	**865**	**13,693**
Adjustment*	**-**	**(29)**	**-**	**10**	**(10)**	**-**	**-**	**(29)**
Effect of MFRS 16	**-**	**(2,266)**	**-**	**(1)**	**-**	**(149)**	**-**	**(2,416)**
At 1 January 2019	**1,482**	**-**	**1,704**	**723**	**2,405**	**4,069**	**865**	**11,248**
Additions	**-**	**-**	**36**	**14**	**6**	**308**	**249**	**613**
Disposals	**-**	**-**	**-**	**(12)**	**-**	**(22)**	**(4)**	**(38)**
Write off	**-**	**-**	**(1)**	**(1)**	**(1)**	**(30)**	**-**	**(33)**
Reclassification	**-**	**-**	**(57)**	**26**	**512**	**73**	**(554)**	**-**
Disposal of subsidiary	**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**
Transfer from/(to):								
investment properties (Note 16)	**88**	**-**	**-**	**-**	**-**	**-**	**-**	**88**
assets held for sale	**-**	**-**	**-**	**(7)**	**90**	**8**	**-**	**91**
intangible assets (Note 18)	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**4**
Exchange differences	**-**	**-**	**6**	**(4)**	**(1)**	**1**	**-**	**2**
Revaluation	**-**	**-**	**-**	**-**	**42**	**-**	**-**	**42**
At 31 December 2019	**1,570**	**-**	**1,688**	**739**	**3,053**	**4,409**	**556**	**12,015**

*Adjustment for opening balance as at 1 January 2019 refers to restatement made to conform with current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Bearer asset	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated depreciation:								
At 1 January 2018	-	230	448	68	180	1,886	-	2,812
Charge for the financial year (Note 8)	-	40	49	16	41	280	-	426
Disposals	-	-	(11)	-	-	(23)	-	(34)
Write off	-	-	(12)	(3)	-	(44)	-	(59)
Reclassification	-	(3)	-	-	3	-	-	-
Transfer:								
to assets held for sale	-	(4)	-	(24)	-	(40)	-	(68)
to investment properties (Note 16)	-	-	-	(1)	-	-	-	(1)
Acquisition of subsidiaries	-	-	-	-	-	1	-	1
Disposal of subsidiary	-	-	-	(1)	-	(1)	-	(2)
Exchange differences	-	-	-	-	-	(1)	-	(1)
At 31 December 2018	**-**	**263**	**474**	**55**	**224**	**2,058**	**-**	**3,074**
Adjustment*	**-**	**(26)**	**(1)**	**13**	**-**	**(5)**	**-**	**(19)**
Effect of MFRS 16	**-**	**(237)**	**-**	**-**	**-**	**(116)**	**-**	**(353)**
At 1 January 2019	**-**	**-**	**473**	**68**	**224**	**1,937**	**-**	**2,702**
Charge for the financial year (Note 8)	**-**	**-**	**57**	**7**	**42**	**285**	**-**	**391**
Disposals	**-**	**-**	**(1)**	**(3)**	**-**	**(19)**	**-**	**(23)**
Write off	**-**	**-**	**(1)**	**(1)**	**-**	**(27)**	**-**	**(29)**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer to:								
assets held for sale	**-**	**-**	**-**	**(6)**	**-**	**(1)**	**-**	**(7)**
Disposal of subsidiary	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Exchange differences	**-**	**-**	**-**	**(5)**	**(8)**	**-**	**-**	**(13)**
At 31 December 2019	**-**	**-**	**528**	**60**	**258**	**2,174**	**-**	**3,020**

*Adjustment for opening balance as at 1 January 2019 refers to restatement made to conform with current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land	Leasehold land	Bearer assets	Buildings	Healthcare properties	*Other assets	Capital work in progress	Total
Accumulated impairment loss:								
At 1 January 2018	-	1	1	9	-	13	-	24
Charge for the financial year (Note 8)	-	-	-	27	-	-	2	29
Transfer:								
to assets held for sale	-	-	-	(35)	-	-	-	(35)
At 31 December 2018	**-**	**1**	**1**	**1**	**-**	**13**	**2**	**18**
Adjustment*	**-**	**-**	**-**	**1**	**-**	**7**	**-**	**8**
Effect of MFRS 16	**-**	**(1)**	**-**	**-**	**-**	**-**	**-**	**(1)**
At 1 January 2019	**-**	**-**	**1**	**2**	**-**	**20**	**2**	**25**
Charge for the financial year (Note 8)	**-**	**-**	**-**	**2**	**-**	**6**	**2**	**10**
Transfer from assets held for sale	**-**	**-**	**-**	**33**	**-**	**-**	**-**	**33**
Disposal	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2019	**-**	**-**	**1**	**37**	**-**	**25**	**4**	**67**
Net carrying amount:								
At 31 December 2018	1,482	2,031	1,229	658	2,191	2,147	863	10,601
At 31 December 2019	**1,570**	**-**	**1,159**	**642**	**2,795**	**2,210**	**552**	**8,928**

*Adjustment for opening balance as at 1 January 2019 refers to restatement made to conform with current year's presentation.

As a result of an impairment assessment on certain property, plant and equipment of a subsidiary, the Group has recognised an impairment loss of RM10 million (2018: RM29 million) that is recorded in other expenses in the financial statements of the Group.

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
At cost or valuation:						
At 1 January 2018	2,852	284	284	146	647	4,213
Additions	164	30	17	8	38	257
Disposals	(161)	(5)	(3)	(14)	-	(183)
Write off	(26)	(2)	(3)	(2)	(13)	(46)
Reclassification	9	-	-	2	12	23
Acquisition of subsidiaries	-	-	-	-	1	1
Disposal of subsidiary	-	-	(1)	-	-	(1)
Transfer:						
to assets held for sale	-	-	(46)	-	-	(46)
from intangible assets	-	2	-	-	-	2
Exchange differences	(2)	-	-	-	-	(2)
At 31 December 2018	**2,836**	**309**	**248**	**140**	**685**	**4,218**
Adjustment*	**-**	**(2)**	**(2)**	**4**	**-**	**-**
Effect of MFRS 16	**-**	**(5)**	**-**	**(144)**	**-**	**(149)**
At 1 January 2019	**2,836**	**302**	**246**	**-**	**685**	**4,069**
Additions	**195**	**2**	**64**	**-**	**47**	**308**
Disposals	**(15)**	**(3)**	**(4)**	**-**	**-**	**(22)**
Write off	**(13)**	**(4)**	**(13)**	**-**	**-**	**(30)**
Reclassification	**7**	**-**	**3**	**-**	**63**	**73**
Disposal of subsidiary	**-**	**(2)**	**-**	**-**	**-**	**(2)**
Transfer from:						
intangible assets	**-**	**-**	**4**	**-**	**-**	**4**
assets held for sale	**2**	**-**	**2**	**-**	**4**	**8**
Exchange differences	**-**	**1**	**-**	**-**	**-**	**1**
At 31 December 2019	**3,012**	**296**	**302**	**-**	**799**	**4,409**

*Adjustment for opening balance as at 1 January 2019 refers to restatement made to conform with current year's presentation.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Total
Accumulated depreciation:						
At 1 January 2018	1,094	149	220	118	305	1,886
Charge for the financial year	176	32	25	13	34	280
Disposals	(3)	(4)	(2)	(14)	-	(23)
Write off	(21)	(3)	(4)	(2)	(14)	(44)
Acquisition of subsidiaries	-	1	-	-	-	1
Disposal of subsidiary	-	-	(1)	-	-	(1)
Transfer:						
to assets held for sale	-	-	(40)	-	-	(40)
Exchange differences	(1)	-	-	-	-	(1)
At 31 December 2018	**1,245**	**175**	**198**	**115**	**325**	**2,058**
Adjustment*	**(6)**	**-**	**-**	**1**	**-**	**(5)**
Effect of MFRS 16	**-**	**(1)**	**1**	**(116)**	**-**	**(116)**
At 1 January 2019	**1,239**	**174**	**199**	**-**	**325**	**1,937**
Charge for the financial year	**190**	**6**	**54**	**-**	**35**	**285**
Disposals	**(14)**	**(2)**	**(3)**	**-**	**-**	**(19)**
Write off	**(13)**	**(3)**	**(11)**	**-**	**-**	**(27)**
Reclassification	**-**	**(1)**	**1**	**-**	**-**	**-**
Disposal of subsidiaries	**-**	**(1)**	**-**	**-**	**-**	**(1)**
Transfer to assets held for sale	**-**	**-**	**(1)**	**-**	**-**	**(1)**
Exchange differences	**(3)**	**-**	**(1)**	**-**	**4**	**-**
At 31 December 2019	**1,399**	**173**	**238**	**-**	**364**	**2,174**

*Adjustment for opening balance as at 1 January 2019 refers to restatement made to conform with current year's presentation.

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 2018	11	-	2	-	-	13
Charge for the financial year	-	-	-	-	-	-
At 31 December 2018	**11**	**-**	**2**	**-**	**-**	**13**
Adjustment*	**5**	**-**	**1**	**-**	**1**	**7**
At 1 January 2019	**16**	**-**	**3**	**-**	**1**	**20**
Charge for the financial year	**6**	**-**	**-**	**-**	**-**	**6**
Disposals	**-**	**-**	**-**	**-**	**(1)**	**(1)**
At 31 December 2019	**22**	**-**	**3**	**-**	**-**	**25**
Net carrying amount:						
At 31 December 2018	1,580	134	48	25	360	2,147
At 31 December 2019	**1,591**	**123**	**61**	**-**	**435**	**2,210**

*Adjustment for opening balance as at 1 January 2019 refers to restatement made to conform with current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Bearer assets	Buildings	*Other assets	Capital work in progress	Total
At cost or valuation:							
At 1 January 2018	150	311	93	79	52	-	685
Additions	-	-	-	1	2	-	3
Disposals	-	-	(6)	-	(1)	-	(7)
Transfer from inventories	-	-	-	10	-	73	83
At 31 December 2018	**150**	**311**	**87**	**90**	**53**	**73**	**764**
Adjustment*	**-**	**(32)**	**-**	**-**	**-**	**-**	**(32)**
Effect of MFRS 16	**-**	**(279)**	**-**	**-**	**-**	**-**	**(279)**
At 1 January 2019	**150**	**-**	**87**	**90**	**53**	**73**	**453**
Additions	**-**	**-**	**32**	**4**	**1**	**-**	**37**
Disposals	**-**	**-**	**(29)**	**-**	**-**	**-**	**(29)**
Reclassification	**-**	**-**	**-**	**(12)**	**12**	**-**	**-**
At 31 December 2019	**150**	**-**	**90**	**82**	**66**	**73**	**461**
Accumulated depreciation:							
As at 1 January 2018	-	45	25	41	45	-	156
Charge for the financial year (Note 8)	-	17	-	3	3	-	23
Disposals	-	-	(11)	-	(1)	-	(12)
At 31 December 2018	**-**	**62**	**14**	**44**	**47**	**-**	**167**
Adjusment*	**-**	**(30)**	**-**	**-**	**-**	**-**	**(30)**
Effect of MFRS 16	**-**	**(32)**	**-**	**-**	**-**	**-**	**(32)**
At 1 January 2019	**-**	**-**	**14**	**44**	**47**	**-**	**105**
Charge for the financial year (Note 8)	**-**	**-**	**2**	**2**	**2**	**-**	**6**
Disposals	**-**	**-**	**(4)**	**-**	**-**	**-**	**(4)**
Reclassification	**-**	**-**	**-**	**(3)**	**3**	**-**	**-**
At 31 December 2019	**-**	**-**	**12**	**43**	**52**	**-**	**107**

*Adjustment for opening balance as at 1 January 2019 refers to restatement made to conform with current year's presentation.

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Freehold land	Leasehold land	Bearer assets	Buildings	*Other assets	Capital work in progress	Total
Accumulated impairment losses:							
As at 31 December 2018 / 1 January 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the financial year (Note 8)	**-**	**-**	**-**	**1**	**1**	**-**	**2**
At 31 December 2019	**-**	**-**	**-**	**1**	**1**	**-**	**2**
Net carrying amount:							
At 31 December 2018	150	249	73	46	6	73	597
At 31 December 2019	**150**	**-**	**78**	**38**	**13**	**73**	**352**

* Other assets of the Corporation can be further analysed as follows:

Corporation	Plant and machinery	Furniture and fittings	Motor vehicles	Total
At cost:				
As at 1 January 2018	17	28	7	52
Additions	-	1	1	2
Disposal	-	-	(1)	(1)
At 31 December 2018 and 1 January 2019	**17**	**29**	**7**	**53**
Additions	**-**	**1**	**-**	**1**
Reclassification	**12**	**-**	**-**	**12**
At 31 December 2019	**29**	**30**	**7**	**66**
Accumulated depreciation:				
At 1 January 2018	15	25	5	45
Charge for the financial year	1	2	-	3
Disposals	-	-	(1)	(1)
At 31 December 2018 and 1 January 2019	**16**	**27**	**4**	**47**
Charge for the financial year	**-**	**2**	**-**	**2**
Reclassification	**3**	**-**	**-**	**3**
At 31 December 2019	**19**	**29**	**4**	**52**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Corporation	Plant and machinery	Furniture and fittings	Motor vehicles	Total
Accumulated impairment losses:				
As at 31 December 2018 / 1 January 2019	-	-	-	-
Charge for the financial year	-	-	-	-
1 January 2019 and 31 December 2019	1	-	-	1
Net carrying amount:				
At 31 December 2018	1	2	3	6
At 31 December 2019	**9**	**1**	**3**	**13**

During the financial year, the Group and the Corporation acquired property, plant and equipment with an aggregate cost of RM613 million (2018: RM640 million) and RM37 million (2018: RM3 million), respectively. The acquisition is settled through the following means:

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Cash payment	**606**	617	**37**	3
Finance leases	**-**	4	**-**	-
Capitalisation of borrowing cost	**7**	19	**-**	-
	613	640	**37**	3

As at 31 December 2019, property, plant and equipment of the Group with net book value of RM1,367 million (2018: RM1,042 million) are pledged as security for borrowings.

Amounts in RM Million Unless Otherwise Stated

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of healthcare properties

Healthcare properties have been revalued on 31 December 2019 based on open market valuations carried out by an independent firm of professional valuers to reflect fair value. The book values of the healthcare properties were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

If the total amounts of healthcare properties had been determined in accordance with the historical cost, they would have been stated as follows:

	Group	
	2018	**2018**
Net book value:		
Healthcare properties	**866**	870

The fair value of property, plant and equipment is estimated by the Directors based on the valuation carried out by an independent firm of professional valuers based on the valuation techniques below:

Group

Description	Valuation technique	Significant unobservable inputs
Healthcare properties	Investment method	Term yield (6.00% - 6.60%) (2018: 6.00% - 8.25%) Reversionary yield (6.25% - 9.50%) (2018: 6.25% - 8.50%) Reversionary rental (1.00% - 7.78%) (2018: 1.00% - 7.78%) Outgoings (0.07% - 0.27%) (2018: 0.07% - 0.27%) Void rate (2.50% - 10.00%) (2018: 2.50% - 7.50%)

14. RIGHT-OF-USE ASSETS

The Group and Corporation lease several assets as stated below. The Group and the Corporation average lease term ranges from 2-50 years .

The Group and the Corporation have the option to purchase certain manufacturing equipments for a nominal amount at the end of the lease term. The Group's and the Corporation's obligations are secured by the lessors' title to the leased assets.

Group	Land	Buildings	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Total
At 1 January 2019	2,028	26	62	5	-	28	2,149
Additions	-	5	-	1	1	8	15
Depreciation	(39)	(9)	(7)	(1)	(1)	(13)	(70)
Transfer to investment property (Note 16)	(16)	-	-	-	-	-	(16)
Derecognition	-	(1)	-	-	-	-	(1)
Exchange differences	2	-	-	-	-	-	2
As 31 December 2019	**1,975**	**21**	**55**	**5**	**-**	**23**	**2,079**

Corporation	Land	Buildings	Plant and machinery	Office equipment	Furniture and fittings	Motor vehicles	Total
At 1 January 2019	247	28	-	-	-	-	275
Depreciation	(15)	(7)	-	-	-	-	(22)
As 31 December 2019	**232**	**21**	**-**	**-**	**-**	**-**	**253**

Approximately one fifth of the leases for property, plant and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions of right-of-use assets amounting to RM15 million in year 2019.

Amounts in RM Million Unless Otherwise Stated

15. INVENTORIES

	Group			Corporation		
	31.12.2019	31.12.2018 Restated	01.01.2018 Restated	31.12.2019	31.12.2018 Restated	01.01.2018 Restated
Inventories included under non-current assets:						
Land held for property development	**493**	737	759	**34**	261	365
At 31 December	**493**	737	759	**34**	261	365
Inventories included under current assets:						
Property development projects	**1,263**	965	1,038	**872**	639	689
Shop and houses	**245**	232	208	**28**	26	18
Store and materials	**32**	33	38	**-**	-	-
Agricultural produce	**17**	50	31	**-**	-	-
Finished goods	**35**	34	31	**-**	-	-
At 31 December	**1,592**	1,314	1,346	**900**	665	707

	Group			Corporation		
	31.12.2019	31.12.2018 Restated	01.01.2018 Restated	31.12.2019	31.12.2018 Restated	01.01.2018 Restated
Carrying amount of inventories pledged as security for borrowings	**106**	107	108	**-**	-	-
Carrying amount of inventories charged to a bank for banking facilities of a subsidiary	**4**	-	-	**-**	-	-

The cost of inventories recognised as an expense during the financial year in the Group and the Corporation amounted to RM108 million (2018: RM53 million) and RM97 million (2018: RM42 million), respectively. Included in inventories of the Group and the Corporation is borrowing costs capitalised for the financial year of RM7 million (2018: RM2 million) and RM7 million (2018: RM2 million), respectively.

	Group			Corporation		
	31.12.2019	31.12.2018 Restated	01.01.2018 Restated	31.12.2019	31.12.2018 Restated	01.01.2018 Restated
The status of the land titles are as follows:						
Registered in the name of Corporation	**28**	37	37	**-**	-	-
Registered in the name of certain subsidiaries	**95**	96	97	**-**	-	-
In the process of being transferred to the name of the subsidiaries	**419**	546	554	**160**	283	283

16. INVESTMENT PROPERTIES

	At fair value			
	Group		Corporation	
	2019	2018	2019	2018
At 1 January	**4,265**	3,549	**1,875**	1,499
Additions	**195**	428	**11**	10
Disposals	**-**	(1)	**-**	-
Changes in fair value (Note 5)	**165**	65	**74**	183
Net gain from fair value adjustments in other comprehensive income	**5**	-	**-**	-
Exchange differences	**(16)**	-	**-**	-
Transfer from/(to), net :				
property, plant and equipment (Note 13)	**(88)**	41	**-**	-
inventories	**7**	164	**2**	164
right-of-use asset (Note 14)	**16**	-	**-**	-
assets held for sale	**155**	19	**20**	19
	4,704	4,265	**1,982**	1,875

	At fair value			
	Group		Corporation	
	2019	2018	2019	2018
Included in the above are:				
Land	**2,896**	3,004	**1,197**	895
Buildings	**1,610**	804	**785**	718
Construction-in-progress ("CIP")	**198**	457	**-**	262
	4,704	4,265	**1,982**	1,875

	Group		Corporation	
	2019	2018	2019	2018 Restated
Rental income from investment properties	**121**	216	**46**	45
Direct operating expenses:				
From income generating investment properties	**29**	31	**5**	12

16. 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	RM14 - RM4,160 per square foot (2018: RM50-RM819 per square foot)	The higher the value per square foot, the higher the valuation
Buildings	Investment method	Term and reversion yield (5% - 9.5%) (2018: 5% - 8.5%)	The estimated fair value would increase/ (decrease) if terms and reversion yield were higher/(lower)
	Residual method	Average rent price per square foot of RM13.49 - RM4,160 (2018: RM800)	The estimated fair value would increase/ (decrease) if selling price per square foot were higher/(lower)
	Net income method	Capitalisation rate (3% - 7.6%) (2018: 6.5% - 7.3%)	The estimated fair value would increase/ (decrease) if the capitalisation decrease/ (increase)
Construction-in-progress ("CIP")	Cost method	Construction cost per square foot RM40 - RM3,500 (2018: RM300 - RM500)	The estimated fair value would increase/ (decrease) if construction cost per square foot were higher/(lower)
		Percentage of completion 62%-100% (2018: 93%)	The estimated fair value would increase/ (decrease) if percentage of completion were higher/(lower)

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

16. INVESTMENT PROPERTIES (CONTINUED)

Corporation

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable input to fair value
Land	Comparison method	RM35 - RM55 per square foot (2018: RM35 - RM50 per square foot)	The higher the value per square foot, the higher the valuation
Buildings and Construction-in-progress ("CIP")	Cost method	Land: RM40 - RM55 per square foot (2018: RM40 - RM55 per square foot) Dredging: RM50 - RM60 per cubic metre (2018: RM50 - RM60 per cubic metre) Jetty: RM2,500 - RM3,500 per square metre (2018: RM2,500 - RM3,500 per square metre) Pipeline: RM5 million - RM8.5 million per kilometre (2018: 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 39(e).

As at 31 December 2019, investment properties of the Group with carrying amount of RM2,375 million (2018: RM1,498 million) are pledged as security for borrowings. Investment properties of the Corporation with carrying amount of RM50 million (2018: RM909 million) are registered in the names of subsidiaries and are in the process of being transferred to the name of the Corporation.

No borrowing cost is capitalised as investment properties for the Group during the financial year as compared to RM5 million in 2018.

Amounts in RM Million Unless Otherwise Stated

17. BIOLOGICAL ASSETS

Group	Fresh fruit bunches	Livestock	Others	Total
At 1 January 2018	8	19	5	32
Additions	-	3	1	4
Changes in fair value (Note 6)	(7)	-	-	(7)
Disposals	-	(6)	-	(6)
At 31 December 2018 and 1 January 2019	**1**	**16**	**6**	**23**
Additions	**-**	**4**	**3**	**7**
Changes in fair value (Note 5)	**6**	**1**	**(5)**	**2**
Disposals	**-**	**(3)**	**-**	**(3)**
At 31 December 2019	**7**	**18**	**4**	**29**

The biological assets are subject to the following maturity period:

	Group 2019	Group 2018
Non Current:		
Due later than one year	**-**	2
Current:		
Due not later than one year	**29**	21
	29	23

During the financial year, the Group's produced approximately 1,070,950 metric tonnes ("MT") (2018: 1,068,341 MT) of fresh fruit bunches ("FFB"), 1,954 MT (2018: 3,208 MT) pineapples and 1,105 heads (2018: 1,172 heads) of livestock.

As at 31 December 2019, the Group's unharvested FFB, pineapples and unsold livestock used in the fair value were 36,849 MT (2018: 40,544 MT), 2,854 MT (2018: 1,954 MT) and 6,069 heads (2018: 6,479 heads) respectively.

Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on the income approach which considers the net present value of all directly attributable net cashflows including imputed contributory asset charges and the range of FFB prices as at year end of RM405 to RM627 (2018: RM380 to RM407) per MT.

Growing pineapples represent the standing pineapples prior to harvest. The fair value of growing pineapples depends on the age, sucrose content and condition and is calculated based on expected selling prices as at year end of RM2.60/kg (2018: RM2.22/kg).

17. BIOLOGICAL ASSETS (CONTINUED)

Fair values of the livestock are based on the Group's assessment of the age, average weights and market values of the livestock, which range from RM2,995 to RM5,833 (2018: RM2,800 to RM5,800) per livestock.

The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy with the exception of livestock which are on Level 2 as the inputs used are indirectly observable. If the selling price of the FFB, pineapples and livestock changes by 5%, the profit or loss of the Group would have increased or decreased by approximately RM0.94 million (2018: RM0.07 million), RM0.21 million (2018: RM0.28 million) and RM1.24 million (2018: RM1.73 million), respectively.

18. INTANGIBLE ASSETS

Group	Goodwill	Software expenditure	Software expenditure under development	Others	Total
Cost:					
At 1 January 2018	**250**	**41**	**29**	**10**	**330**
Additions	**-**	**-**	**7**	**4**	**11**
Disposal	**-**	**-**	**(3)**	**-**	**(3)**
Transfer to property, plant and equipment (Note 13)	**-**	**-**	**(2)**	**-**	**(2)**
Write off	**-**	**-**	**(1)**	**-**	**(1)**
Acquisition	**2**	**-**	**-**	**-**	**2**
At 31 December 2018 and 1 January 2019	**252**	**41**	**30**	**14**	**337**
Additions	**-**	**-**	**7**	**8**	**15**
Disposal	**-**	**-**	**-**	**-**	**-**
Transfer to property, plant and equipment (Note 13)	**-**	**-**	**(4)**	**-**	**(4)**
At 31 December 2019	**252**	**41**	**33**	**22**	**348**
Accumulated amortisation and impairment:					
At 1 January 2018	**66**	**9**	**-**	**5**	**80**
Amortisation (Note 6)	**-**	**4**	**-**	**-**	**4**
Impairment (Note 6)	**-**	**-**	**-**	**1**	**1**
At 31 December 2018 and 1 January 2019	**66**	**13**	**-**	**6**	**85**
Amortisation (Note 6)	**-**	**4**	**-**	**-**	**4**
Impairment (Note 6)	**6**	**-**	**-**	**2**	**8**
At 31 December 2019	**72**	**17**	**-**	**8**	**97**

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

18. INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill	Software expenditure	Software expenditure under development	Others	Total
Net carrying amount:					
At 31 December 2018	186	28	30	8	252
At 31 December 2019	**180**	**24**	**33**	**14**	**251**

Impairment testing of intangible assets with indefinite useful lives

For the purpose of impairment testing, intangible assets with indefinite useful lives have been allocated to the following Cash-Generating Units ("CGU"):

Group	Goodwill 2019	Goodwill 2018
Healthcare services	**168**	168
Others	**12**	18
	180	186

Goodwill - Healthcare services

Recoverable amount based on fair value less cost of disposal

The recoverable amount of the CGU is determined based on fair value less cost of disposal 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:

	2019 %	2018 %
Malaysia		
Revenue[1]	**7 - 9**	6 - 12
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin[2]	**16.9 - 18.0**	13.3 - 15.7
Discount rate[3]	**13**	12
Terminal growth rate[4]	**5**	5

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

18. INTANGIBLE ASSETS (CONTINUED)

Assumptions:

1 Based on revenue range
2 EBITDA margin over the budget period
3 Pre-tax discount rate applied to the cash flow projections
4 Terminal growth rate used to extrapolate cash flows beyond the budgeted period

The Directors have determined the revenue and EBITDA margin based on expectations of market development. The pre-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.

Management believes that any reasonable change to the above key assumptions would not cause the recoverable amount of the CGU to be materially lower than its carrying amount.

Others

Others relate to goodwill relating to CGUs which are not individually material.

19. INVESTMENT IN SUBSIDIARIES

	Corporation 2019	Corporation 2018
Shares, at cost:		
Quoted shares in Malaysia	**299**	299
Unquoted shares in Malaysia	**2,355**	2,338
Unsecured preference shares*	**1,863**	1,820
Amount due from subsidiaries	**282**	58
As at 31 December	**4,799**	4,515
Less: Accumulated impairment		
As at 1 January	**(1,364)**	(1,358)
Reclassification (from)/to trade and other receivables	**(57)**	42
Charge for the financial year (Note 6)	**-**	(98)
Reversal of allowance for impairment (Note 5)	**-**	50
As at 31 December	**(1,421)**	(1,364)
	3,378	3,151
Market value for quoted shares	**1,461**	1,608

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

* The unsecured preference shares are issued by different subsidiaries with equity features as follows:
- Convertible and non-convertible
- Cumulative and non-cumulative
- Redeemable and non-redeemable

(a) Carrying amounts of shares pledged as security for borrowings granted to certain subsidiaries amounted to RM996 million (2018: RM131 million).

(b) Impairment loss on investment in a subsidiary

In previous year, due to continuing losses over the years in a subsidiary, JCorp Hotels & Resorts Sdn Bhd, an impairment test was performed for the investment. The recoverable amount of the subsidiary is determined based on fair value less cost of disposal calculation (Level 3 fair value computation).

As a result of the impairment assessment, an impairment loss of RM98 million had been recorded in previous year in other expenses in the financial statements of the Corporation.

(c) Reversal of impairment loss on investment in a subsidiary

In previous year, the finalisation of an arbitration settlement and revised loan arrangement in a subsidiary, Tanjung Langsat Port Sdn Bhd, were identified as indicators for a reversal of impairment to be performed for the investment. The recoverable amount of the subsidiary is determined based on fair value less cost of disposal calculation (Level 2 fair value computation).

As a result of the impairment assessment, a reversal of impairment of RM50 million in previous year had been recorded in other income in the financial statements of the Corporation.

(d) Dilution of interest in a subsidiary

The Group disposed 0.37% equity interest in Al-'Aqar Healthcare REIT. This resulted in an increase in non-controling interest of RM3 million.

(e) Acquisition of additional interest in a subsidiary

In previous year, the Group acquired an additional 1.77% equity interest in KPJ Healthcare Berhad. This resulted in a decrease in non-controling interest of RM35 million.

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) 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 intercompany balances and transactions. The non-controlling interests of the other subsidiaries are individually not material to the Group.

(i) The Group's subsidiaries that have non-controlling interests ("NCI") are as follows:

	Kulim (Malaysia) Berhad		KPJ Healthcare Berhad		Al-'Aqar Healthcare REIT		Damansara Assets Sdn Bhd		Other immaterial subsidiaries		Total	
Group	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
NCI percentage of ownership voting interest	**0.02%**	0.02%	**61.36%**	61.36%	**85.06%**	84.69%	**48.02%**	48.02%	*****	*	*****	*
Carrying amount of NCI	**262**	294	**1,155**	1,016	**784**	772	**308**	310	**21**	35	**2,530**	2,427
Profit/(Loss) allocated to NCI	**-**	-	**145**	114	**65**	77	**-**	-	**(23)**	(41)	**187**	150

* not applicable

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

19. 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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-current assets	**6,115**	5,504	**4,807**	3,607	**1,570**	1,486	**1,739**	1,619	**14,231**	12,216
Current assets	**715**	984	**1,179**	1,198	**105**	95	**438**	516	**2,437**	2,793
Total assets	**6,830**	6,488	**5,986**	4,805	**1,675**	1,581	**2,177**	2,135	**16,668**	15,009
Current liabilities	**759**	1,194	**1,194**	1,067	**54**	20	**682**	286	**2,689**	2,567
Non-current liabilities	**2,443**	1,508	**2,738**	1,601	**662**	613	**197**	583	**6,040**	4,305
Total liabilities	**3,202**	2,702	**3,932**	2,668	**716**	633	**879**	869	**8,729**	6,872
Net assets	**3,628**	3,786	**2,054**	2,137	**959**	948	**1,298**	1,266	**7,939**	8,137
Equity attributable to owners of the Company	**3,507**	3,678	**1,891**	1,984	**959**	948	**990**	956	**7,347**	7,566
Non-controlling interests	**121**	108	**163**	153	**-**	-	**308**	310	**592**	571
Total equity	**3,628**	3,786	**2,054**	2,137	**959**	948	**1,298**	1,266	**7,939**	8,137

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

19. 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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Revenue	**1,207**	1,388	**3,604**	3,366	**106**	103	**159**	134	**5,076**	4,991
Profit/(Loss) for the financial year	**14**	33	**227**	186	**76**	91	**41**	64	**358**	374
Profit/(Loss) attributable to owners of the company	**5**	(26)	**211**	179	**76**	91	**22**	43	**314**	287
Profit/(Loss) attributable to the non-controlling interests	**10**	59	**16**	7	**-**	-	**19**	21	**45**	87
Other comprehensive income/(loss) attributable to owners of the company	**32**	(128)	**6**	36	**(8)**	(6)	**-**	-	**30**	(98)
Other comprehensive income/(loss) for the financial year	**31**	(206)	**6**	37	**(8)**	(6)	**-**	-	**29**	(175)
Total comprehensive income/(loss)	**45**	(173)	**233**	223	**68**	85	**41**	64	**387**	199
Total comprehensive income/(loss) attributable to owners of the company	**36**	(154)	**217**	217	**68**	85	**22**	43	**343**	191
Total comprehensive income/(loss) attributable to the non-controlling interests	**9**	(19)	**16**	6	**-**	-	**19**	21	**44**	8
	45	(173)	**233**	223	**68**	85	**41**	64	**387**	199
Dividend paid to non-controlling interests	**1**	1	**38**	40	**21**	29	**14**	19	**74**	89

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

19. 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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net cash generated from operating activities	**(67)**	250	**594**	518	**84**	58	**55**	66	**666**	892
Net cash (used in)/ generated from investing activities	**(218)**	(187)	**(444)**	(454)	**-**	(1)	**(90)**	(142)	**(752)**	(784)
Net cash (used in)/ generated from financing activities	**192**	(136)	**(314)**	141	**(89)**	(52)	**26**	87	**(185)**	40
Net change in cash and cash equivalents	**(93)**	(73)	**(164)**	205	**(5)**	5	**(9)**	11	**(271)**	148

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(f) Acquisition of subsidiaries in 2019

(i) On 10 September 2019, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") acquired 30% equity interest in Healthcare IT Solutions Sdn Bhd for a total consideration of RM1.2 million. With this acquisition, the KPJ Group now hold 100% shareholdings of Healthcare IT Solutions Sdn Bhd.

(ii) On 18 September 2019, KPJSB acquired 45% equity interest in Bayan Baru Specialist Hospital Sdn Bhd for a total consideration of RM2.57 million. With this acquisition, the KPJ Group now hold 100% shareholdings of Bayan Baru Specialist Hospital Sdn Bhd.

(iii) On 30 December 2019, KPJSB acquired 30% equity interest in Skop Yakin (M) Sdn Bhd for a total consideration of RM30,000. With this acquisition, the KPJ Group now hold 100% shareholding of Skop Yakin (M) Sdn Bhd.

(iv) During the financial year, the Kulim Group acquired an additional 25.00% equity interest in Renown Value Sdn Bhd, 17.97% equity interest in Sindora Timber Sdn Bhd and 25.00%x equity interest in MIT Insurance Brokers Sdn Bhd for a total consideration of RM0.08 million, RM2.27 million and RM1 respectively. The additional acquisitions did not have any significant effect on the financial position and results of the Kulim Group except for the increase in non-controlling interest amounting to RM3.85 million.

(v) On 19 March 2019, KPJSB incorporated a wholly owned subsidiary, KPJ Ambulatory Care Centre Sdn Bhd with cost of investment amounting to RM2.4 million.

(vi) On 31 December 2019, the Corporation had increase its equity in Classruum Technologies Sdn Bhd ("CRTSB") for a cash consideration of RM228,000. Thereby, increasing its effective interest to 79.4% from 76% in CTRSB.

(g) Disposal of subsidiaries in 2019

(i) On 22 March 2019, Pharmaserv Alliances Sdn Bhd ("PASB") a subsidiary in the KPJ Group disposed its entire shares in a subsidiary, Medical Supplies (Sarawak) Sdn Bhd for a consideration of RM1.15 million. A gain on disposal of RM104,000 and RM839,000 was recorded by the KPJ Group and PASB respectively.

(ii) On 1 July 2019, KPJSB disposed 15% interest in subsidiary, Pride Outlet Sdn Bhd for a total consideration of RM20,000. With this disposal, the KPJ Group now hold 75% shareholding of Pride Outlet Sdn Bhd. The disposal did not have any significant effect on the financial position and results of the Group.

(iii) During the financial year, the Kulim Group entered into a share sale agreement with third party in relation to the proposed disposal of a Akli Resources Sdn Bhd, Jejak Juara Sdn Bhd, JTP Montel Sdn Bhd, Tiram Fresh Sdn Bhd, Skellerup Foam Products Sdn Bhd and Skellerup Latex Products Sdn Bhd for a purchase consideration of RM1 for each of the respective subsidiaries. The decision is in line with Group's intention to streamline business activities and assets base by focusing on Group's strength and expertise in palm oil and its related business. The disposal did not have any significant effect on the financial position and results of the Group.

(iii) In July 2019, the Group sold its entire equity interest in Maruah Emas Sdn Bhd. The transaction was completed on 25 July 2019. The disposal did not have significant effect on the result of the Group. The effect of disposal on the financial position of the Group as follows :

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(g) Disposal of subsidiaries in 2019 (continued)

	2019
Trade and other receivables	**9**
Cash and cash equivalents	**2**
Trade and other payables	**(2)**
Net identifiable assets	**9**
Gain on disposal	**1**
Proceed from disposal	**10**
Consideration received, contra with amount due	**(5)**
Consideration received satisfied in cash	**5**
Less : Cash and cash equivalent disposed off	**(2)**
Net cash inflow	**3**

(h) Acquisition of subsidiaries in 2018

On 14 November 2018, Damansara Assets Sdn Bhd ("DASB") had acquired 70% of Healthcare Technical Services Sdn. Bhd. ("HTS") for a purchase consideration of RM11 million by way of offsetting the balance due from a third party, making it a 100% owned subsidiary of the Group.

The acquisition had the following effects on the Group's assets and liabilities on the acquisition date:

	Final fair value recognised on acquisition
Property, plant and equipment	1
Cash and cash equivalents	4
Receivables	15
Payables	(7)
Net identifiable assets	13
Less: Non-controlling interest on acquisition	(4)
Less: Previously held carrying amounts as an associate	-
Group's share of net assets acquired	9
Goodwill	2
Total cost of acquisition	11
Cash and cash equivalents acquired	(4)
Net cash outflow	7

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(i) Disposal of interest in subsidiaries in 2018

(i) On 23 January 2018, KPJ Healthcare Berhad ("KPJ") announced that Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and KPJSB's wholly owned subsidiary Lablink (M) Sdn Bhd ("Lablink"), entered into a Subscription and Share Purchase Agreement ("SSPA") with KL Kappa Sdn Bhd ("KL Kappa") for the subscription of new shares in Lablink by KL Kappa and for the purchase of certain existing shares in Lablink by KL Kappa from KPJSB.

The SSPA involved the issuance of new shares in Lablink to KL Kappa and the selling of existing Lablink shares by KPJSB to KL Kappa that will collectively result in KL Kappa having a 49% stake in Lablink's enlarged share capital, with the remaining 51% (2017: 100%) held by KPJSB, for a total cash consideration of RM120 million. The disposal was completed on 22 March 2018.

The Group recognised additional non-controlling interest of RM66 million and an increase in equity attributable to owners of the parent of RM54 million. The effect of changes in the ownership interest of Lablink on the equity attributable to owners of the Company during the financial year is summarised as follows:

	Group
	2018
Net assets attributable to non-controlling interest	(66)
Consideration received from non-controlling interest	120
Increase in equity attributable to owners of the Company	54

(ii) During the financial year, PharmaCARE Sdn Bhd, a subsidiary in the KPJ Group had entered into a Share Sale Agreement with Yayasan Islam Terengganu to dispose the Group's entire 100% equity interest in Open Access Sdn Bhd for a total cash consideration of RM10,000, net of transaction costs. The disposal was completed on 8 July 2018. The impact of the disposal to the Group was immaterial.

(iii) On 31 December 2018, Johor Capital Holdings Sdn Bhd, a direct subsidiary of the Corporation has disposed its entire equity interest in PJB Capital Sdn Bhd to a third party for a cash consideration of RM1. The effect of disposal was immaterial to the Group.

(iv) On 31 December 2018, Damansara Assets Sdn Bhd, a direct subsidiary of the Corporation has disposed its entire equity interest in Tunjuk Laut Resort Sdn Bhd to a third party for a cash consideration of RM1. The effect of disposal was immaterial to the Group.

(v) On 31 December 2018, Johor Franchise Development Sdn Bhd, a direct subsidiary of the Corporation has disposed its entire equity interest in Pro Office Services Sdn Bhd to a third party for a cash consideration of RM1. The effect of disposal was immaterial to the Group.

The list of subsidiaries are disclosed on pages 173 to 196.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

20. INVESTMENT IN ASSOCIATES

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Unquoted shares in Malaysia, at cost	**110**	114	**4**	4
Unquoted shares outside Malaysia	**55**	55	**-**	-
Share of post-acquisition retained profits and reserves less losses	**135**	113	**-**	-
	300	282	**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* 2019	2018	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
Vejthani Public Company Limited	Thailand	International specialist hospital	**23.37%**	23.37%	Equity method
Axiata Digital Innovation Fund Sdn Bhd (ADIFSB)**	Malaysia	Investment holding company	**12.97%**	12.44%	Equity method

* Equals to the proportion of voting rights held
** The Directors asessed that the Group has significant influence over ADIFSB. Therefore, in accordance with the requirement of MFRS 128, ADIFSB is an associate of the Group.

These associates have the same reporting period as the Group.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

20. 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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-current assets	**290**	234	**116**	109	**67**	59	**136**	77	**609**	479
Current assets	**109**	81	**123**	146	**371**	411	**68**	60	**671**	698
Total assets	**399**	315	**239**	255	**438**	470	**204**	137	**1,280**	1,177
Non-current liabilities	**80**	59	**17**	17	**1**	1	**39**	2	**137**	79
Current liabilities	**94**	79	**16**	37	**75**	117	**28**	19	**213**	252
Total liabilities	**174**	138	**33**	54	**76**	118	**67**	21	**350**	331
Net assets	**225**	177	**206**	201	**362**	352	**137**	116	**930**	846

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

20. 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	**353**	257	**108**	80	**260**	384	**136**	90	**857**	811
Profit for the financial year from continuing operations	**41**	18	**11**	6	**21**	53	**10**	8	**83**	85
Dividend received from the associates during the financial year	**2**	-	**1**	2	**3**	7	**5**	4	**11**	13

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Vejthani Public Company Limited		Bertam Properties Sdn Bhd		Revertex (Malaysia) Sdn Bhd		Others individually immaterial		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net assets at 1 January	**177**	159	**201**	207	**352**	324	**116**	126	**846**	816
Reclassification during the financial year	**-**	-	**-**	-	**-**	-	**-**	(16)	**-**	(16)
Profit for the financial year	**41**	18	**11**	6	**21**	53	**10**	8	**83**	85
Changes in equity	**14**	-	**-**	-	**-**	-	**25**	-	**39**	-
Dividend paid by associates during the financial year	**(7)**	-	**(6)**	(12)	**(11)**	(25)	**(14)**	(2)	**(38)**	(39)
Net assets at 31 December	**225**	177	**206**	201	**362**	352	**137**	116	**930**	846
Interest in associates	**23.37%**	23.37%	**20.00%**	20.00%	**30.07%**	30.07%	**-**	-	**-**	-
Group share of net assets	**53**	41	**41**	40	**109**	106	**42**	50	**245**	237
Goodwill	**3**	14	**3**	4	**15**	15	**34**	12	**55**	45
Carrying value of group's interest in associates	**56**	55	**44**	44	**124**	121	**76**	62	**300**	282

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

21. INVESTMENT IN JOINT VENTURES

	Group		
	31.12.2019	31.12.2018 Restated	01.01.2018 Restated
At cost			
Unquoted shares in Malaysia	**1,478**	1,478	1,272
Unquoted shares outside Malaysia	**307**	260	233
Share of post-acquisition reserves	**21**	(34)	81
Accumulated impairment	**(46)**	(3)	(3)
	1,760	1,701	1,583

The Group has voting rights of its joint ventures ranging from 51.00% to 65.62% (2018: 51.00% to 65.62%). 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* 2019	2018	Principal activities	Accounting model applied
QSR Brands (M) Holdings Bhd	Malaysia	**56.00%**	56.00%	Note (i)	Equity method
Tepak Marketing Sdn Bhd	Malaysia	**65.62%**	65.62%	Note (ii)	Equity method
Johor Concrete Products Sdn Bhd	Malaysia	**51.00%**	51.00%	Note (iii)	Equity method
PT Padang Industrial Park	Indonesia	**55.00%**	55.00%	Note (iv)	Equity method
PT Rizki Bukit Barisan Energi	Indonesia	**60.00%**	60.00%	Note (v)	Equity method

* equals to the proportion of voting rights held

These joint ventures have the same reporting period as the Group:

(i) The principal activity is mainly involved in the business of quick service restaurants.
(ii) The principal activities consist of contract packing of tea and tea trading.
(iii) The principal activities are manufacturing and marketing of concrete drains and piles. The Company ceased operations in February 2003.
(iv) The principal activities consist of construction, development and sale of industrial estate.
(v) The principal activities are exploration and production of crude oil and natural gas.

Amounts in RM Million Unless Otherwise Stated

21. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of QSR Brands (M) Holdings Bhd ("QSR") and PT Rizki Bukit Barisan Energi 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		PT Rizki Bukit Barisan Energi		Others		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-current assets	**5,626**	3,814	**184**	145	**7**	8	**5,817**	3,967
Cash and cash equivalents	**382**	459	**5**	1	**2**	2	**389**	462
Other current assets	**632**	724	**26**	18	**27**	22	**685**	764
Total current assets	**1,014**	1,183	**31**	19	**29**	24	**1,074**	1,226
Total assets	**6,640**	4,997	**215**	164	**36**	32	**6,891**	5,193
Current liabilities (excluding trade and other payables and provisions)	**557**	299	**1**	1	**-**	-	**558**	300
Trade and other payables and provisions	**731**	814	**5**	1	**18**	16	**754**	831
Total current liabilities	**1,288**	1,113	**6**	2	**18**	16	**1,312**	1,131
Non-current liabilities (excluding trade and other payables and provisions)	**2,782**	1,407	**283**	232	**-**	-	**3,065**	1,639
Trade and other payables and provisions	**2**	3	**-**	-	**-**	-	**2**	3
Total non-current liabilities	**2,784**	1,410	**283**	232	**-**	-	**3,067**	1,642
Total liabilities	**4,072**	2,523	**289**	234	**18**	16	**4,379**	2,773
Net assets	**2,568**	2,474	**(74)**	(70)	**18**	16	**2,512**	2,420

21. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of QSR Brands (M) Holdings Bhd ("QSR") and PT Rizki Bukit Barisan Energi 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		PT Rizki Bukit Barisan Energi		Others		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Revenue	**4,855**	4,607	**-**	-	**41**	41	**4,896**	4,648
Depreciation and amortisation	**518**	219	**-**	-	**-**	-	**518**	219
Interest income	**9**	6	**-**	-	**-**	-	**9**	6
Interest expense	**161**	66	**-**	-	**-**	-	**161**	66
Profit before tax	**274**	319	**(2)**	(22)	**3**	2	**275**	299
Income tax expense	**103**	126	**-**	-	**1**	-	**104**	126
Profit/(loss) after tax	**171**	193	**(2)**	(22)	**2**	2	**171**	173
Other comprehensive income	**1**	(1)	**-**	-	**-**	-	**1**	(1)
Total comprehensive income/ (loss)	**172**	192	**(2)**	(22)	**2**	2	**172**	172

(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		PT Rizki Bukit Barisan Energi		Others		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net assets at 1 January	**2,474**	2,674	**(70)**	(46)	**16**	14	**2,420**	2,642
Effect of MFRS	**-**	6	**-**	-	**-**	-	**-**	6
As restated	**2,474**	2,680	**(70)**	(46)	**16**	14	**2,420**	2,648
Profit for the financial year	**171**	193	**(2)**	(22)	**2**	2	**171**	173
Other comprehensive income	**1**	(1)	**-**	-	**-**	-	**1**	(1)
Foreign exchange translation differences	**-**	-	**(2)**	(2)	**-**	-	**(2)**	(2)
Change in ownership interest	**(3)**	3	**-**	-	**-**	-	**(3)**	3
Dividend declared by joint venture	**(75)**	(400)	**-**	-	**-**	-	**(75)**	(400)
Dividend paid	**-**	(1)	**-**	-	**-**	-	**-**	(1)
Net assets at 31 December	**2,568**	2,474	**(74)**	(70)	**18**	16	**2,512**	2,420
Interest in joint ventures	**56.00%**	56.00%	**60.00%**	60.00%	**57.21%**	57.21%		
Group's share of net assets	**1,439**	1,385	**(44)**	(42)	**12**	10	**1,407**	1,353
Goodwill	**93**	93	**264**	259	**(4)**	(4)	**353**	348
Carrying value of Group's interest in joint ventures	**1,532**	1,478	**220**	217	**8**	6	**1,760**	1,701

Amounts in RM Million Unless Otherwise Stated

22. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

Deferred tax assets and liabilities are attributable to the following:

	Group			Corporation		
	31.12.2019	**31.12.2018 Restated**	**01.01.2018 Restated**	**31.12.2019**	**31.12.2018 Restated**	**01.01.2018 Restated**
Subject to income tax:						
Deferred tax assets	**210**	171	170	**148**	118	82
Deferred tax liabilities	**(509)**	(682)	(439)	**(260)**	(235)	(208)
Subject to real property gain tax:						
Deferred tax assets	**-**	-	-	**-**	-	-
Deferred tax liabilities	**(280)**	(126)	(333)	**(6)**	(6)	(3)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

	Group			Corporation		
	31.12.2019	**31.12.2018 Restated**	**01.01.2018 Restated**	**31.12.2019**	**31.12.2018 Restated**	**01.01.2018 Restated**
At 1 January	**(637)**	(602)	(512)	**(123)**	(129)	(9)
Credited/(Charged) to profit or loss:						
Property, plant and equipment	**(114)**	(43)	(30)	**(4)**	13	(36)
Investment properties	**191**	7	(10)	**(21)**	(43)	14
Unutilised tax losses	**67**	56	(83)	**21**	36	(97)
Provisions	**(4)**	(11)	(8)	**9**	-	(1)
Receivables	**(3)**	7	(3)	**-**	-	-
Payables	**11**	-	-	**-**	-	-
Revaluation reserves	**(46)**	-	-	**-**	-	-
Foreign exchange adjustments	**-**	3	-	**-**	-	-
Others	**(44)**	(54)	44	**-**	-	-
	58	(35)	(90)	**5**	6	(120)
As at 31 December	**(579)**	(637)	(602)	**(118)**	(123)	(129)

22. DEFERRED TAX (CONTINUED)

	Group			Corporation		
	31.12.2019	**31.12.2018 Restated**	**01.01.2018 Restated**	**31.12.2019**	**31.12.2018 Restated**	**01.01.2018 Restated**
Deferred tax assets						
Property, plant and equipment	**7**	-	-	**-**	-	-
Provisions	**62**	66	77	**12**	3	3
Investment property	**18**	-	-	**-**	-	-
Unutilised tax losses	**216**	149	93	**136**	115	79
Receivables	**30**	-	-	**-**	-	-
Payables	**39**	28	-	**-**	-	-
Foreign exchange adjustments	**-**	3	-	**-**	-	-
Others	**24**	67	149	**-**	-	-
Amount before offsetting	**396**	313	319	**148**	118	82
Offsetting	**(186)**	(142)	(149)	**-**	-	-
As at 31 December	**210**	171	170	**148**	118	82
Deferred tax liabilities						
Property, plant and equipment	**(599)**	(478)	(608)	**(38)**	(34)	(47)
Investment properties	**(280)**	(453)	(287)	**(228)**	(207)	(164)
Revaluation reserves	**(46)**	-	-	**-**	-	-
Receivables	**(23)**	(12)	(19)	**-**	-	-
Others	**(27)**	(7)	(7)	**-**	-	-
Amount before offsetting	**(975)**	(950)	(921)	**(266)**	(241)	(211)
Offsetting	**186**	142	149	**-**	-	-
As at 31 December	**(789)**	(808)	(772)	**(266)**	(241)	(211)

The Directors are of the view that there is sufficient taxable profit available which allow the deferred tax assets to be utilised in the future.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to the expiry of the unabsorbed tax losses in 2025, all available evidences are considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. No reasonably possible change in any of the key assumptions would result in a reduction in forecast headroom of taxable profits such that the deferred tax asset would not be realised.

Amounts in RM Million Unless Otherwise Stated

22. DEFERRED TAX (CONTINUED)

Unrecognised deferred tax assets

The amount of unused tax losses that will expire in year 2025 and deductible temporary differences for which no deferred tax assets are recognised in the statement of financial position by certain subsidiaries as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	Group			Corporation		
	31.12.2019	**31.12.2018 Restated**	**01.01.2018 Restated**	**31.12.2019**	**31.12.2018 Restated**	**01.01.2018 Restated**
Deductible temporary differences	**163**	150	358	-	-	-
Unabsorbed capital allowance	**228**	247	-	-	-	-
Unutilised tax losses	**291**	389	469	-	-	-
	682	786	827	-	-	-

The deductible temporary differences in a current year can be carried forward to be deducted from the adjusted income of the subsequent years of assessment indefinitely until it is fully utilised.

23 (a). FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Group 2019	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Shares Outside Malaysia Unquoted	Fund Investment	Warrant In Malaysia Quoted	Total
Non-current:						
Financial assets at fair value through other comprehensive income	**9**	**19**	**-**	**-**	**-**	**28**
	9	**19**	**-**	**-**	**-**	**28**

Group 2018	Shares In Malaysia Unquoted	Shares In Malaysia Quoted	Shares Outside Malaysia Unquoted	Fund Investment	Warrant In Malaysia Quoted	Total
Non-current:						
Financial assets at fair value through other comprehensive income	9	10	-	-	1	20
	9	10	-	-	1	20

23 (b). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group 2019	Shares In Malaysia Unquoted	Shares Outside Malaysia Unquoted	Warrant In Malaysia Quoted	Total
Non-current:				
Financial assets at fair value through profit or loss	**1**	**-**	**1**	**2**
	1	**-**	**1**	**2**
Current:				
Financial assets at fair value through profit or loss	**5**	**-**	**-**	**5**
	5	**-**	**-**	**5**

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

23 (b). FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Group 2018 Restated	Shares In Malaysia Quoted	Debt Instrument Outside Malaysia Unquoted	Total
Current:			
Financial assets at fair value through profit or loss	4	-	4
	4	-	4

Corporation 2019	Shares In Malaysia Quoted	Warrant In Malaysia Quoted	Total
Current:			
Financial assets at fair value through profit or loss	**21**	**-**	**21**
	21	**-**	**21**

Corporation 2018			
Current:			
Financial assets at fair value through profit or loss	20	-	20
	20	-	`20

24. CONTRACT COSTS

	Group 2019	2018
Assets recognised from costs incurred to fulfil a contract	**7**	2
	7	2

Land and related development cost that are attributable to units sold are capitalised as contract cost. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised.

25. TRADE AND OTHER RECEIVABLES

	Group			Corporation		
	31.12.2019	31.12.2018	01.01.2018	31.12.2019	31.12.2018	01.01.2018
Non current						
Other receivables	**51**	23	65	**-**	-	-
Less: Allowance for impairment (Note 25(a)(i))	**(11)**	-	-	**-**	-	-
	40	23	65	**-**	-	-
Current						
Trade receivables	**776**	714	820	**77**	18	28
Less: Allowance for impairment (Note 25(a)(ii))	**(99)**	(63)	(54)	**(42)**	(6)	-
	677	651	766	**35**	12	28
Other receivables*	**334**	465	460	**22**	32	24
Less: Allowance for impairment (Note 25(a)(iii))	**(45)**	(42)	(34)	**(9)**	(9)	(6)
	289	423	426	**13**	23	18
Amount due from related parties (Note 25(c))	**-**	-	-	**274**	449	266
Less: Allowance for impairment (Note 25(d)(i) & (d)(ii))	**-**	-	-	**(163)**	(194)	(169)
	-	-	-	**111**	255	97
Amount due from associates	**4**	4	2	**-**	-	-
Deposit	**47**	-	-	**-**	-	-
	51	4	2	**-**	-	-
	1,017	1,078	1,194	**159**	290	143
Total trade and other receivables	**1,057**	1,101	1,259	**159**	290	143

* Included in other receivables is an amount of RM56 million (2018: RM56 million) which is due in 31 December 2020. This amount is secured against certain shares of PT Citra Sarana Energy.

Amounts in RM Million Unless Otherwise Stated

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance

(i) Non-current trade receivables using simplified approach

The loss allowance for trade receivables as at 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

	Group			Corporation		
	31.12.2019	**31.12.2018**	**01.01.2018**	**31.12.2019**	**31.12.2018**	**01.01.2018**
Opening loss allowance as at 1 January	**-**	-	-	**-**	-	-
Changes recognised in profit or loss during the year	**11**	-	-	**-**	-	-
At 31 December	**11**	-	-	**-**	-	-

(ii) Current trade receivables using simplified approach

The loss allowance for trade receivables as at 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

	Group			Corporation		
	31.12.2019	**31.12.2018 Restated**	**01.01.2018**	**31.12.2019**	**31.12.2018 Restated**	**01.01.2018**
Opening loss allowance as at 1 January	**63**	54	77	**6**	6	-
Amount restated through opening retained earnings	**-**	9	-	**-**	-	-
Opening loss allowance as at 1 January 2019	**63**	63	77	**6**	6	-
Changes recognised in profit or loss during the year	**56**	15	18	**36**	-	-
Receivables written off	**(6)**	(9)	(2)	**-**	-	-
Reversal of unutilised amount	**(10)**	(6)	(39)	**-**	-	-
Recovery of written off receivables	**(4)**	-	-	**-**	-	-
At 31 December	**99**	63	54	**42**	6	-

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Reconciliation of loss allowance (continued)

(iii) Other receivables using general 3 stage approach

The loss allowance for other receivables as at 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

Group	**Performing**	**Under-performing**	**Non-performing**	**Total**
Opening loss allowance as at 1 January 2018	-	-	34	34
Individual financial assets transferred to under-performing (lifetime expected credit losses)	-	-	8	8
Closing loss allowance as at 31 December 2018 / Opening loss allowance as at 1 January 2019	**-**	**-**	**42**	**42**
Individual financial assets transferred to under-performing (lifetime expected credit losses)	**-**	**-**	**3**	**3**
Closing loss allowance as at 31 December 2019	**-**	**-**	**45**	**45**

Corporation	**Performing**	**Under-performing**	**Non-performing**	**Total**
Opening loss allowance as at 1 January 2018	-	-	6	6
Individual financial assets transferred to under-performing (lifetime expected credit losses)	-	-	3	3
Closing loss allowance as at 31 December 2018 / Opening loss allowance as at 1 January 2019	**-**	**-**	**9**	**9**
Individual financial assets transferred to under-performing (lifetime expected credit losses)	**-**	**-**	**-**	**-**
Closing loss allowance as at 31 December 2019	**-**	**-**	**9**	**9**

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Maximum exposure to credit risk

(i) Trade receivables using simplified approach

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

Group 31 December 2019	Current	31 to 60 days past due	61 to 90 days past due	More than 91 days past due	Total
Expected loss rate	**4%**	**12%**	**-**	**59%**	
Gross carrying amount - trade receivables	**566**	**67**	**24**	**119**	**776**
Loss allowance	**(21)**	**(8)**	**-**	**(70)**	**(99)**
Carrying amount (net of loss allowance)	**545**	**59**	**24**	**49**	**677**

Group 31 December 2018	Current	31 to 60 days past due	61 to 90 days past due	More than 91 days past due	Total
Expected loss rate	-	-	-	35%	
Gross carrying amount - trade receivables	338	148	47	181	714
Loss allowance	-	-	-	(63)	(63)
Carrying amount (net of loss allowance)	338	148	47	118	651

Coporation 31 December 2019	Current	31 to 60 days past due	61 to 90 days past due	More than 91 days past due	Total
Expected loss rate	**75%**	**66%**	**-**	**46%**	
Gross carrying amount - trade receivables	**28**	**21**	**-**	**28**	**77**
Loss allowance	**(21)**	**(8)**	**-**	**(13)**	**(42)**
Carrying amount (net of loss allowance)	**7**	**13**	**-**	**15**	**35**

Coporation 31 December 2018	Current	31 to 60 days past due	61 to 90 days past due	More than 91 days past due	Total
Expected loss rate	-	-	-	46%	
Gross carrying amount - trade receivables	1	1	3	13	18
Loss allowance	-	-	-	(6)	(6)
Carrying amount (net of loss allowance)	1	1	3	7	12

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Offsetting of amount due from related parties

	Corporation 2019	Corporation 2018
Amount before offsetting	**344**	613
Offsetting (amount due to subsidiaries)	**(70)**	(164)
Amount after offsetting	**274**	449

(d) Reconciliation of loss allowance of amount due from related parties

(i) Using simplified approach

The loss allowance for amount due from related parties (trade) as at 31 December reconciles to the opening loss allowance for that provision as follows:

Corporation	Trade 2019	Trade 2018
Opening loss allowance as at 1 January	**98**	78
Changes recognised in profit or loss during the year	**11**	(22)
Reversal of unutilise allowance	**(2)**	-
Reclassification from/(to) investment in subsidiaries	**(42)**	42
At 31 December	**65**	98

(ii) Using general 3 stage approach

The loss allowance for amount due from related parties (non-trade) as at 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

Corporation	Performing	Under-performing	Non-performing	Total
Opening loss allowance as at 1 January 2018	**-**	**114**	**-**	**114**
Changes recognised in profit or loss during the year	**-**	**(18)**	**-**	**(18)**
Closing loss allowance as at 31 December 2018 / Opening loss allowance as at 1 January 2019	**-**	**96**	**-**	**96**
Changes recognised in profit or loss during the year	**-**	**9**	**-**	**9**
Reversal of unutilise allowance	**-**	**(7)**	**-**	**(7)**
Closing loss allowance as at 31 December 2019	**-**	**98**	**-**	**98**

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

26. CONTRACT ASSETS AND LIABILITIES

	Group 2019	Group 2018 Restated	Corporation 2019	Corporation 2018 Restated
Contract assets				
Current				
Construction contracts	**39**	82	**39**	76
Property development projects	**94**	47	**-**	-
Others	**1**	-	**-**	-
Total contract assets	**134**	129	**39**	76
Contract liabilities				
Current				
Construction contracts	**28**	5	**12**	-
Property development projects	**-**	3	**-**	-
Customer deposits	**57**	61	**-**	-
Others	**10**	9	**-**	-
Total contract liabilities	**95**	78	**12**	-

(i) Contract assets

	Group 2019	Group 2018 Restated	Corporation 2019	Corporation 2018 Restated
At 1 January	**129**	61	**76**	-
Prior year adjustment (Note 43)	**-**	41	**-**	41
At 1 January (restated)	**129**	102	**76**	41
(Transfers to)/Additions from contract assets recognised at the beginning	**(63)**	(26)	**(37)**	35
Increase in revenue recognised in previous period arising from change in	**68**	15	**-**	-
Others	**-**	38	**-**	-
At 31 December	**134**	129	**39**	76

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

26. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

(i) Contract assets (continued)

Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of contract assets for which an ECL allowance is recognised and the gross carrying amount also represents the Group's maximum exposure to credit risk:

Group 31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	**-**	-	-	-	-
Gross carrying amount - contract assets	**134**	-	-	-	**134**
Loss allowance	**-**	-	-	-	-
Carrying amount (net of loss allowance)	**134**	-	-	-	**134**

Group 31 December 2018	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	-	-
Gross carrying amount - contract assets	129	-	-	-	129
Loss allowance	-	-	-	-	-
Carrying amount (net of loss allowance)	129	-	-	-	129

Corporation 31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	**-**	-	-	-	-
Gross carrying amount - contract assets	**39**	-	-	-	**39**
Loss allowance	**-**	-	-	-	-
Carrying amount (net of loss allowance)	**39**	-	-	-	**39**

Corporation 31 December 2018 (restated)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	-	-
Gross carrying amount - contract assets	76	-	-	-	76
Loss allowance	-	-	-	-	-
Carrying amount (net of loss allowance)	76	-	-	-	76

26. CONTRACT ASSETS AND LIABILITIES (CONTINUED)

(ii) Contract liabilities

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
At 1 January	**78**	20	**-**	-
Revenue recognised that was included in the contract liabilities balance at the beginning of financial period	**(21)**	(20)	**-**	-
Cash received	**30**	58	**12**	-
Other significant movement	**8**	20	**-**	-
At 31 December	**95**	78	**12**	-

Contract assets consist of unbilled amount resulting from sales of properties under development when the revenue recognised exceeds the amount billed to the customers. Contract assets are transferred to receivables when the right to economic benefits become unconditional.

Contract liabilities represent the obligation of the Group to transfer goods or services to customers for which considerations have been received (or the amount is due) from the customers.

The Group issue billings to purchasers based on the billing schedule as stipulated in the contracts.

All contract liabilities at the beginning of prior year have been fully recognised as revenue.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

27. DERIVATIVE FINANCIAL INSTRUMENT

	Group Notional amount	
	2019	**2018**
Cash flow hedges:		
Notional amount		
Interest rate swap	**400**	400
	400	400
Fair value		
Interest rate swap	**3**	2
	3	2

The Group has entered into interest rate swap contracts that is designed to convert its floating rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rate on its borrowings.

Under the interest rate swap contract, the Group pays a fixed rate of interest of 3.89% (2018: 3.89%) per annum and receives a variable rate based on one month KLIBOR on the amortised notional amount.

The above interest rate swap is not designated as a cash flow or fair value hedge and is entered into for a period consistent with the transaction exposure, which is up to the financial year ending 2021.

28. CASH AND BANK BALANCES

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Cash at banks and in hand	**759**	834	**100**	27
Fixed deposits	**377**	405	**16**	92
Cash and bank balances	**1,136**	1,239	**116**	119
Less:				
Fixed deposits with licensed bank of more than 3 months	**(203)**	(126)	**-**	-
Bank overdrafts	**(213)**	(129)	**-**	-
Designated accounts				
• Financial Service Reserve Account (FSRA) & Deposit Service Reserve Account (DSRA)	**(59)**	(58)	**-**	-
• Ear-marked for Profit Payment Payable	**(19)**	(5)	**-**	-
• Other deposits not for short funding requirement	**(17)**	(17)	**-**	-
• Shariah compliant designated account	**(10)**	(15)	**-**	-
• Non-checking account	**(27)**	(21)	**-**	-
• Others	**(20)**	(2)	**-**	-
Cash and cash equivalents	**568**	866	**116**	119

28. CASH AND BANK BALANCES (CONTINUED)

Included in fixed deposits are the following amounts subject to restriction:

	Group		Corporation	
	2019	2018	2019	2018
Pledged with licensed banks for bank guarantee facilities provided to subsidiaries/third parties	**41**	19	**-**	-
Restricted usage under SUKUK	**-**	-	**-**	-
Restricted usage under Government Grant	**5**	-	**5**	-
Restricted usage - others	**19**	19	**-**	-
	65	38	**5**	-

The currency profile of cash and bank balances is as follows:

	Group		Corporation	
	2019	2018	2019	2018
Malaysian Ringgit	**1,066**	1,203	**116**	119
Indonesian Rupiah	**16**	15	**-**	-
Australian Dollar	**39**	21	**-**	-
American Dollar	**15**	-	**-**	-
	1,136	1,239	**116**	119

The weighted average interest rates of fixed deposits that were effective at the reporting date were as follows:

	Group		Corporation	
	2019	2018	2019	2018
Fixed deposits	**3.42%**	3.34%	**3.45%**	3.45%

Deposits of the Group and of the Corporation have an average maturity of 122 days (2018: 105 days) and 30 days (2018: 31 days) respectively.

Included in the cash and bank balances of the Group is an amount of RM26 million (2018: RM30 million) of which the utilisation is subject to the Housing Developers Regulations 2002 (Housing Development Account).

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

29. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Group		Corporation	
	2019	2018	2019	2018
Assets of disposal group classified as held for sale:				
Property, plant and equipment (Note 29(a)(ii) & 29(c))	**213**	206	**81**	80
Inventory (Note 29(a)(ii))	**32**	31	**32**	31
Investment properties (Note 29(a)(i)(ii) & 29(b)(i)(ii))	**202**	440	**70**	91
Right-of-use assets (Note 29(c))	**1**	-	**-**	-
Equity instruments classified as Fair Value through Other Comprehensive Income	**-**	14	**-**	-
Investment in subsidiary	**-**	-	**-**	43
Trade and other receivables	**-**	75	**-**	-
Cash and bank balances	**-**	22	**-**	-
Deferred tax assets	**-**	2	**-**	-
	448	790	**183**	245
Liabilities directly associated with disposal group classified as held for sale:				
Loans and borrowings	**-**	23	**-**	-
Trade and other payables	**-**	157	**-**	-
	-	180	**-**	-

Below are the significant assets of disposal group classified as held for sale, all of which are expected to be completed in 2020:

(a) Investment properties, property, plant and equipment and inventory

Group and Corporation

(i) On 2 April 2018, the Group and the Corporation entered into Sale and Purchase Agreement with Ramuan Arif Sdn Bhd in relation to sale of certain investment properties for a total consideration of RM131 million.

(ii) On 31 July 2018, the Group and the Corporation entered into a development agreement with the State Government to surrender certain investment properties, property, plant and equipment and inventory for a development project in exchange for neighbouring land after the completion of the Arena Larkin development project under the term of "Serah Balik Kurnia Semula" ("SBKS"). The transaction is on-going as at the end of the financial year.

29. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE / LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Below are the significant assets of disposal group classified as held for sale, all of which are expected to be completed in 2020 (continued):

(b) Investment properties

Group

(i) During the financial year the Group, is compelled to sell the remaining investment property at a minimum of RM10 million to a third party. The transaction is expected to be completed in 2020.

(ii) During the financial year, the Group entered into an offer for sale agreement with an intended buyer to dispose its investment property for a total consideration of RM6 million. The sale is expected to be completed within the financial year.

(c) Makmuran Veneer & Plywood Sdn Bhd

On 8 December 2016, the Group made an offer to dispose 100% equity interest in Makmuran Veneer & Plywood Sdn Bhd, one of the subsidiaries at a cash consideration of RM8 million. The Group expects to complete the transaction in year 2020.

Below is the significant asset of disposal group classified as held for sale which was completed in 2019:

(a) Investment properties

Group

(i) On 9 December 2019, the Group has signed the Third Supplemental Agreement (to the Joint Venture Agreement dated 7 January 2009) with Impian Ekspresi Sdn Bhd ("IESB") to develop, redevelop, construct, refurbish, manage, sell, grant leases and tenancies of 9 blocks of duly completed Damansara Pavillion (formerly known as Pusat Bandar Damansara Kuala Lumpur). Through this agreement both parties have agreed to accept the settlement for the balance consideration of property in payment of RM60 million by IESB to the Group. As at financial year end, the consideration has been fully received and the transaction is deemed complete.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

30. LEASE LIABILITIES

	Group 2019	Corporation 2019
Amount due for settlement within 12 months	47	6
Amount due for settlement after 12 months	81	16
	128	22

	Group 2019	Corporation 2019
Maturity analysis		
Not more than 1 year	47	6
Later than 1 year and not later than 5 years	78	16
Later than 5 years	3	-
	128	22

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the financial year:

	Group 2019	Corporation 2019
At 1January 2019	84	29
Addition	65	-
Accretion of interest	3	1
Payments	(24)	(8)
As 31 December 2019	128	22

The Group and the Corporation do not face a significant liquidity risk with regard to its liabilities. Lease liabilites are monitored within the Group treasury function.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

31. LOANS AND BORROWINGS

	Group 2019	Group 2018	Corporation 2019	Corporation 2018
Non-current				
Secured:				
Finance lease	**-**	28	**-**	-
Term loans	**3,449**	1,672	**-**	-
Islamic Debt Securities	**190**	230	**-**	-
Islamic Medium Term Notes ("IMTNs")	**2,348**	3,595	**1,773**	1,762
Federal Government loans	**118**	118	**-**	-
Unsecured:				
Islamic Medium Term Notes ("IMTNs")	**1,100**	-	**- -**	
Term loans	**14**	897	**-**	-
Federal Government loans	**53**	102	**16**	46
	7,272	6,642	**1,789**	1,808
Current				
Secured:				
Bank overdrafts	**175**	86	**-**	-
Revolving credits	**328**	356	**-**	-
Bankers' acceptance	**9**	5	**-**	-
Finance lease	**-**	16	**-**	-
Term loans	**717**	353	**-**	-
Bridging loans	**98**	97	**-**	-
Islamic Debt Securities	**20**	-	**-**	-
Islamic Medium Term Notes ("IMTNs")	**163**	800	**-**	800
Federal Government loans	**2**	6	**-**	-
Unsecured:				
Bank overdrafts	**38**	43	**-**	-
Revolving credits	**226**	800	**-**	-
Term loans	**306**	49	**-**	-
Federal Government loans	**41**	24	**3**	7
	2,123	2,635	**3**	807
Total loans and borrowings	**9,395**	9,277	**1,792**	2,615

31. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Group's loans and borrowings:

At 31 December 2019	Year of maturity	Carrying amount	Under 1 year	Between 1-2 years	Between 2-5 years	Over 5 years
Secured:						
Bank overdrafts	**On demand**	**175**	**175**	**-**	**-**	**-**
Revolving credits	**Upon rollover**	**328**	**328**	**-**	**-**	**-**
Bankers' acceptances	**On demand**	**9**	**9**	**-**	**-**	**-**
Term loans	**2019 - 2030**	**4,166**	**717**	**690**	**1,183**	**1,576**
Bridging loans	**On demand**	**98**	**98**	**-**	**-**	**-**
Islamic Debt Securities	**2019 - 2023**	**210**	**20**	**110**	**80**	**-**
Islamic Medium Term Notes ("IMTNs")	**2019 - 2025**	**2,511**	**163**	**-**	**2,348**	**-**
Federal Government loans	**2019 - 2041**	**120**	**2**	**-**	**12**	**106**
Unsecured:						
Bank overdrafts	**On demand**	**38**	**38**	**-**	**-**	**-**
Revolving credits	**Upon rollover**	**226**	**226**	**-**	**-**	**-**
Term loans	**2019 - 2022**	**320**	**306**	**14**	**-**	**-**
Federal Government loans	**2019 - 2030**	**94**	**41**	**4**	**6**	**43**
Islamic Medium Term Notes ("IMTNs")	**2019 - 2022**	**1,100**	**-**	**1,100**	**-**	**-**
Total		**9,395**	**2,123**	**1,918**	**3,629**	**1,725**
At 31 December 2018						
Secured:						
Bank overdrafts	On demand	86	86	-	-	-
Revolving credits	Upon rollover	356	356	-	-	-
Bankers' acceptances	On demand	5	5	-	-	-
Finance lease	2018 - 2023	44	16	1	27	-
Term loans	2018 - 2030	2,025	353	146	1,486	40
Bridging loans	On demand	97	97	-	-	-
Islamic Debt Securities	2018 - 2023	230	-	-	230	-
Islamic Medium Term Notes ("IMTNs")	2018 - 2026	4,395	800	-	3,145	450
Federal Government loans	2018 - 2041	124	6	-	-	118
Unsecured:						
Bank overdrafts	On demand	43	43	-	-	-
Revolving credits	Upon rollover	800	800	-	-	-
Term loans	2018 - 2030	946	49	97	311	489
Federal Government loans	2018 - 2029	126	24	11	71	20
Total		9,277	2,635	255	5,270	1,117

Amounts in RM Million Unless Otherwise Stated

31. LOANS AND BORROWINGS (CONTINUED)

The table below summarises the repayment terms of the Corporation's loans and borrowings:

At 31 December 2019	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")	**2019 - 2022**	**1,773**	**-**	**-**	**1,773**	**-**
Unsecured:						
Federal Government loans	**2019 - 2030**	**19**	**3**	**5**	**6**	**5**
Total		**1,792**	**3**	**5**	**1,779**	**5**
At 31 December 2018						
Secured:						
Islamic Medium Term Notes ("IMTNs")	2018 - 2022	2,562	800	-	1,762	-
Unsecured:						
Federal Government loans	2018 - 2029	53	7	11	15	20
Total		2,615	807	11	1,777	20

31. LOANS AND BORROWINGS (CONTINUED)

	Group		Corporation	
	2019	2018	2019	2018
Weighted average effective interest rates of borrowings at the reporting date:				
Bank overdrafts	**7.88**	7.48	**-**	-
Revolving credits	**5.57**	5.16	**-**	-
Term loans	**5.29**	6.15	**-**	-
Federal Government loans	**4.31**	4.25	**4.00**	4.00
Bankers' acceptance	**5.18**	4.98	**-**	-
Bridging loans	**7.75**	7.75	**-**	-
Finance lease	**-**	4.18	**-**	-
Islamic Debt Securities	**1.75**	1.75	**-**	-
Islamic Medium Term Notes ("IMTNs")	**4.59**	4.80	**3.84**	3.67

The table summarises the period of maturity or repricing of the loans and borrowings:

	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
Group					
As at 31 December 2019					
Fixed	**226**	**1,214**	**2,446**	**149**	**4,035**
Floating	**1,897**	**704**	**1,183**	**1,576**	**5,360**
Total	**2,123**	**1,918**	**3,629**	**1,725**	**9,395**
As at 31 December 2018					
Fixed	2,050	11	3,473	588	6,122
Floating	585	244	1,797	529	3,155
Total	2,635	255	5,270	1,117	9,277

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

31. LOANS AND BORROWINGS (CONTINUED)

The table summarises the period of maturity or repricing of the loans and borrowings (continued):

	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
Corporation					
As at 31 December 2019					
Fixed	**3**	**5**	**1,779**	**5**	**1,792**
As at 31 December 2018					
Fixed	807	11	1,777	20	2,615

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 2019				
Term loans - floating	**4,486**	**4,326**	**-**	**-**
Islamic Medium Term Notes ("IMTNs")	**3,611**	**3,421**	**1,773**	**1,800**
As at 31 December 2018				
Term loans - floating	2,971	2,785	-	-
Islamic Medium Term Notes ("IMTNs")	4,395	4,169	2,562	2,600

31. LOANS AND BORROWINGS (CONTINUED)

Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Group and the Corporation liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and the Corporation statement of cash flows as cash flows from financing activities.

	Group		Corporation	
	2019	2018	2019	2018
Loans and borrowings				
At 1 January	**9,277**	8,694	**2,615**	2,620
Net cash changes (i)	**(423)**	138	**(960)**	(157)
Interest accretion (Note 7)	**470**	451	**137**	152
Other changes (ii)	**71**	(6)	**-**	-
At 31 December	**9,395**	9,277	**1,792**	2,615

(i) The net changes from borrowings represent the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include payments of transaction cost.

Significant covenants and security

Corporation

(a) Islamic Medium Term Notes ("IMTNs")

On 14 June 2012, the Corporation entered into an Islamic Medium Term Notes ("IMTNs") Programme of up to RM3 billion, under the Syariah principle of Wakalah Bil Istithmar with Maybank Investment Bank ("MIB") ("Facility Agent") and 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
Series3	1,800	10	3.84	14 June 2022
	3,000			

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Corporation (continued)

(a) Islamic Medium Term Notes ("IMTNs") (continued)

The frequency of the expected periodic distribution ("Profit Payment") should be on a semi-annual basis or such other period of frequency to be agreed between the Corporation and the Joint Book Runners ("JBRs") prior to each issuance of the IMTNs.

The Federal Government of Malaysia ("GOM") has agreed to guarantee (irrevocably and unconditionally) the Corporation's payment obligations under the IMTNs in accordance with Loans Guarantee (Bodies Corporate) Act, 1965, that subject to the Guaranteed amount (the nominal value of the IMTNs guaranteed by the GOM shall not exceed RM3 billion in aggregate) for the period of 11 years from the date of first issuance of the IMTNs.

In consideration of the provision of guarantee by the GOM, the Corporation being a body corporate declared by the Minister of Finance ("MOF") pursuant to the Loans Guarantee (Declaration of Bodies Corporate) (Johor Corporation) Order 2012 [P.U(A)128/2012] agreed to pay on an annual basis the Guarantee Fee of 0.01% for the first 5 years and 0.02% for the 6th year onwards based on the outstanding IMTNs.

Subsequent to the issuance, the IMTNs may not be offered, sold, transferred or otherwise disposed of directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to categories of person falling with Schedule 6 or Section 229(1)(b), of the Capital Market and Services Act, 2007, as amended from time to time.

The IMTNs is not listed on Bursa Malaysia Securities Berhad or any other stock exchange.

There is no specific financial covenant associated with the IMTNs issued by the Corporation other than in the event of default, the entire IMTNs become immediately due and repayable.

(b) Federal Government loans

On 17 July 2002, the Corporation had applied for a restructuring of its Federal Government loans (inclusive of outstanding interest) to the Ministry of Finance. The agreement for the restructuring scheme amounting to RM58 million was finalised on 13 April 2017 with the following terms:

(i) Period of repayment is revised to 15 years, starting from 2015 with semi annual repayments on 1 June and 1 December;

(ii) Interest rate of 4% per annum;

(iii) Late payment interest of 2% per annum will be imposed if the payment is not accordance to the schedule; and

(iv) Exemption on previous interest accrued of RM17 million will be only approved if the repayment is in accordance to the schedule. If there is any failure to comply with the payment schedule, the interest accrued shall be paid in a lump sum on 31 December 2030.

There is no others specific financial covenant associated with the Federal Government loans.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries

(a) Kulim (Malaysia) Berhad ("KMB")

Islamic financing facilities

(i) On 28 November 2019, KMB and its subsidiary, Mahamurni Plantation Sdn Bhd ("MPSB") has entered into a Syndicated Term Financing-i ("STF-i") of RM1.5 billion with few licensed financiers. The purpose of the STF-i is to refinance its existing borrowings and to finance working capital requirement related to KMB and MPSB's business operation.

The borrowing is secured by charges over certain plantation land acceptable by the financiers and Letter of Awareness executed by the Corporation.

(ii) Included in the Islamic financing facilities is a loan denominated in USD amounting to RM83.7 million (2018: RM132.70 million), which is repayable on demand.

The borrowings are secured by charges over certain property, plant and equipment and fixed deposits, and corporate guarantee from KMB.

In connection with significant term loan facilities, KMB has agreed on the following significant financial covenants with the lenders:

(a) Plantation segment:

(i) Shall ensure that gearing ratio, on consolidated basis shall not throughout the tenure of the facility at any time exceed one (1) time; and

(ii) Shall ensure that the Minimum Security Cover of at least 1.30 times is to be maintained throughout the tenure of the Facility.

(b) Oil and gas segment:

(i) E.A Technique (M) Berhad ("EAT") total financing to tangible net worth ("Gearing ratio") will not exceed 3.00 times as per the following formula:

$$\frac{\text{Total Financing}}{\text{Tangible Net Worth + Subordination of Shareholders and Directors Advances}}$$

(ii) The Group debt to equity ratio will not exceed 10.00 times.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(b) Tanjung Langsat Port Sdn Bhd ("TLP")

On 13 February 2013, TLP was granted a soft loan from the Government of Malaysia amounting to RM111 million for the construction of Berth 8 and Berth 9. The soft loan bore interest at 4% (2018: 4%) per annum and has a tenure of 20 years.

On 7 December 2018, TLP received a letter from the Government of Malaysia varying a term in the approval letter dated 11 May 2017.

The Government of Malaysia will charge interest at a rate of 2% per annum until 2023. Subsequently, the interest rate of the soft loan is revised to 4% per annum until the full repayment of the soft loan in 2041. The soft loan is repayable semi-annually on 8th March and 8th September.

The soft loan facility is secured by two (2) plots of vacant Commercial Lands identified as Lot H and Lot I and twenty one (21) plots of vacant Industrial Lands, third party first legal charge over Lot H and Lot I, and first fixed charge in respect of Berth 8 and 9.

There is no specific financial covenant associated with the soft loan facility other than in the event of default, the entire soft loan become immediately due and repayable.

(c) JCorp Capital Solutions Sdn Bhd (“JCSSB”)

Bridging loan

On 21 November 2013, JCSSB entered into a Margin Trading Facility Agreement, with a bank for a margin trading facility of up to a maximum aggregate sum of RM26 million. The facility is subject to interest at 7.75% per annum or not less than bank’s Base Lending Rate (“BLR”) plus 1.5% per annum and shall include such revised rate thereof as may be notified by the Bank from time to time. The facility is subject to half year review.

The purpose of the facility is for the purchase of securities which may, at the time of such purchase, be listed on the Bursa Malaysia Securities Berhad or such other recognised exchanges as may be acceptable to the bank.

On 26 November 2014, the Margin Trading Facility Agreement dated 21 November 2013 was revised to increase the maximum aggregate sum from RM26 million to RM98.5 million. With effect from 2 February 2018, the facility is subject to the bank’s Base Rate plus 2.70% per annum subject to not less than the minimum rate of 6.35% per annum.

The facility is secured by a fresh Margin Trading Facility Agreement of up to RM98.5 million and a third party legal charge executed by the Corporation.

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.

Revolving credit

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 and/or to finance general working capital requirement of JCSSB and its related company.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(c) JCorp Capital Solutions Sdn Bhd ("JCSSB") (continued)

The facility is secured against the following:

(i) Third party first legal charge over KPJ shares and/or any other quoted listed shares in Bursa Saham Malaysia acceptable to the Bank held by the Corporation and/or any of it group of companies;

(ii) Letter of Awareness from the Corporation; and

(iii) Not less than 2 times cover of up to 10% of the total listed/paid up capital of KPJ’s shares, land and/or properties and/or any other tangible assets acceptable to the bank.

There is no specific financial covenant associated with the STRC-i issued by JCSSB other than in the event of default, the entire STRC-i become immediately due and repayable.

(d) Efinite Structure Sdn Bhd (“ESSB”)

On 19 December 2017, ESSB entered into the Syndicated Islamic Financing Facility (“SIFF”) of up to RM325 million comprising of Term Financing-i facility of up to RM162.50 million and Business Financing-i facility of up to RM 162.50 million.

The purpose of SIFF is to refinance in full the outstanding principal amount under previous financing facilities granted to ESSB which were Sukuk Ijarah and Islamic Term Loan Financing.

The tenure of SIFF is up to 7 years from the date of reimbursement. The SIFF is subject to profit rates of 1.75% per annum above the effective 3-month Islamic Cost of Funds.

The SIFF and all amounts outstanding thereunder shall be secured against, including but not limited to the following terms:

(i) An assignment over 387.048 acres (2018: 506.175 acres) of vacant industrial land within Tanjung Langsat Industrial Complex belonging to a related company;

(ii) Debenture creating fixed and floating charges over existing and future assets of ESSB;

(iii) An assignment over concession fee payable by TLP Terminal Sdn Bhd to the Corporation; and

(iv) 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 throughout SIFF tenure. FSCR is defined as ESSB’s net operating cash flow for the preceding 12 months plus its opening cash balances divided by total finance services for the corresponding 12 months period and ESSB shall maintain a Security Cover Ratio of not less than 1.5 times at all times throughout SIFF tenure. The Security Cover Ratio shall be calculated based on the Open Market Value of the Assigned Land against the aggregate principal amount outstanding under the SIFF.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(e) KPJ Healthcare Berhad ("KPJ")

The borrowings are secured by:

(i) Certain property, plant and equipment and investment property with carrying value of RM 404 million as at 31 December 2019 (2018: RM441 million);

(ii) A Letter of Undertaking cum Awareness;

(iii) Negative pledge;

(iv) An assignment of the proceeds to be received from the disposal of the building and lease/rentals;

(v) Fixed and floating charge over certain present and future assets;

(vi) Corporate Guarantee;

(vii) Assignment of all Rights & Benefits or its equivalent over the relevant Takaful cover;

(viii) A charge on the specific Finance Service Reserve Account ("FSRA") & Deposit Service Reserve Account ("DSRA") and all monies standing to the credit of certain subsidiaries;

(ix) Specific debenture charge over assets; and

(x) Legal charge and assignment over the FRA and all proceeds therein.

In connection with certain borrowings, KPJ has to comply with the following significant covenants:

(i) Gearing ratio being not more than 1.5 times (Islamic Medium Term Notes);

(ii) Gearing ratio to exceed 1.25 times (Revolving Credit);

(iii) Debt service coverage ratio not more than 4.0 times;

(iv) A subsidiary's dividends declared or paid being not more than fifty percent (50%) of profit after tax;

(v) A subsidiary's debt service current ratio more than 2.0 times;

(vi) A subsidiary's gearing ratio to not exceed 3.5 times;

(vii) A subsidiary's gearing ratio to not more than 2.0 times;

(viii) A subsidiary's gearing ratio to exceed 2.5 times;

(ix) A subsidiary's debt service coverage ratio to exceed 1.5 times; and

(x) A subsidiary's debt service coverage ratio to exceed 1.25 times.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(f) TPM Technopark Sdn Bhd ("TPM")

TPM's Revolving Credit facility-i ("RC-i") is based on the Shariah Concept of Commodity Murabahah (sale of a commodity plus profit basis). The purpose of the term is to finance up to 80% of the infrastructure cost related to a vacant piece of industrial land.

The facility is secured by the following:-

(i) Lease proceeds receivable from and under the Lease Agreement executed between the Corporation, TPM and a third parties;

(ii) Letter of Awareness signed by the Corporation; and

(iii) Placement of Finance Service Reserve Account ("FSRA") equivalent to three monthly profits of RC-i facility.

There is no specific financial covenant associated with RC-i issued by TPM other than in the event of default, the entire RC-i become immediately due and repayable.

(g) BDO Assets Management Sdn Bhd ("BDO")

BDO obtained a term loan facility for the restructuring of its financing facility with profit to be serviced on a monthly basis based on Islamic Cost of Fund ("iCOF") + 2.25% per annum.

The term loan of RM135 million is secured over certain properties, shares and Real Estate Investment Trust ("REIT") units belonging to a related company of BDO.

There is no specific financial covenant associated with the term loan issued by BDO other than in the event of default, the entire loan become immediately due and repayable.

(h) Al-'Aqar Healthcare REIT ("AAHR")

Sukuk Ijarah - Islamic Medium Term Notes ("IMTN")

On 4 May 2018, a subsidiary of AAHR redeemed the outstanding IMTNs of RM575 million in nominal value of Issue 1 together with the outstanding profit due on maturity and refinanced the IMTNs via an issuance of IMTNs of RM575 million in nominal value ("Issue 2 - Tranche 1") consisting of RM220 million in nominal value of Class A, RM23 million in nominal value of Class B and RM332 million in nominal value of Class C.

On 20 December 2018, the subsidiary of AAHR re-rated IMTNs of RM112 million in nominal value of unrated Class C IMTNs of Issue 2, redeemed and re-issued rated Class A IMTNs of RM75 million in nominal value and rated Class B IMTNs of RM37 million in nominal value (collectively "Issue 2 - Tranche 2").

The financing facility is secured against the investment properties totalling RM1.25 billion (2018: RM1.23 billion).

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(h) Al-'Aqar Healthcare REIT ("AAHR") (continued)

The Sukuk Ijarah Programme has the following significant covenants:

(i) The subsidiary of AAHR has to maintain and build up the Finance Service Reserve Account ("FSRA") an amount equivalent to 6 months periodic payments payable under the relevant tranche of Sukuk Ijarah.

(ii) The subsidiary of AAHR shall at all times maintain and/or caused to be maintained the following Finance Service Cover Ratio ("FSCR"):

(a) FSCR at the subsidiary level of not less than 1.5 times;

(b) FSCR at AAHR level of not less than 1.5 times;

(c) such other financial covenant(s) as may be determined by RAM Rating Services Berhad ("RAM") and to be mutually agreed to by the subsidiary.

Murabahah Tawarruq Term Financing-i ("MTTF-i")

MTTF-i of RM30 million was obtained in 2018 to part finance the outstanding balance in relation to an investment property amounting to RM38.9 million purchased in prior years.

The MTTF-i is payable over a period of 24 months with bullet repayment of the principal sum on the 24th month. The MTTF-i bears an effective profit rate of 1.5% per annum above the bank's Cost of Funds ("COF") and shall be due in May 2020.

Commodity Murabahah Term Financing-i (CMTF-i")

On 27 December 2019, AAHR obtained floating rate borrowing facility ("CMTF-i"") amounting to RM80 million to finance the acquisition of a new hospital. The Commodity Murabahah is payable over a period of 60 months from the date of first disbursement with bullet repayment of the principal sum on the 60th month.

The CMTF-i" bears an effective profit rate of 1.25% per annum above the bank's COF and is secured against investment properties with carrying amount of RM119.5 million (2018: nil).

There is no specific financial covenant associated with MTTF-i and CMTF-i issued by AAHR other than in the event of default, the entire loans become immediately due and repayable.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(i) Damansara Assets Sdn Bhd ("DASB")

Commodity Murabahah Term Financing-i ("CMTF-i")

The CMTF-i was obtained on 14 April 2015 amounting to RM350 million to part finance the acquisition of the investment properties in 2015. The nominal value of the CMTF-i comprised of Tranche 1 and Tranche 2, amounting to RM136 million and RM214 million, respectively.

The average effective profit rate for the CMTF-i is 5.26% (2018: 5.38%) per annum. The CMTF-i has significant covenant in which the subsidiary shall at all times, maintain the following criteria:

(i) The consolidated net gearing ratio of not more than 1.0 time;

(ii) Financing to Value ("FTV") ratio shall not exceed 50% of security value;

(iii) Minimum shareholder's fund of not less than RM500 million; and

(iv) Minimum finance service cover ratio ("FSCR") of 1.5 times.

The financing is used to secure the investment properties amounting to RM719 million (2018: RM719 million).

Sukuk Ijarah

On 24 August 2018, a subsidiary of DASB, ALSREIT Capital Sdn Bhd ("ACSB") established a Sukuk Ijarah Programme comprising Islamic Medium Term Note ("IMTN") of up to RM1.5 billion in nominal value and issued RM162.8 million in nominal value of IMTNs ("Issue 1").

The Sukuk Ijarah Programme has a significant covenant in which a subsidiary of DASB shall at all times, maintain the following Finance Service Cover Ratio ("FSCR"):

(i) FSCR at Issuer level of not less than 1.5 times;

(ii) FSCR at a subsidiary level of not less than 1.5 times; and

(iii) such other financial covenant(s) as may be determined by the Rating Agency and to be mutually agreed to by ACSB.

Term loans

The term loans amounting to RM98 million are secured by way of legal charges over certain investment properties of DASB and the assignment of shares. The term loans are repayable over a period of 6 years commencing 3 months after the date of initial disbursement facility.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(i) Damansara Assets Sdn Bhd ("DASB") (continued)

Term Financing-i

On 27 February 2019, a subsidiary of DASB obtained the Term Financing ("TF-i") facility of up to RM118 million to finance the proposed acquisition of 22 units of investment properties. On March 2019, the subsidiary drawdown RM87 million to complete the acquisition of 17 properties.

The TF-i has a significant covenant in which the subsidiary of DASB shall at all times maintain the following criteria:

(i) The financing payment cover ratio FPCR of not less than 1.25 times;

(ii) Total debts and financing over total assets value of not more than 50%; and

(iii) Minimum security cover of 1.25 times.

The financing is used to secure the investment properties amounting to RM122 million (2018: nil).

(j) JCorp Capital Excellence Sdn Bhd ("JCE")

JCE has been granted with a RM150 million Commodity Murabahah Term Financing-i ("CMTF-i") from a licensed bank. JCE made its first drawdown of RM121 million in October 2018 and final drawdown of RM29 million in April 2019. The effective profit for the year is 6.41% (2018: 6.79%) per annum. The CMTF-i is secured by vacant lands owned by the Corporation.

There is no specific financial covenant associated with the CMTF-i issued by JCE other than in the event of default, the entire CMTF-i become immediately due and repayable.

(k) Johor Land Berhad ("JLand")

Government loans

Loans were received from Johor State Government for the purposes of financing the construction of affordable houses. The loans are unsecured, interest free and payable via five instalments over a period of 5 years.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(k) Johor Land Berhad ("JLand") (continued)

The banking facilities are secured by way of fixed charges on certain inventories and investment properties under construction of JLand with carrying amount of RM667 million (2018: RM541 million) and RM662 million (2018: RM536 million) respectively.

The unsecured term loan of JLand is subjected to the following:

(i) An assignment of Sales and Purchase Agreement ("SPA"); and

(ii) An assignment and charge over monies captured in the Finance Service Reserve Account ("FSRA").

The unsecured term loan of a subsidiary of RM160 million (2018: RM190 million) is utilised by the Corporation. The interest and bank charges on this unsecured term loan is borne by the Corporation.

(l) Johor Foods Sdn Bhd ("JFOODS")

On 11 June 2019, a subsidiary of JFOODS, Phoenix Progress Sdn Bhd ("PPSB") was granted a RM210 million term loan which is repayable in 3 semi-annually principal payment commencing December 2020. The term loan carries an annual interest based on a profit rate of 2% per annum above the bank's prevailing Islamic Cost of Fund ("iCOF").

The term loan facility granted to JFOODS is utilised by the Corporation. The financing related expenses on this term loan is borne by the Corporation. The term loan is secured by:

(i) A Corporate Guarantee;

(ii) A Letter of Comfort;

(iii) Charge over several pieces of land belonging to a related company;

(iv) Charge over Islamic Redeemable Preference Shares ("RPS-i") held by a related company;

(v) Charge over a related company's shares with market value of not less than RM321 million.

There is no specific financial covenant associated with the term loan issued by JFOODS other than in the event of default, the entire term loan become immediately due and repayable.

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants and security (continued)

Subsidiaries (continued)

(m) Johor Franchise Development Sdn Bhd ("JFDSB")

During the financial year, a subsidiary of JFDSB, Permodalan Teras Sdn Bhd ("PTSB") was granted a RM150 million term loan which carries an annual interest based on a profit rate of 2% per annum above the bank's prevailing Islamic Cost of Fund ("iCOF"). On 27 November 2019, RM100 million was drawndown.

The term loan is repayable in 3 annual principal payment commencing on 27 December 2021. The term loan facility granted is utilised by the Corporation. The financing related expenses on this term loan is borne by the Corporation.

The term loan is secured by:

(i) An assignment over a third party project land;

(ii) A charge over agriculture land comprising oil palm plantation;

(iii) A related company's shares;

(iv) Letter of Awareness from the Corporation;

(v) A Corporate Guarantee;

(vi) Negative pledge over the present and future assets of JFDSB and PTSB; and

(vii) Charge over several pieces of land belonging to a related company.

There is no specific financial covenant associated with the term loan issued by JFDSB other than in the event of default, the entire loan become immediately due and repayable.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

32. TRADE AND OTHER PAYABLES

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Current				
Trade payables (Note (a))	**727**	581	**44**	24
Trade accruals (Note (a))	**556**	424	**91**	2
Other payables (Note (b))	**820**	654	**320**	247
Amount due to associates (Note (c))	**-**	1	**-**	-
Amount due to non-controlling interest of subsidiaries (Note (c))	**2**	120	**-**	-
Amount due to subsidiaries (Note (d))	**-**	-	**709**	118
Arbitration settlement (Note (e))	**14**	8	**-**	-
	2,119	1,788	**1,164**	391
Non-current				
Amount due to subsidiaries (Note (d))	**-**	-	**814**	789
Arbitration settlement ((Note (e))	**46**	60	**-**	-
Other payables (Note (b))	**396**	379	**253**	311
	442	439	**1,067**	1,100
Total	**2,561**	2,227	**2,231**	1,491

Amounts in RM Million Unless Otherwise Stated

32. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables and trade accruals

These amounts are non-interest bearing. Trade payables and trade accruals are normally settled on 60 days (2018: 60 days) terms.

(b) Other payables

These amounts are non-interest bearing and are normally settled on an average term of six months (2018: average term of six months). Included in other payables (non-current) are:

(i) amount payable to State Government of Johor and State Heritage Trust Fund amounting to RM71 million (2018: RM66 million) over the next 3 years (2018:4 years) at a discounted rate of 6.60% (2018: 6.60%);

(ii) amount payable to a previous shareholder of RPS-i amounting to RM20 million (2018: RM22 million) over the next 3 years (2018: 4 years) discounted at a rate of 6.60% (2018: 6.60%); and

(iii) borrowing of RM200 million (principal) from a related party repayable in a lump sum in 2021, that is unsecured, with interest charged at an effective interest rate of 12% per annum.

(c) Amounts owing to associates and non-controlling interest of subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

(d) Amount owing to subsidiaries

This amount is unsecured, non-interest bearing and repayable on demand except for a subsidiary bearing interest between 6.50% to 6.75% (2018: 6.50% to 6.75%) per annum. The amount due to that subsidiary of RM259 million is repayable between 2013 and 2023 pursuant to Ijarah Agreement entered into between the subsidiary and the Corporation on 24 June 2013. The non-current amount due to subsidiaries of RM530 million that has been reclassified during the year is at an annual interest rate of 3.51% and repayable between 2020 and 2022.

	Corporation	
	2019	**2018**
Amount before offsetting	**1,593**	1,071
Offsetting (amount due from subsidiaries)	**(70)**	(164)
Amount after offsetting	**1,523**	907

32. TRADE AND OTHER PAYABLES (CONTINUED)

(d) Amount owing to subsidiaries (continued)

Reconciliation of financial liabilities arising from financing activities

The table below details changes in the Corporation liabilities arising from financing activities with subsidiaries including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Corporation statement of cash flows as cash flows from financing activities.

	Corporation	
	2019	**2018**
At 1 January	**907**	1,105
Net cash changes	**546**	(264)
Interest accretion	**60**	40
Other changes	**10**	26
At 31 December	**1,523**	907

(e) Arbitration settlement

On 11 November 2016, Tanjung Langsat Port Sdn Bhd ("TLP") entered into a Settlement Agreement with a claimant in respect of an arbitration award for a settlement sum of USD30 million payable to the claimant.

The settlement sum shall be settled by TLP in the following manner:

(i) An initial payment of USD3.5 million made during the year upon execution of agreement;

(ii) A second payment of USD3.5 million within 14 days from the date TLP secures the letter of undertaking from its holding corporation to perform TLP's payment obligations under the agreement in the event TLP fails to do so, a condition precedent in the settlement agreement;

(iii) A third payment of USD3 million one year after the date TLP secures the letter of undertaking from its holding corporation to perform TLP's payment obligations under the agreement in the event TLP fails to do so, a condition precedent in the settlement agreement; and

(iv) The balance of USD20 million shall be paid by five annual instalments with the first instalment due within a year from the date of fulfilment of the condition precedent stated above. The first instalment amounts to USD3 million and the second to fifth instalments amount to USD4.25 million each. The letter of undertaking by the holding corporation has been secured on 3 February 2017.

The balance of settlement sum of USD20 million, after deducting the third payment, has been discounted to its fair value upon recognition using the prevailing market interest rate for borrowing of 8%. The difference between the fair value and the balance of settlement sum is recognised as interest over the remaining settlement period.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

32. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Arbitration settlement (continued)

The amount outstanding are as follows:

	Group	
	2019	**2018**
Balance outstanding	**60**	68
Maturity profile:		
Within 12 months	**14**	8
Later than 1 year and not later than 5 years	**46**	60
Later than 5 years	**-**	-
Total outstanding balance	**60**	68
Repayable within 12 months (under current liabilities)	**(14)**	(8)
Repayable after 12 months (under non-current liabilities)	**46**	60
Carrying value	**60**	68
Fair value	**60**	68

The movement in provision for arbitration is as follows:

	Group	
	2019	**2018**
At 1 January	**68**	74
Loss on unrealised foreign exchange	**1**	2
Settlement of arbitration	**(13)**	(12)
Interest on arbitration settlement	**4**	4
At 31 December	**60**	68

33. OTHER LONG TERM LIABILITIES

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Government grant (Note (a))	**301**	294	**253**	246
Land lease rental received in advance (Note (b))	**842**	825	**696**	674
Other long term payables (Note (c))	**36**	37	**-**	-
Deposits (Note (d))	**14**	35	**-**	-
Others	**34**	44	**9**	14
	1,227	1,235	**958**	934

(a) Government Grant

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
At cost:				
At 1 January	**315**	333	**263**	253
Grant received during the financial year	**21**	15	**14**	10
At 31 December	**336**	348	**277**	263
Accumulated amortisation:				
At 1 January	**21**	38	**17**	10
Amortisation (Note 5)	**14**	16	**7**	7
At 31 December	**35**	54	**24**	17
Balance as at 31 December	**301**	294	**253**	246

Amounts in RM Million Unless Otherwise Stated

33. OTHER LONG TERM LIABILITIES (CONTINUED)

(b) Land lease rental received in advance

	Group 2019	Group 2018	Corporation 2019	Corporation 2018
At cost:				
At 1 January	**911**	752	**712**	554
Additions	**31**	157	**33**	158
Reversal	**-**	-	**-**	-
At 31 December	**942**	909	**745**	712
Accumulated amortisation:				
At 1 January	**85**	70	**38**	27
Recognition of income for the financial year	**15**	14	**11**	11
At 31 December	**100**	84	**49**	38
Carrying amount as at 31 December	**842**	825	**696**	674

This represents money received in advance from sub leases for periods between 30 to 60 years which will be recognized in the Statement of Comprehensive Income as follows:

	Group 2019	Group 2018	Corporation 2019	Corporation 2018
Under 1 year	**15**	14	**12**	11
1 to 2 years	**18**	23	**15**	10
2 to 3 years	**20**	23	**16**	10
Over 3 years	**789**	765	**653**	643
At 31 December	**842**	825	**696**	674

33. OTHER LONG TERM LIABILITIES (CONTINUED)

(c) Other long term payables

Other long term payables are in respect of the balances of purchase consideration for the acquisition of freehold land and property from the State Government of Johor and the State Secretary of Johor (Incorporation) ("SSI"). These amounts are unsecured, non-interest bearing and are repayable as follows:

	Group 2019	Group 2018	Corporation 2019	Corporation 2018
Under 1 year	**1**	1	**-**	-
1 to 2 years	**1**	1	**-**	-
2 to 3 years	**1**	1	**-**	-
Over 3 years	**33**	34	**-**	-
At 31 December	**36**	37	**-**	-

(d) Deposits

Deposits represent amounts received from medical consultants, which are repayable on death, retirement (at age 65) or disability of the medical consultants. Deposits are forfeited on termination of a medical consultant's practice either by the Group due to events of breach or on early termination by the medical consultant. However, the deposits may be refunded to the medical consultants if approval from the KPJ's Board of Directors is obtained.

Deposits previously measured at cost, are now measured at fair value initially and subsequently at amortised costs using effective interest method. The differences between the fair value and cash value are recognised as deferred consultancy income and recognised as income over the remaining service period to retirement (at age 65) of the medical consultants.

34. RESERVES

(a) Capital reserves

Capital reserves mainly comprise of Warrant Reserve, ESOS Reserve, and other reserves set aside by the subsidiaries of the Group.

(b) Asset revaluation reserve

Asset revaluation reserve represents surplus from the revaluation of property, plant and equipment in respect of healthcare properties.

(c) Currency fluctuation reserve

The currency fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

34. RESERVES (CONTINUED)

(d) Fair value through other comprehensive income ("FVOCI") reserve

The fair value through other comprehensive income reserve comprises the cumulative net change in the equity instrument classified as fair value through other comprehensive income ("FVOCI") until the investments are derecognised or impaired.

(e) Revenue reserve

The revenue reserve comprise of the portion of business profit retained by the Group and the Corporation for investment in future growth and differences between the share of non-controlling interest in subsidiaries acquired/disposed without loss of control, and the consideration paid/received.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group or the Corporation if the Group or the Corporation has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Corporation and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Johor Corporation was incorporated under the Johor Corporation Enactment (No. 4, 1968) (as amended by Enactment No. 5, 1995), and controlled by the Johor State Government. The Group considers that, for the purpose of MFRS 124 - "Related Party Disclosures", the Johor State Government is in the position to exercise control over the Corporation. As a result, the Johor State Government and Johor State Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Corporation.

Apart from the individually significant transactions as disclosed in the financial statements, the Group and the Corporation have collectively, but not individually, significant transactions with other government related entities which include but not limited to the following:

(i) Quit rent and assesment fees paid to Municipal and Land Department of Johor;
(ii) Business license and rental paid to state government-related entities; and
(iii) Land conversion premium paid to government-related entities.

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparts are government-related entities or not.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

35. 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:

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Paid/Payable to subsidiaries and related parties:				
Management fees	**-**	-	**10**	18
Rental expenses	**-**	-	**-**	8
Interest expenses	**-**	18	**58**	58
Purchase of goods	**130**	76	**-**	-
Contribution to Klinik Waqaf An-nur	**2**	2	**-**	-
Receipt/Receivable from subsidiaries:				
Sale of goods	**-**	-	**31**	87
Sale of services	**3**	3	**-**	-
Advances	**11**	-	**-**	-
Interest income	**1**	-	**7**	-
Dividend	**42**	206	**276**	212
Management fee income	**-**	-	**4**	3
Rental income	**-**	-	**7**	6
Concession fee	**-**	-	**22**	22
Sales of financial assets at fair value through profit and loss	**-**	-	**-**	52

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

36. COMMITMENTS

(a) Capital commitments

	Group		Corporation	
	2019	**2018**	**2019**	**2018**
Authorised capital expenditure not provided for in the financial statements:				
Contracted for	**533**	402	**152**	142
Not contracted for	**211**	225	**-**	-
	744	627	**152**	142
Analysed as follows:				
Property, plant and equipment	**506**	423	**-**	-
Inventory (non-current)	**152**	142	**152**	142
Investment properties	**72**	62	**-**	-
Others	**14**	-	**-**	-
	744	627	**152**	142

(b) Non-cancellable operating lease commitments - as lessee

The Group's property business segment has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average tenure of 15 years with no renewal or purchase options included in the contracts of the leases. Certain contracts also include escalation clauses or contingent rental arrangements computed based on sales achieved while others include fixed rentals for an average of 3 years. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rental payables under non-cancellable operating leases as at 31 December 2018 are as follows:

	Group
	2018 Restated
The future minimum lease payments:	
Not later than 1 year	15
Later than 1 year and not later than 5 years	30
More than 5 years	39
	84

37. CONTINGENCIES

(a) Corporation

Land Acquisition of Kem Tebrau

1. On 8 August 2019, the judge has delivered decision (Point of Law : Jurisdiction of Court) as follows:

   The Court found that the Land Administrator is duty bound under statute to state, amongst others, the apportionment of the compensation award pursuant to Section 14(1) & 14(2) of the Land Acquisition Act 1950. As the Land Administrator failed to do so, the Award (Form G) was defective and invalid. The Court further found that any subsequent lodgement of Forms, flowing from an invalid award, shall be invalid. Therefore, an invalid Form N premised on an invalid Form G and/or Form H will not confer the High Court with the jurisdiction. The Learned Judge held that a land reference court can determine and make orders related only to the 'terms of reference' referred in a valid Form N or those questions raised by a Land Administrator (in Form M) pursuant to Section 36(2)(a) to (f) of the Act.

   The High Court answered the question of law in the negative, and ordered all 31 Land Reference proceedings be struck out for want of jurisdiction of the Court. The Court further ordered costs of RM1,000 (subject to allocator fees) to be paid by the Land Administrator to all the Applicants of the Land Reference proceedings, except for the Corporation (Applicant in Land Reference No. 96), within 14 days from this Order (i.e. within 14 days from 8 August 2019).

2. Pursuant to the said Decision, the following parties had filed an appeal at the Court of Appeal based on the High Court's Decision:
   - The Corporation had filed the Notice of Appeal on 5 September 2019.
   - MBSB had filed Notice of Appeal on 4 September 2019.
   - The Land Administrator ("LA") had filed the Notice of Appeal on 5 September 2019.

3. The case is fixed for Case Management on 15 April 2020 (before the Deputy Registrar at the Court of Appeal Registry) for the parties to update the Court on the status of sealed High Court Order (and Supplementary Records of Appeal) and the status of settlement negotiation.

Land Acquisition at Pengerang

1. The Corporation managed to settle the case out of court with all the parties. The details of the settlement are as follows:

   (i) Kejora

   - Kejora had accepted the Corporation's offer to pay a total sum of RM2 million as full and final settlement sum of the Land Reference proceeding ("Settlement Sum") via their letter dated 22 April 2019.
   - On 20 June 2019, the parties had recorded the Consent Order.
   - The Settlement Sum had been paid on 11 July 2019.

   (ii) Ladang Ternakan Eng Joo, Heng Mok Kwang and Lee Min Eng

   - The tenants agreed to accept Corporation's settlement offer in total of RM231,300 ("Settlement Sum") for all the 3 tenants without no admission to liability.
   - The Settlement Sums have been paid to the tenants' solicitor on 18 July 2019.
   - On 7 August 2019, the land reference proceedings had been withdrawn with no liberty to file afresh.

Amounts in RM Million Unless Otherwise Stated

37. CONTINGENCIES (CONTINUED)

(b) KPJ Healthcare Berhad ("KPJ")

KPJ is subject to litigations in the ordinary course of business, mainly arising from its subsidiaries hospital operations. The Directors are of the opinion, based on legal advice and malpractice insurance, that no significant exposure will arise that requires recognition.

(c) Kulim (Malaysia) Berhad ("KMB")

Notice of Arbitration to Asian International Arbitration Centre ("AIAC") to claim from Malaysia Marine and Heavy Engineering Holdings Berhad ("MMHE").

Arbitration Proceedings

On 27 September 2018, E.A. Technique (M) Berhad ("EAT") filed a Notice of Arbitration to AIAC to claim from MMHE amounts paid on behalf by HESS Exploration and Production Malaysia B.V., deletion of MMHE's additional work order ("AWO") scope as well as back charges with a total aggregate amount of USD22 million.

On 15 February 2019, EAT served its Statement of Claim to MMHE amounting to USD22 million. MMHE filed a counterclaim against EAT in the AIAC Arbitration amounting to USD49 million and filed its Defence for Counterclaim on 15 March 2019.

The last evidentiary hearing has took place on 6 November 2019 pursuant to the claim made by EAT.

On 10 January 2020, EAT and MMHE have filed their respective written submission. Subsequently, EAT and MMHE has replied the counterpart written submission on 10 February 2020. The date for clarification hearing is fixed on 24 February 2020.

Adjudication Proceedings 1

On 5 October 2018, MMHE served EAT with a Notice of Adjudication under the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") claiming USD30 million for invoices issued to EAT relating to the EPCIC project after taking into consideration the amounts paid on behalf by HESS and deletion of some AWO scopes.

On 14 February 2019, MMHE has served its adjudication claim on EAT amounting to USD30 million. EAT made a counterclaim against MMHE in the CIPAA Adjudication amounting to USD21 million and filed its adjudication response on 7 March 2019.

On 27 May 2019, the Adjudicator Decision has been awarded in favor of MMHE. EAT was ordered to pay MMHE a total of adjudicated sum of RM22 million including 6% of GST, interest at the rate of 1.5% per month on the adjudicated sum from the date of payment claim (5 October 2018) until the full and final settlement of the adjudicated sum and cost of adjudication of RM309,113.

On 4 June 2019, EAT had filed an application to set aside the Adjudication Decision. Subsequently, MMHE had served their application for Enforcement of Adjudication Decision on 5 July 2019. On 16 July 2019, EAT had filed an application to stay the Adjudication Decision.

The Judge has fixed a date for decision on EAT's setting aside application on 18 March 2020.

37. CONTINGENCIES (CONTINUED)

(c) Kulim (Malaysia) Berhad ("KMB") (continued)

Adjudication Proceedings 2

On 29 May 2019, MMHE served EAT with a Notice of Adjudication under CIPAA claiming USD6 million for invoices issued to EAT and tank treatment claim relating to the EPCIC project.

On 4 December 2019, the Adjudicator Decision has been awarded in favor of MMHE. EAT was ordered to pay MMHE a total of adjudicated sum of USD6 million, interest at the rate of 5% per annum on the Adjudicated Sum from 4 December 2019 until the full and final settlement of the adjudicated sum and costs of adjudication of RM204,557.

On 31 December 2019, EAT has filed an application to set aside and stay the Adjudication Decision and the same has been fixed for Case Management on 6 March 2020. In respect of MMHE's application to enforce the Adjudication Decision, the Court has fixed the same for Case Management on 10 March 2020.

The Group will vigorously defend the claims made by MMHE and pursue its counterclaims.

The Directors are in the view that there could be no conclusion that can be drawn out as at the date of this report as the CIPAA proceedings have just commenced.

38. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Corporation as at 31 December are categorised into the following classes:

	Group		Corporation	
Group	**2019**	**2018**	**2019**	**2018**
Financial assets measured at amortised cost:				
Trade and other receivables (Note 25)	**1,057**	1,101	**159**	290
Cash and bank balances (Note 28)	**1,136**	1,239	**116**	119
	2,193	2,340	**275**	409
Financial assets at fair value through profit or loss (Note 23(b))	**7**	4	**21**	20
	7	4	**21**	20
Financial assets at fair value through other comprehensive income (Note 23(a))	**28**	20	**-**	-
	28	20	**-**	-
Financial liabilities measured at amortised cost:				
Trade and other payables (Note 32)	**2,561**	2,227	**2,231**	1,491
Other long term liabilities	**36**	37	**-**	-
Loans and borrowings (Note 31)	**9,395**	9,277	**1,792**	2,615
	11,992	11,541	**4,023**	4,106

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Corporation are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. The Board of Governance and Business Ecosystem Committee provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and the Corporation's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVTPL"), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures primarily from outstanding trade and other receivables.

The Group and the Corporation adopt the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Corporation minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to invest cash assets safely and profitability and buys insurance to protect itself against insurable risk in this regard, counterparties are assessed for credit limits that are set to minimise any potential losses. The Group has no significant concentration of credit risk and it is not the Group's policy to hedge its credit risk. The Group has in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

Exposure to credit risk

At the reporting date, the Group's and the Corporation's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantees given by the Corporation have not been recognised in the financial statements as the fair value on initial recognition was not material. The Group monitors on an ongoing basis the results of the subsidiaries and the repayment made by the subsidiaries.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Credit risk concentration profile

Concentration of credit risk with respect to trade receivables are limited due to the Group's diverse customer base. The Group controls its credit risk by ensuring its customers have solid financial standing and credit history.

Other than the amounts due from the subsidiaries to the Corporation, the Group and the Corporation are not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss ("ECL") model include trade receivables, contract assets and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables using simplified approach

The Group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

(ii) Other receivables using general 3-stage approach

The Group uses three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories.

(iii) Amount due from related parties, subsidiaries and associates

The Group uses three categories for amount due from related parties, subsidiaries and associates which reflect their credit risk and how the loss allowance is determined for each of those categories.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flow	12 months ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 months ECL or lifetime ECL incorporating the methodology below:

- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group considers historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group has identified the industry and geographical area which the debtor operates in, to be the most relevant factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period. For financial guarantee contracts, in deriving the PD, the Corporation considered the maximum contractual period over which the debtor has a present contractual obligation to extend credit in measuring the expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

39. 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 2019 Group	On demand or within 1 year	More than 1 year to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	2,119	442	-	2,561
Other long term liabilities	1	35	-	36
Loans and borrowings	2,123	5,547	1,725	9,395
Total undiscounted financial liabilities	4,243	6,024	1,725	11,992
Corporation				
Financial liabilities:				
Trade and other payables	1,164	1,067	-	2,231
Loans and borrowings	3	1,784	5	1,792
otal undiscounted financial liabilities	1,167	2,851	5	4,023

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

At 31 December 2018 Group	On demand or within 1 year	More than 1 year to 5 years	Over 5 years	Total
Financial liabilities:				
Trade and other payables	1,788	439	-	2,227
Other long term liabilities	1	36	-	37
Loans and borrowings	2,635	5,525	1,117	9,277
Total undiscounted financial liabilities	4,424	6,000	1,117	11,541
Corporation				
Financial liabilities:				
Trade and other payables	391	1,100	-	1,491
Loans and borrowings	807	1,787	21	2,615
Total undiscounted financial liabilities	1,198	2,887	21	4,106

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Corporation's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Corporation's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk whereas those issued at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings, and entering into interest rate swaps.

Sensitivity analysis for interest rate risk

At the reporting date, a change of 50 basis points ("bp") in interest rates would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Corporation	
	2019	2018	2019	2018
Interest rate:				
50 bp increase in interest rates	**41**	9	**8**	3
50 bp decrease in interest rates	**(41)**	(9)	**(8)**	(3)

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. These transactions are denominated principally in United States Dollar ("USD").

It is not the Group's policy to hedge its transactional foreign currency risk exposure.

The Group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. It is not the Group's policy to hedge foreign currency translation risk. The Group maintains bank accounts denominated in foreign currencies, primarily in USD, as a natural hedge against foreign currency risk.

The Group's exposure to USD foreign currency risk, based on carrying amounts as at the end of the reporting date was:

	Group	
	2019	2018
Trade and other receivables	**19**	25
Cash and bank balances	**15**	48
Trade and other payables	**(19)**	(59)
Loans and borrowings	**(84)**	(277)
Lease liabilities	**(44)**	-
Net exposure in the statement of financial position	**(113)**	(263)

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	
	2019	2018	2019	2018
USD				
Strengthened 5%	**(6)**	(13)	-	-
Weakened 5%	**6**	13	-	-

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investments in quoted equity instruments. The quoted equity instruments in Malaysia are listed in the Bursa Malaysia. These instruments are classified as fair value through profit or loss or fair value through other comprehensive income financial assets.

Commodity price

The Group uses derivative financial instruments (forward sales and purchases of Malaysian palm oil) to guarantee a minimum price for the sale of its own palm oil and to close out positions previously taken out.

Fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values:

	Note
Trade and other receivables	25
Loans and borrowings (except for certain loans and borrowings of which their fair values are disclosed in Note 29)	31
Trade and other payables	32

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 value of other payables (non-current) and borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Derivatives

Interest rate swap contracts are valued using a valuation technique with market observable input. The most frequently applied valuation technique include forward pricing and survey models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot, forward rates and interest rate curves.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value hierarchy

The Group held the following asset and liabilities measured at fair value or not measured at fair value but fair value is disclosed in the Statements of Financial Position:

Group **At 31 December 2019**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Fair value through other comprehensive income	**28**	**-**	**-**	**28**
Fair value through profit or loss	**7**	**-**	**-**	**7**
Non-financial assets measured at fair value:				
Investment properties	**-**	**-**	**4,704**	**4,704**
Property, plant and equipment				
- Healthcare properties	**-**	**-**	**2,795**	**2,795**
Biological assets	**-**	**18**	**11**	**29**
Financial liabilities not measured at fair value but fair value is disclosed:				
Term loans - floating	**-**	**-**	**4,326**	**4,326**
Islamic Medium Term Notes ("IMTNs")	**-**	**-**	**3,421**	**3,421**
	35	**18**	**15,257**	**15,310**

Group **At 31 December 2018**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Fair value through other comprehensive income	20	-	-	20
Fair value through profit or loss	4	-	-	4
Non-financial assets measured at fair value:				
Investment properties	-	-	4,265	4,265
Property, plant and equipment				
- Healthcare properties	-	-	1,897	1,897
Biological assets	-	16	7	23
Financial liabilities not measured at fair value but fair value is disclosed:				
Term loans - floating	-	-	2,785	2,785
Islamic Medium Term Notes ("IMTNs")	-	-	4,169	4,169
	24	16	13,123	13,163

Amounts in RM Million Unless Otherwise Stated

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Market price risk (continued)

Fair value hierarchy (continued)

Corporation At 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Fair value through profit or loss	**21**	**-**	**-**	**21**
Investment properties	**-**	**-**	**1,982**	**1,982**
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ("IMTNs")	**-**	**-**	**1,800**	**1,800**
	21	**-**	**3,782**	**3,803**

Corporation At 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Fair value through profit or loss	20	-	-	20
Investment properties	-	-	1,875	1,875
Financial liabilities not measured at fair value but fair value is disclosed in the Statements of Financial Position:				
Islamic Medium Term Notes ("IMTNs")	-	-	2,600	2,600
	20	-	4,475	4,495

During the reporting period ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2 of the fair value hierarchy and no transfers into and out of Level 3 fair value hierarchy.

40. 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**	
	2019	**2018**	**2019**	**2018**
Loans and borrowings (Note 31)	**9,395**	9,277	**1,792**	2,615
Less: Cash and bank balances (Note 28)	**(1,136)**	(1,239)	**(116)**	(119)
Net debt	**8,259**	8,038	**1,676**	2,496
Total equity	**9,048**	8,873	**2,289**	2,144
Debt-to-equity ratios	**0.91**	0.91	**0.73**	1.16

There were no changes in the Group's approach to capital management during the financial year.

As at 31 December 2019, the Group and the Corporation have complied with all external financial covenants as disclosed in Note 31.

Amounts in RM Million Unless Otherwise Stated

41. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective chief operating decision maker responsible for the performance of the respective segments under their charge. The chief operating decision maker of the Group is the Group Top Management Committee who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and land held for property development.

Reportable segments

The Group comprises the following reportable segments:

- Palm oil – Oil palm plantation, crude palm oil processing, plantation management services and consultancy.
- Healthcare – Hospitals and healthcare services.
- Property – Property development, housing development, property management service, property investment and real estate investment trust.
- Industrial – Development and sale of industrial land, project management, promote, develop, operate and manage a port.
- Quick service restaurant – Kentucky Fried Chicken, Pizza Hut and Ayamas outlets.
- Intrapreneur ventures – Parking management, sales of wood-based products and bulk mailing and printing.

Other operations of the Group are not of sufficient size to be reported separately.

Reconciliation to the Statement of Comprehensive Income mainly relates to the elimination of QSR Brands (M) Holdings Bhd, a joint venture of the Group, which is included within the reportable segment.

41. SEGMENT INFORMATION (CONTINUED

Group **As at 31 December 2019**	**Palm oil**	**Healthcare**	**Property**	**Industrial**	**Quick service restaurant**	**Intrapreneur ventures**	**Subtotal**
External revenue	**914**	**3,604**	**661**	**370**	**5,165**	**38**	**10,752**
Inter-segment revenue	**(83)**	**-**	**(148)**	**(37)**	**(42)**	**(7)**	**(317)**
Total revenue	**831**	**3,604**	**513**	**333**	**5,123**	**31**	**10,435**
Results							
Segment results	**73**	**311**	**246**	**160**	**398**	**(6)**	**1,182**
Unallocated income							
Unallocated costs							
Profit from operations							
Finance costs							
Share of results of associates							
Share of results of joint ventures							
Profit before tax							
Tax							
Profit after tax							

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

41. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2019	Others	Grand Total	Reconciliation	Continuing operations	Discontinued operation	Group
External revenue	808	11,560	(4,855)	6,705	18	6,723
Inter-segment revenue	(381)	(698)	-	(698)	-	(698)
Total revenue	427	10,862	(4,855)	6,007	18	6,025
Results						
Segment results	(64)	1,118	(441)	677	(7)	670
Unallocated income		121	-	121	-	121
Unallocated costs		(67)	-	(67)	-	(67)
Profit from operations		1,172	(441)	731	(7)	724
Finance costs		(637)	167	(470)	(1)	(471)
Share of results of associates		27	-	27	-	27
Share of results of joint ventures		97	-	97	-	97
Profit before tax		659	(274)	385	(8)	377
Tax		(193)	103	(90)	1	(89)
Profit after tax		466	(171)	295	(7)	288

41. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2019	Palm oil	Healthcare	Property	Industrial	Quick service restaurant	Intrapreneur ventures	Others	Total	Reconciliation	Group
Other information										
Segment assets	5,628	4,173	4,488	1,989	5,606	37	5,939	27,860	(6,639)	21,221
Associates	-	446	176	-	-	-	(322)	300	-	300A
Joint ventures	-	-	-	-	1,533	-	227	1,760	-	1,760
Consolidated total assets								29,920	(6,639)	23,281
Segment liabilities	3,811	2,694	2,863	584	4,213	39	4,101	18,305	(4,072)	14,233
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-
Consolidated total liabilities								18,305	(4,072)	14,233
Capital expenditure	186	407	262	1	272	-	(47)	1,081	(272)	809
Depreciation and amortisation	88	162	6	6	498	3	130	893	(498)	395

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

41. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2018 (Restated)	Palm oil	Healthcare	Property	Industrial	Quick service restaurant	Intrapreneur ventures	Subtotal
External revenue	921	3,308	608	230	4,722	48	9,837
Inter-segment revenue	(77)	-	(117)	(20)	-	(16)	(230)
Total revenue	844	3,308	491	210	4,722	32	9,607
Results							
Segment results	78	311	268	25	380	(11)	1,051
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							

41. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2018 (Restated)	Others	Grand Total	Reconciliation	Continuing operations	Discontinued operation	Group
External revenue	1,129	10,966	(4,607)	6,359	57	6,416
Inter-segment revenue	(472)	(702)	-	(702)	-	(702)
Total revenue	657	10,264	(4,607)	5,657	57	5,714
Results						
Segment results	34	1,085	(385)	700	(3)	697
Unallocated income		82	-	82	-	82
Unallocated costs		(61)	-	(61)	-	(61)
Profit from operations		1,106	(385)	721	(3)	718
Finance costs		(517)	66	(451)	(2)	(453)
Share of results of associates		27	-	27	-	27
Share of results of joint ventures		91	-	91	-	91
Profit before tax		707	(319)	388	(5)	383
Tax		(298)	126	(172)	1	(171)
Profit after tax		409	(193)	216	(4)	212

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

41. SEGMENT INFORMATION (CONTINUED)

Group As at 31 December 2018 (Restated)	Palm oil	Healthcare	Property	Industrial	Quick service restaurant	Intrapreneur ventures	Others	Total	Reconciliation	Group
Other information										
Segment assets	839	3,980	4,095	7,631	5,028	-	4,155	25,728	(4,997)	20,731
Associates	-	465	196	-	-	-	(379)	282	-	282
Joint ventures	-	-	-	-	-	-	1,701	1,701	-	1,701
Consolidated total assets								27,711	(4,997)	22,714
Segment liabilities	3,869	2,622	2,157	377	2,578	-	4,706	16,309	(2,523)	13,786
Unallocated liabilities	-	-	-	-	-	-	-	55	-	55
Consolidated total liabilities								16,364	(2,523)	13,841
Capital expenditure	202	388	251	1	231	-	329	1,402	(230)	1,172
Depreciation and amortisation	184	155	8	1	226	-	71	645	(219)	426

41. SEGMENT INFORMATION (CONTINUED)

	Sales (External)		Total Assets		Capital Expenditure	
Group	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Malaysia	**9,831**	9,266	**26,596**	24,894	**1,038**	1,394
Singapore	**821**	811	**669**	277	**30**	-
Australia	**63**	70	**351**	337	**1**	4
Indonesia	**66**	49	**175**	182	**6**	4
Brunei	**41**	35	**53**	24	**5**	-
Cambodia	**20**	21	**16**	11	**1**	-
Bangladesh	**20**	12	**-**	3	**-**	-
Total	**10,862**	10,264	**27,860**	25,728	**1,081**	1,402
Reconciliation	**(4,855)**	(4,607)	**(6,639)**	(4,997)	**(272)**	(230)
Group	**6,007**	5,657	**21,221**	20,731	**809**	1,172
Associates			**300**	282		
Joint ventures			**1,760**	1,701		
Unallocated assets			**-**	-		
Total assets			**23,281**	22,714		

42. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO FINANCIAL YEAR END

1. Johor Corporation ("the Corporation")

(a) On 31 July 2018, the Corporation has entered into the Development Agreement in relation to Arena Larkin's development cost with the State Government, Majlis Bandaraya Johor Bahru, Johor Land Berhad & Johor Foods Sdn Bhd amounting to RM357 million. One of the components agreed for the development is that the Corporation and its subsidiaries to surrender certain lands to the State Government in exchange of neighbouring lands, cash and other monetary consideration.

(b) State Government has agreed to make settlement to Johor Corporation of RM27 million by way of contra the amount owing by the Corporation to the Federal Government and a sum of RM6 million by set off against the outstanding instalment due and payable by the Corporation to the State Government.

2. Kulim (Malaysia) Berhad ("KMB")

Proposed investment in PT Citra Sarana Energy ("PT CSE")

On 24 October 2014, the Group via Kulim Energy Nusantara Sdn Bhd ("KENSB") signed a Joint Operating Agreement ("JOA") for oil and gas project at contract area of South West Bukit Barisan Production Sharing Contract ("SWBB PSC"), Central Sumatra, Indonesia with PT Rizki Bukit Barisan Energi ("PT RBBE" or formerly known as PT Radiant Bukit Barisan E&P) and PT Graha Sumber Berkah ("PT GSB"). The JOA establishes the structure, rights, responsibilities and obligations and the terms and conditions of the intended cooperation between RBBE as the Operator, KENSB and PT GSB as Co-operators in relation to the SWBB PSC project.

On 10 December 2014, KMB Group via KENSB entered into a Conditional Subscription and Share Purchase Agreement ("CSSPA") with PT CSE and its existing shareholders, namely PT Wisesa Inspirasi Sumatera ("PT WIS") and PT Inti Energi Sejahtera ("PT IES"), to acquire a 60% equity interest in PT CSE to participate in the exploration and development of an oil and gas field in South West Bukit Barisan Block, Central Sumatera, Indonesia for a total cash consideration of approximately USD134 million (approximately RM535 million).

On 7 February 2016, KMB Group via KENSB entered into a Supplemental Agreement of CSSPA ("SA CSSPA") to revise the total cash consideration from USD134 million (approximately RM535 million) to USD80 million (approximately RM318 million).

On 6 December 2017, KMB Group via KENSB, PT WIS and PT CSE (collectively referred to as the "Parties") have agreed that the SA CSSPA dated 7 February 2016 be varied and amended which affected the mode of payment of the balance purchase price for the Sale Shares of USD11 million (approximately RM47 million), among others. PT WIS plans to sell its shares in PT CSE to potential investors (hereinafter referred to "PT CSE Divestment"). The Parties agreed that the balance purchase price for the Sale Shares amounting to USD11 million (approximately RM47 million) shall be paid by KENSB to PT WIS by way of set off from KENSB's entitlement to the proceeds of the PT CSE Divestment. This is by virtue of the CSSPA dated 10 December 2014 and SA CSSPA dated 7 February 2016 entered into between PT WIS, PT IES, PT CSE and KENSB that 60% of the shares in PT CSE is held by PT WIS for the benefit of KENSB. Therefore, KENSB is entitled to the proceeds from the PT CSE Divestment as the beneficial owner of the shares.

On 22 June 2018, Indonesian Government has approved the first Plan of Development ("POD") for Sinamar area of SWBB PSC, with a projected gross revenue of USD938 million (approximately RM3,894 million). Following the POD approval, PT RBBE shall comply with the provisions regulated by the Indonesian Government and Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi ("SKK MIGAS") to;

(i) Complete development work at Sinamar area; and
(ii) Continue exploration program at SWBB PSC

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

42. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

2. Kulim (Malaysia) Berhad ("KMB") (continued)

Proposed investment in PT Citra Sarana Energy ("PT CSE") (continued)

As at 31 December 2019, KENSB has paid a total of USD77 million (approximately RM304 million) representing:

(i) USD13 million (approximately RM47 million) as deposit for acquisition of shares;
(ii) USD41 million (approximately RM162 million) as prepayment for subscription of shares;
(iii) USD15 million (approximately RM62 million) as further investment in accordance with the CSSPA and SA CSSPA; and
(iv) USD8 million (approximately RM33 million) as advances in accordance with the JOA.

The completion date of the CSSPA and SA CSSPA has been further extended to 31 December 2020 due to the pending approval by the Indonesian Government and SKK MIGAS in respect of the Change of Control ("COC") of the SWBB PSC.

The Directors are currently evaluating several proposals in relation to this investment and have approved for the full divestment.

43. PRIOR YEAR ADJUSTMENT

During the financial year, the Group made the following prior year adjustments:

(i) In previous financial year, the Group had recognised revenue and development cost for its project located in Muar Furniture Park based on output method instead of input method. The latter depicts the most faithful measure of an entity's performance. As a result, the Group had adjusted the overstatement of profit amounting to approximately RM14 million in the opening retained earnings. Relevant comparative amounts have also been restated to effect the changes.

(ii) In previous financial years, the Group and the Corporation had recognised deferred tax assets of approximately RM120 million in relation to unutlised business losses ("losses") although those losses were surrendered in year of assessment 2016. To rectify the error, the Group and Corporation had adjusted the opening retained earnings and restated the comparative amount of the deferred tax assets.

(iii) During the financial year, the Group was subjected to tax audit by Inland Revenue Board for years of assessment of 2016 and 2017. As a result, the Group were assessed to pay additional tax due to revision made on certain tax treatment. This has been carefully considered and adjustment for tax expense and comparative information have been made accordingly.

(iv) In the previous financial year, the Group had entered into a Conditional Subscription and Share Sale Agreement ("CSSPA") and Joint Operating Agreement ("JOA") for the purpose of participating in the exploration and development of an oil and gas field in the South West Bukit Barisan Production Sharing Contract ("SWBB PSC") for a total consideration of RM307 million in the form of advance paid to PT Radiant Bukit Barisan Energi ("PT RBBE") and PT Wisesa Inspirasi Sumatera ("PT WIS"). The Group has previously recognised the consideration paid as Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"). During the financial year, the Group has reassessed its rights and obligation in relation to the CSSPA and JOA and has concluded that the substance of the investment is to be deemed as an investment in a joint venture and accounted for using the equity method. The relevant comparative amounts have been restated to effect the changes.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

Group

(a) Impact on the Group's Statement of Comprehensive Income:

	Financial year ended 31 December 2018					
	As previously reported	**(i)**	**(ii)**	**(iii)**	**(iv)**	**As restated**
Revenue	5,616	41	-	-	-	5,657
Cost of Sales	(3,894)	(55)	-	-	-	(3,949)
Share of results of joint ventures, net of tax	104	-	-	-	(13)	91
Profit before tax	415	(14)	-	-	(13)	388
Income tax	(162)	(10)	-	-	-	(172)
Profit after tax	253	(24)	-	-	(13)	216

(b) Impact on the Group's Statement of Financial Position:

	Financial year ended 1 January 2018					
	As previously reported	**(i)**	**(ii)**	**(iii)**	**(iv)**	**As restated**
Investment in joint ventures	1,380	-	-	-	203	1,583
Deferred tax asset	290	-	(120)	-	-	170
Trade and other receivables	1,427	-	-	-	(233)	1,194
Revenue reserve	6,063	-	(120)	-	(30)	5,913

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

Group

(b) Impact on the Group's Statement of Financial Position (continued):

	Financial year ended 31 December 2018					
	As previously reported	**(i)**	**(ii)**	**(iii)**	**(iv)**	**As restated**
Investment in joint ventures	1,484	-	-	-	217	1,701
Deferred tax asset	291	(120)	-	-	-	171
Inventories	1,369	(55)	-	-	-	1,314
Contract asset	88	41	-	-	-	129
Financial assets at Fair Value through Profit or Loss ("FVTPL")	264	-	-	-	(260)	4
Revenue reserve	6,253	(134)	-	(10)	(43)	6,066
Current tax liabilities	24	-	-	10	-	34

Corporation

(a) Impact on the Corporation's Statement of Comprehensive Income:

	Financial year ended 31 December 2018					
	As previously reported	**(i)**	**(ii)**	**(iii)**	**(iv)**	**As restated**
Revenue	419	41	-	-	-	460
Cost of Sales	(121)	(55)	-	-	-	(176)
Profit before tax	167	(14)	-	-	-	153
Profit after tax	173	(14)	-	-	-	159

(b) Impact on the Corporation's Statement of Financial Position:

	ancial year ended 1 January 2018					
	As previously reported	**(i)**	**(ii)**	**(iii)**	**(iv)**	**As restated**
Deferred tax asset	156	-	(120)	-	-	36
Revenue reserve	2,078	-	(120)	-	-	1,958

43. PRIOR YEAR ADJUSTMENT (CONTINUED)

(b) Impact on the Corporation's Statement of Financial Position (continued):n):

	Financial year ended 31 December 2018					
	As previously reported	**(i)**	**(ii)**	**(iii)**	**(iv)**	**As restated**
Deferred tax asset	204	-	(120)	-	-	84
Inventories	720	(55)	-	-	-	665
Contract asset	35	41	-	-	-	76
Revenue reserve	2,223	(14)	(120)	-	-	2,089

44. FIRST-TIME ADOPTION OF MFRS 16 'LEASES'

The Group and the Corporation have adopted MFRS 16, using modified retrospective method from 1 January 2019, and has not restated its comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

(a) Adjustments recognised on adoption of MFRS 16

On adoption of MFRS 16, the Group and the Corporation recognised lease liabilities in relation to leases which were previously classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

For leases previously classified as finance leases, the Group and the Corporation recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of MFRS 16 are only applied after that date. The re-measurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

(b) Practical expedients applied

In applying MFRS 16 for the first time, the Group and the Corporation have used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessment on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determing the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

44. FIRST-TIME ADOPTION OF MFRS 16 'LEASES' (CONTINUED)

(b) Practical expedients applied (continued)

The Group and the Corporation have also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group and the Corporation relied on its assessment made applying MFRS 117.

(c) Impact on MFRS 16

(i) Impact on the Statement of Financial Position:

	Group	**Corporation**
Operating lease commitments disclosed as at 31 December 2018	84	-
Operating lease commitments discounted using the lessee's incremental borrowing rate at the date of initial application	84	28
Lease liability recognised as at 1 January 2019:		
- Current lease liabilities	33	6
- Non-current lease liabilities	51	22

The associated right-of-use assets for property leases were measured on a modified retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	Group		**Corporation**	
	31.12.2019	**01.01.2019**	**31.12.2019**	**01.01.2019**
Leasehold Land	**1,975**	2,028	**232**	279
Buildings	**21**	26	**21**	28
Plant and machinery	**55**	62	**-**	-
Office equipment	**5**	5	**-**	-
Motor vehicles	**23**	28	**-**	-
	2,079	2,149	**253**	307

The change in accounting policy affected the following items in statement of financial position on 1 January 2019:

- right-of-use assets - increase by RM2,149 million
- lease liabilities - increase by RM84 million

The net impact on the Group's and the Corporation's retained earnings on 1 January 2019 were decreased by RM1 million and RM1 million respectively.

The reclassifications and adjustments arising from new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019. No additional statement of financial position as of beginning of the earliest comparative period will be presented.

NOTES TO THE FINANCIAL STATEMENTS
For The Financial Year Ended 31 December 2019
Amounts in RM Million Unless Otherwise Stated

45. COMPARATIVE FIGURES

Comparative figures were restated to current year's presentation.

Group

(a) Statement of Comprehensive Income

	2018 Restated	Reclass	2018 Restated
Cost of sales	(3,949)	(18)	(3,967)
Other income	389	(13)	376
Administrative expenses	(1,175)	31	(1,144)

Corporation

(a) Statement of Comprehensive Income

	2018 Restated	Reclass	2018 Restated
Cost of sales	(176)	(18)	(194)
Other income	387	(17)	370
Administrative expenses	(171)	35	(136)

46. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2019 were authorised for issue on 8 April 2020 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 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS				
A PALM OIL				
Danamin (M) Sdn Bhd^	Construction of oil and gas equipment	Malaysia	**74.99**	74.99
DQ-IN Sdn Bhd^	Dormant	Malaysia	**74.99**	74.99
E.A. Technique (M) Berhad#	Provision of sea transportation and related services	Malaysia	**53.15**	53.15
Edaran Badang Sdn Bhd^	Dealer in agricultural machinery and parts	Malaysia	**99.98**	99.98
EPA Management Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Epasa Shipping Agency Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Extreme Edge Sdn Bhd^	Computer equipment supplier and services	Malaysia	**74.99**	74.99
Johor Shipyard & Engineering Sdn Bhd^	Shipbuilding, fabrication of steel structures, engineering services and consultancy	Malaysia	**53.15**	53.15
Kulim (Malaysia) Berhad^	Oil palm plantation, investment holding and property investment	Malaysia	**99.98**	99.98
Kulim Civilworks Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Kulim Energy Nusantara Sdn Bhd^	Investment holding	Malaysia	**99.98**	99.98
Kulim Energy Sdn Bhd^	Investment holding	Malaysia	**79.99**	79.99
Kulim Livestock Sdn Bhd^	Breeding and sales of cattle	Malaysia	**99.98**	99.98
Kulim Nursery Sdn Bhd^	Oil palm nursery and other related services	Malaysia	**99.98**	99.98
Kulim Plantations (Malaysia) Sdn Bhd^	Oil palm plantation	Malaysia	**99.98**	99.98

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1	**CORE BUSINESS (CONTINUED)**				
A	**PALM OIL (CONTINUED)**				
	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**	74.99
	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 Topplant Sdn Bhd^	Production of oil palm clones	Malaysia	**99.98**	99.98
	Kumpulan Bertam Plantations Berhad^	Oil palm plantation	Malaysia	**95.56**	95.56
	Libra Perfex Precision Sdn Bhd^	Hiring and chartering of vessel, supplying and installation of chemical equipment, chemical preparation and cleaning services	Malaysia	**53.15**	53.15
	Mahamurni Plantations Sdn Bhd^	Oil palm plantation	Malaysia	**99.98**	99.98
	MIT Captive Ltd^	Licensed to carry Labuan Captive takaful business	Malaysia	**74.99**	74.99
	MIT Insurance Brokers Sdn Bhd^	Insurance broking and consultancy	Malaysia	**74.99**	74.99
	Optimum Status Sdn Bhd^	Ceased operations in November 2018	Malaysia	**74.99**	74.99
	Pembangunan Mahamurni Sdn Bhd^	Investment holding	Malaysia	**99.98**	99.98
	Perfect Synergy Trading Sdn Bhd^	Fertilizer supplier	Malaysia	**74.99**	74.99
	Pinnacle Platform Sdn Bhd^	Software maintenance and supplier	Malaysia	**74.99**	74.99
	Pristine Bay Sdn Bhd^	Investment holding	Malaysia	**50.99**	50.99

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1	**CORE BUSINESS (CONTINUED)**				
A	**PALM OIL (CONTINUED)**				
	PT Kulim Agro Persada^	Management service	Indonesia	**99.98**	99.98
	PT Rambang Agro Jaya^	Oil palm plantation	Indonesia	**70.29**	70.29
	PT Tempirai Palm Resources^	Oil palm plantation	Indonesia	**70.29**	70.29
	PT Wisesa Inspirasi Nusantara^	Investment holding	Indonesia	**73.99**	73.99
	Renown Value Sdn Bhd^	Cultivation of pineapples and other agricultural produce	Malaysia	**99.98**	74.99
	Selai Sdn Bhd^	Oil palm plantation	Malaysia	**99.98**	99.98
	Sindora Berhad^	Investment holding operations of oil palm million and rubber estates	Malaysia	**99.98**	99.98
	Sovereign Multimedia Resources Sdn Bhd^	Information and communication technology business	Malaysia	**74.99**	74.99
	Special Appearance Sdn Bhd^	Replanting of oil palm and other related services	Malaysia	**99.54**	99.54
	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
	Akli Resources Sdn Bhd^	Dormant	Malaysia	**Disposed on 24.07.2019**	99.98
	Cita Tani Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
	EPA Futures Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
	Exquisite Livestock Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
Jejak Juara Sdn Bhd^	Dormant	Malaysia	**Disposed on 24.07.2019**	82.01
JTP Montel Sdn Bhd^	Dormant	Malaysia	**Disposed on 24.07.2019**	99.98
JTP Trading Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
KCW Electrical Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
KCW Hardware Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
KCW Kulim Marine Services Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Kulim Technology Ideas Sdn Bhd^ (formerly known as KCW Roadworks Sdn Bhd)	Dormant	Malaysia	**99.98**	99.98
Microwell Bio Solutions Sdn Bhd^	Ceased operations in September 2018	Malaysia	**59.99**	59.99
Microwell Trading Sdn Bhd^	Dormant	Malaysia	**59.99**	59.99
Panquest Ventures Limited^	Dormant	British Virgin Island	**Struck Off on 26.02.2019**	99.98
SG Lifestyles Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
SIM Manufacturing Sdn Bhd^	Dormant	Malaysia	**89.99**	89.99
Sindora Development Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Kulim Green Energy Venture Sdn Bhd^ (formerly known as Sindora Marketing Sdn Bhd)^	Dormant	Malaysia	**99.98**	99.98

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
A PALM OIL (CONTINUED)				
Sindora Timber Products Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Sindora Timber Sdn Bhd^	Dormant	Malaysia	**99.98**	82.01
Sindora Trading Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Sindora Wood Products Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Skellerup Foam Products (Malaysia) Sdn Bhd^	Dormant	Malaysia	**Disposed on 24.07.2019**	99.98
Skellerup Industries (Malaysia) Sdn Bhd^	Dormant	Malaysia	**99.98**	99.98
Skellerup Latex Products (M) Sdn Bhd^	Dormant	Malaysia	**Disposed on 24.07.2019**	99.98
Tiram Fresh Sdn Bhd^	Dormant	Malaysia	**Disposed on 24.07.2019**	82.01
Xcot Tech Sdn Bhd^	Dormant	Malaysia	**74.99**	74.99
Yayasan Ansar^	Corporate Social Responsibility	Malaysia	**@**	@

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
B FOOD AND RESTAURANTS				
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 Sdn Bhd^	Investment holdings and operation of a convenience foodstore chain	Malaysia	**100.00**	100.00
Business Chronicles Sdn Bhd^	Investment holding company	Malaysia	**100.00**	100.00
Efinite Value Sdn Bhd^	Customer service call centre	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Integrated Poultry Industry Sdn Bhd^	Primary poultry processing	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Kampuchea Food Corporation Co. Ltd^	Restaurants	Cambodia	**Joint-controlled entity**	Joint-controlled entity
Kara Holdings Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
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
KFC (Peninsular Malaysia) Sdn Bhd^	Biodiesel Property holding Invesment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC (Sabah) Sdn Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC Holdings (Malaysia) Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
B FOOD AND RESTAURANTS (CONTINUED)				
KFCIC Assets Sdn Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Ladang Ternakan Putihekar (N.S) Sdn Bhd^	Poultry breeder farm	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Massive Equity Sdn Bhd^	Investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
MH Integrated Farm Berhad^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Multibrand QSR Holdings Pte Ltd^	Investment holding	Singapore	**Joint-controlled entity**	Joint-controlled entity
PHD Delivery Sdn Bhd^	Pizza delivery Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Pintas Tiara Sdn Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Pizza Hut Restaurants Sdn Bhd^	Restaurants	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Pizza Hut Singapore Pte Ltd^	Restaurants	Singapore	**Joint-controlled entity**	Joint-controlled entity
QSR Brands (M) Holdings Bhd^	Investment holding and provision of management service	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Captive Insurance Limited^	Captive insuror	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Manufacturing Sdn Bhd^	Bakery Commissary Investment holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Stores Sdn Bhd^	Restaurants and trading in consumables	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Trading Sdn Bhd^	Sales and marketing of food products	Malaysia	**Joint-controlled entity**	Joint-controlled entity

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
B FOOD AND RESTAURANTS				
Rasamas Holding Sdn Bhd^	Restaurants	Malaysia	**100.00**	100.00
Region Food Industries Sdn Bhd^	Sauce manufacturing plant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Roaster's Chicken Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
SPM Restaurants Sdn Bhd^	Property holding	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Tepak Marketing Sdn Bhd^	Contract packing tea and tea trading	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Usahawan Bistari Ayamas Sdn Bhd^	Operation of "Sudut Ayamas"	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Virtualflex Sdn Bhd^	Operation of KASH card	Malaysia	**100.00**	100.00
WQSR Holdings (S) Pte Ltd^	Investment holding	Singapore	**Joint-controlled entity**	Joint-controlled entity
Ayamas Shoppe (Sabah) Sdn Bhd^	Convenience food store	Malaysia	**Struck Off on 23.08.2019**	65.00
Efinite Revenue Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC (Sarawak) Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
KFC India Holdings Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Delivery Sdn Bhd^ (formerly known as KFC Events Sdn Bhd)	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
QSR Technology Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
B FOOD AND RESTAURANTS				
Rasamas Tebrau Sdn Bhd^	Restaurants	Malaysia	**89.23**	89.23
Yes Gelato Sdn Bhd^	Dormant	Malaysia	**Joint-controlled entity**	Joint-controlled entity
Pizza (Kampuchea) Private Limited^	Dormant	Cambodia	**Joint-controlled entity**	Joint-controlled entity
Felda Ayamas Ventures Sdn Bhd^	Dormant	Malaysia	**Dissolved on 05.12.2019**	Joint-controlled entity

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	2018 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE				
Advanced Health Care Solutions Sdn Bhd^	Providing healthcare information system service	Malaysia	**38.64**	38.64
Ampang Puteri Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Bandar Baru Klang Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Bandar Dato Onn Specialist Hospital Sdn Bhd^	To be operating as a specialist hospital	Malaysia	**38.64**	38.64
BDC Specialist Hospital Sdn Bhd^	To be operating as a specialist hospital	Malaysia	**38.64**	38.64
Crossborder Aim (M) Sdn Bhd^	Investment holding company	Malaysia	**38.64**	38.64
Crossborder Hall (M) Sdn Bhd^	Investment holding company	Malaysia	**38.64**	38.64
Diaper Technology Industries Sdn Bhd^	Providing information technology related services software	Malaysia	**36.22**	36.22
Fabricare Laundry Sdn Bhd^	Providing laundry services	Malaysia	**36.71**	36.71
Healthcare IT Solutions Sdn Bhd^	Providing healthcare information technology services	Malaysia	**38.64**	27.05
Pusrawi SMC Sdn Bhd^ (formerly known as Hospital Pusrawi SMC Sdn Bhd)^	Operating as a polyclinic	Malaysia	**12.06**	12.06
Ipoh Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.13**	38.04
Jeta Gardens (Qld) Pty Ltd^	Providing retirement village and aged care services	Australia	**22.09**	22.09
Johor Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Kajang Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	2018 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
Kedah Medical Centre Sdn Bhd^	Operating as a specialist hospital	Malaysia	**17.64**	17.64
KFCH Education (M) Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
Kota Kinabalu Wellness Sdn Bhd^ (formerly known as Kota Kinabalu Specialist Hospital Sdn Bhd)	Operating as an aged-care centre	Malaysia	**38.48**	37.48
KPJ Dhaka Pte Ltd^	Providing management services to a specialist hospital	Bangladesh	**38.64**	38.64
KPJ Eyecare Specialist Sdn Bhd^	Providing medical and consultancy services	Malaysia	**38.64**	38.64
KPJ Healthcare Berhad#^	Investment holding and provision of management services to subsidiaries	Malaysia	**38.64**	38.64
KPJ Healthcare University College Sdn Bhd^	Operating as a private university college of nursing and allied health	Malaysia	**38.64**	38.64
KPJ Healthshoppe Sdn Bhd^	Operating as pharmacy retail outlet	Malaysia	**38.64**	38.64
KPJ Medik TV Sdn Bhd^	To be operating as medical service provider	Malaysia	**38.64**	38.64
Kuantan Wellness Center Sdn Bhd^ (formerly known as Kuantan Specialist Hospital Sdn Bhd)	Operating as a dialysis and aged-care centre	Malaysia	**38.64**	38.64
Kuching Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**27.05**	27.05
Kumpulan Perubatan (Johor) Sdn Bhd^	Managing and investment holding company for medical sector	Malaysia	**38.64**	38.64
Lablink (M) Sdn Bhd^	Providing laboratory and pathology services	Malaysia	**19.71**	19.71

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	2018 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
Maharani Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Medical Supplies (Sarawak) Sdn Bhd^	Marketing and distributing medical pharmaceutical products	Malaysia	**Disposed on 17.04.2019**	28.98
Miri Specialist Hospital Sdn Bhd^	To be operating as a specialist hospital	Malaysia	**27.05**	27.05
Pahang Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**27.05**	27.05
Pasir Gudang Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Penang Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Perdana Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**23.40**	23.40
Perlis Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**23.18**	23.18
PharmaCARE Sdn Bhd^	Providing human resource, training services and rental of human resource information system	Malaysia	**38.64**	38.64
Pharmaserv Alliances Sdn Bhd^	Marketing and distributing medical and pharmaceutical products	Malaysia	**38.64**	38.64
Point Zone (M) Sdn Bhd^	Providing treasury management services to the companies within the group	Malaysia	**38.64**	38.64
Pride Outlet Sdn Bhd^	Providing maintenance service for medical equipment	Malaysia	**28.98**	32.84
PT Al-Aqar Bumi Serpong Damai^	Operating as building management company	Indonesia	**38.64**	38.64

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	2018 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
PT Al-Aqar Permata Hijau^	Operating as building management company	Indonesia	**38.64**	38.64
PT Khasanah Putera Jakarta Medica^	Operating as a specialist hospital	Indonesia	**28.98**	28.98
PT Khidmat Perawatan Jasa Medika^	Operating as a specialist hospital	Indonesia	**30.91**	30.91
Pusat Pakar Kluang Utama Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Pusat Pakar Tawakal Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Rawang Specialist Hospital Sdn Bhd	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Selangor Specialist Hospital Sdn Bhd^	Operating as a specialist hospital	Malaysia	**23.18**	23.18
Sentosa Medical Centre Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Sibu Geriatric Health & Nursing Centre Sdn Bhd^	Operating and managing an aged care facilities	Malaysia	**38.64**	38.64
Sibu Medical Centre Corporation Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Skop Yakin (M) Sdn Bhd^	Marketing and distributing general merchandise	Malaysia	**27.05**	27.05
SMC Healthcare Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.64**	38.64
Sri Manjung Specialist Centre Sdn Bhd^	Operating as a specialist hospital	Malaysia	**38.13**	38.04
Sterile Services Sdn Bhd^	Providing sterile services	Malaysia	**38.64**	38.64
Tawakal Holdings Sdn Bhd^	Investment holding company	Malaysia	**38.64**	38.64

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
Teraju Farma Sdn Bhd^	Marketing and distributing medical and pharmaceutical products	Malaysia	**25.12**	25.12
Total Meal Solution Sdn Bhd^	Provide central kitchen services	Malaysia	**27.05**	27.05
UTM KPJ Specialist Hospital Sdn Bhd^	To be operating as a specialist hospital	Malaysia	**38.64**	38.64
Vejthani Public Company Limited^	Specialist hospital	Thailand	**9.03**	9.03
Amity Development Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
Bayan Baru Specialist Hospital Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
Damansara Specialist Hospital Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
Energy Excellent Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
FP Marketing (S) Pte Ltd^	Dormant	Singapore	**38.64**	38.64
Freewell Sdn Bhd^	Dormant	Malaysia	**30.91**	30.91
KPJ Education Services Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
Malaysian Institute of Healthcare Management Sdn Bhd^	Dormant	Malaysia	**28.98**	28.98
Massive Hybrid Sdn Bhd^	To be operating as a specialist hospital	Malaysia	**38.64**	38.64
Pharmacare Surgical Technologies (M) Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
C HEALTHCARE (CONTINUED)				
Puteri Specialist Hospital (Johor) Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
Seremban Specialist Hospital Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
Taiping Medical Centre Sdn Bhd^	Dormant	Malaysia	**38.64**	38.64
KPJ Ambulatory Care Centre Sdn Bhd^	Managing and operating Ambulatory Care Centre and related service	Malaysia	**38.64**	-
Healthcare Technical Services Sdn Bhd^	Project management, engineering maintenance and related consultancy services	Malaysia	**68.71**	81.59

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
D PROPERTY				
Advance Development Sdn Bhd^	Property development	Malaysia	**100.00**	100.00
Bandar Baru Majidee Development Sdn Bhd^	Property development	Malaysia	**100.00**	100.00
Bertam Properties Sdn Bhd^	Property development	Malaysia	**20.00**	20.00
BP Plantations Sdn Bhd^	Plantation	Malaysia	**20.00**	20.00
Bukit Damansara Development Sdn Bhd^	Property investment and holding	Malaysia	**100.00**	100.00
Damansara Assets Sdn Bhd^	Investment and property holding, property development, project and property management and collection agent	Malaysia	**100.00**	100.00
Damansara REIT Managers Sdn Bhd^	Real estate investment management	Malaysia	**100.00**	100.00
DHealthcare Centre Sdn Bhd^	Healthcare service provider	Malaysia	**49.00**	49.00
Ibrahim International Business District (Johor) Sdn Bhd^	Consists of developing, managing and promoting investment for Ibrahim International Business District area'	Malaysia	**60.00**	60.00
Johor City Development Sdn Bhd^	Property development	Malaysia	**100.00**	100.00
Johor Land Berhad^	Property development, construction and investment holding	Malaysia	**100.00**	100.00
Johor Silica Industries Sdn Bhd^	Selling of silica sand	Malaysia	**100.00**	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1 CORE BUSINESS (CONTINUED)				
D PROPERTY				
Pembinaan Prefab Sdn Bhd^	Property development	Malaysia	**100.00**	100.00
Penang Golf Resort Bhd^	Management of golf course	Malaysia	**20.00**	20.00
Premier Revenue Sdn Bhd^	Provision of insurance agency services	Malaysia	**100.00**	100.00
Pro Biz Solution Sdn Bhd^	Fully equipped service office	Malaysia	**Disposed on 30.10.2019**	100.00
Revertex (Malaysia) Sdn Bhd^	Manufacture and sale of concentrated natural rubber latex, compounds, synthetic resin emulsions, alkyd resins, polyester resins and plasticisers	Malaysia	**30.07**	30.07
Synergy Mall Management Sdn Bhd^	Property management	Malaysia	**100.00**	100.00
AB Theme Park Sdn Bhd^	Indoor theme park operator	Malaysia	**100.00**	100.00
Bertam Golf Management and Services Sdn Bhd^	Nursery operation	Malaysia	**20.00**	20.00
Harta Consult Sendirian Berhad^	Property management and collection agent	Malaysia	**100.00**	100.00
Mutiara Golf Properties Sdn Bhd^	Golf course management	Malaysia	**20.00**	20.00
Premium Angle Development Sdn Bhd^	Has not commenced operations since its incorporation	Malaysia	**79.68**	100.00
Tanjung Leman Theme Park Sdn Bhd^	Dormant	Malaysia	**100.00**	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1	**CORE BUSINESS (CONTINUED)**				
E	**INDUSTRIAL DEVELOPMENT**				
	Damai Ecotech Sdn Bhd^	Marketing and managing orchards	Malaysia	**100.00**	100.00
	Johor Skills Development Centre Sdn Bhd^	Technical skills development and training centre	Malaysia	**75.00**	75.00
	Langsat Marine Base Sdn Bhd^	Provide marine base services which includes handling and storage of high value oil and gas equipment	Malaysia	**100.00**	100.00
	Langsat Marine Terminal Sdn Bhd^	Engaged in leasing of warehousing and logistics facilities	Malaysia	**100.00**	100.00
	Langsat OSC Sdn Bhd^	Construct, manage and operate on offshore and a marine logistics base	Malaysia	**51.00**	51.00
	MC-JTP Concept Sdn Bhd^	Letting of factory lots and providing property management services	Malaysia	**100.00**	100.00
	Pagoh Highland Resorts Sdn Bhd^	Property investment	Malaysia	**60.00**	60.00
	Panca Pesona Sdn Bhd^	Industrial land and housing projects development	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^	To lease its port operating assets and facilities to a fellow subsidiary which has been granted the license to operate the port	Malaysia	**100.00**	100.00
	Techno SCP Sdn Bhd^	Industrial land development	Malaysia	**60.00**	60.00
	Tg. Langsat Development Sdn Bhd^	Contractors for earthwork and road construction	Malaysia	**100.00**	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
1	**CORE BUSINESS (CONTINUED)**				
E	**INDUSTRIAL DEVELOPMENT (CONTINUED)**				
	TLP Terminal Sdn Bhd^	Promote, develop, operate, manage and maintain Tanjung Langsat Port	Malaysia	**100.00**	100.00
	Total Project Management Sdn Bhd^	Architectural and project management services	Malaysia	**100.00**	100.00
	TPM Technopark Sdn Bhd^	Consist of development and sale of industrial land and project management services	Malaysia	**100.00**	100.00
	Johor Concrete Products Sdn Bhd^	Dormant	Malaysia	**51.00**	51.00
F	**LIST OF FUNDS**				
	Al-Aqar Healthcare REIT#^	Management of real estate investment trust	Malaysia	**14.94**	15.31
	Al-Salam Investment Trust#^	Management of real estate investment trust	Malaysia	**57.34**	56.78
2	**NON-CORE BUSINESS**				
	SME/NON-SME				
	Absolute Ambient Sdn Bhd^	Cultivation of agricultural products, other cash crops and agricultural products	Malaysia	**100.00**	100.00
	Aiman Lifestyle Sdn Bhd^	Food and beverages outlet	Malaysia	**51.00**	51.00
	Aquabuilt Sdn Bhd^	Letting of hatcheries	Malaysia	**100.00**	100.00
	Asia Economic Development Fund Limited^	Investment holding	Hong Kong	**Disposed on 08.10.2019**	100.00
	Asia Logistics Council Sdn Bhd^	E-commerce	Malaysia	**Disposed on 08.10.2019**	80.00
	BDO Assets Management Sdn Bhd^	Investment holding and other related	Malaysia	**100.00**	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Classruum Technologies Sdn Bhd^	Business of information communication technologies, providing online learning class and other related activities	Malaysia	**76.00**	76.00
	Convenue Marketing Sdn Bhd^	Events management and promotion	Malaysia	**75.00**	75.00
	Efinite Structure Sdn Bhd^	Engaged as the Special Purpose Vehicle company ("SPV") to acquire certain assets under the Asset Rationalisation programme involving Tanjung Langsat Port Sdn Bhd	Malaysia	**100.00**	100.00
	Ihsan Permata Sdn Bhd^	Company ceased its operation in August 2017	Malaysia	**100.00**	100.00
	Intrapreneur Development Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Intrapreneur Value Creation Sdn Bhd^	Provide financing to companies within Johor Corporation Group based on Shariah principles and to subscribe, acquire, hold, dispose shares or other securities of any other company which are Shariah compliant	Malaysia	**79.68**	79.68
	IPPJ Sdn Bhd^	Investment holding, conducting entrepreneurial training programs and seminars, sub-letting its rented premises and other activities relating thereto	Malaysia	**75.00**	75.00
	JCorp Capital Excellence Sdn Bhd^	Investment holding company	Malaysia	**100.00**	100.00
	JCorp Capital Solutions Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	JCorp Hotels and Resorts Sdn Bhd^	Investment holding and hospitality services	Malaysia	**100.00**	100.00
	Johor Capital Holdings Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Johor Foods Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Johor Franchise Development Sdn Bhd^	Investment holding and oil palm cultivation	Malaysia	**100.00**	100.00
	Johor Logistics Sdn Bhd^	Renting out building and container yards and rendering of related services	Malaysia	**100.00**	100.00
	Johor Paper and Publishing Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Johor Ventures Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Le Petite Gourmet Sdn Bhd^	Food and beverages outlet	Malaysia	**51.00**	51.00
	Maruah Emas Sdn Bhd^	Pawn broking	Malaysia	**Disposed on 25.07.2019**	100.00
	N2W Corporation Sdn Bhd^	Rental of motor vehicles to the holding corporation and related company and has commenced operations in innovating business technology and developing software application	Malaysia	**100.00**	100.00
	Penawar Express Line Berhad^	Public bus and express bus services	Malaysia	**77.62**	77.62
	Permodalan Teras Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Pro Corporate Management Services Sdn Bhd^	Share register	Malaysia	**100.00**	100.00
	Puteri Hotels Sdn Bhd^	Operation as hotel owners and managers and operation of a convention centre	Malaysia	**100.00**	100.00
	Rajaudang Aquaculture Sdn Bhd^	Prawn and fish farming	Malaysia	**75.00**	75.00
	Rajaudang Sdn Bhd^	Investment holding and rental of marine livestocks ponds and related activities	Malaysia	**100.00**	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Rajaudang Trading Sdn Bhd^	Trading of household agricultural products	Malaysia	**69.46**	69.46
	Selasih Catering Services Sdn Bhd^	Operating as catering services and restaurant	Malaysia	**100.00**	100.00
	SPMB Holdings Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Syarikat Pengangkutan Maju Berhad^	Public bus service according to itinerary travel and vehicle rental	Malaysia	**77.62**	77.62
	Tenaga Utama (Johor) Bhd^	Investment holding	Malaysia	**69.76**	69.76
	Teraju Fokus Sdn Bhd^	Security services	Malaysia	**30.00**	30.00
	Timeless Commitment Sdn Bhd^	Manage and operate a master licensee agreement to develop, open and operate licensed outlet	Malaysia	**51.00**	51.00
	Hotel Selesa (JB) Sdn Bhd^	Ceased operation on 15 April 2017	Malaysia	**100.00**	100.00
	Hotel Selesa Sdn Bhd^	Ceased operation on 15 March 2017	Malaysia	**100.00**	100.00
	Johor Aluminium Processing Sdn Bhd^	Aluminium products	Malaysia	**35.00**	35.00
	Johor Heavy Industries Sdn Bhd^	Ceased operations since 2001	Malaysia	**100.00**	100.00
	JSEDC Properties Sdn Bhd^	Investment holding company	Malaysia	**100.00**	100.00
	Kilang Airbatu Perintis Sdn Bhd^	Rental of land and cold room facilities	Malaysia	**88.22**	88.22
	Kok Lian Marketing Sdn Bhd^	Book publisher	Malaysia	**51.19**	51.19
	Larkin Sentral Management Sdn Bhd^	Special purpose vehicle for repurchase of unit trusts	Malaysia	**100.00**	100.00
	Larkin Sentral Sdn Bhd^	Business of a contractor and developer	Malaysia	**100.00**	100.00

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Paper Automation Sdn Bhd^	Dormant	Malaysia	**93.58**	93.58
	Pelaburan Johor Berhad^	Dormant	Malaysia	**100.00**	100.00
	Sergam Berhad^	Ceased operation since 2001	Malaysia	**96.78**	96.78
	Sibu Island Resorts Sdn Bhd^	Ceased operation on 31 December 2015	Malaysia	**100.00**	100.00
	Tanjung Tuan Hotel Sdn Bhd^	Ceased operation on 31 October 2014	Malaysia	**100.00**	100.00
	Trapezoid Web Profile Sdn Bhd^	Ceased operation since 2006	Malaysia	**81.74**	81.74
	Eden Arajaya Sdn Bhd^	Dormant	Malaysia	**79.68**	79.68
	Ezmilesteps Global Sdn Bhd^	A mobile application that provides integrated knowledge platform in monitoring children health and early childhood development	Malaysia	**100.00**	-
	Phoenix Progress Sdn Bhd^	A special purpose vehicle for financing purposes	Malaysia	**100.00**	-
	Alpha Primus Anonymous Sdn Bhd^	Consists of immersive e-commerce solution provider	Malaysia	**100.00**	-
	New Wave Health Sdn Bhd^	Medical solutions provider company focused on providing an end-to-end Remote Health Diagnostics (RHD) & monitoring system	Malaysia	**60.00**	-
	Inpago Travel & Tours Sdn Bhd^	A mobile application that integrates the various national park services with amenities	Malaysia	**100.00**	-
	Westbury Tubular (M) Sdn Bhd^	Dormant	Malaysia	**41.69**	41.69

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Name of Company	Principal Activities	Country of Incorporation	Group Effective Interest 2019 %	Group Effective Interest 2018 %
2	**NON-CORE BUSINESS (CONTINUED)**				
	SME/NON-SME (CONTINUED)				
	Makmuran Veneer & Plywood Sdn Bhd^	Subcontracting of its operating facilities to a third party	Malaysia	**&**	&
	Sindora Ventures Sdn Bhd^	Investment holding company	Malaysia	**&**	&
	PharmaCare Medicine Shoppe Sdn Bhd^	Dormant	Malaysia	**Disposed on 17.09.2019**	&
	Waqaf An-Nur Berhad^	Dormant	Malaysia	**@**	@
	Intrapreneur Development Capital Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Buat Niaga Sdn Bhd^	Investment holding	Malaysia	**100.00**	100.00
	Yakin Tea Sdn Bhd^	In process of being winding up	Malaysia	**62.24**	62.24

Listed on the Main Board of Bursa Malaysia Securities Berhad
@ Limited by Guarantee
^ Subsidiaries not audited by Ernst & Young
& Subsidiaries of Waqaf An-Nur Berhad

Johor Corporation
Level 11, Menara KOMTAR,
Johor Bahru City Centre,
80000 Johor Bahru,
Johor, Malaysia.

Tel : (607) 219 2692
Fax : (607) 223 3175

www.jcorp.com.my

johorcorporationofficial