



Membina dan Membela



JOHOR CORPORATION

2013 Annual Report

Membina dan Membela



JOHOR CORPORATION

JOHOR CORPORATION

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2013
ANNUAL REPORT

Vision

Membina dan Membela

Mission

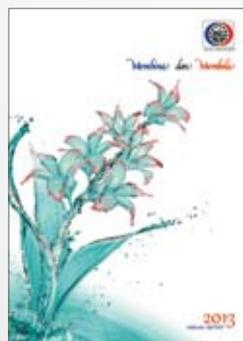
A state conglomerate contributing to state and national economic growth through an efficient and effective business model while upholding the community interest.

A market-driven, profit-motivated, competitive business entity producing quality products and services.

A catalyst, harnessing entrepreneurial talent and creativity, for economically, socially and environmentally sustainable business growth.

Contributing and adding values to the well-being of the community through business success as well as Corporate Responsibility undertakings.

Cover Rationale



The splashing water forming the imagery of a plant complete with flowers and leaves symbolizes Johor Corporation's (JCorp) concerted effort in building a stable, fast-developing nation towards a prodigious future. The water element represents a natural resource that promotes fertility and growth to the six flower buds that are further translated into JCorp's core businesses being the Plantation, Prisihatin (Specialist Healthcare), Property Development, Foods & Restaurants Services, Entrepreneur Business and Logistics sectors. The flourishing business diversity depicts JCorp's aptitude and the impact of transformation that has been undertaken to achieve success in line with the Johor State Government's continuous aspirations and hopes towards JCorp as a conglomerate entity contributing to the state's development, rapid economic growth, and entrepreneur development as well as looking after the communities in need.

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

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





MISSION OF EXCELLENCE

Focus on Implementation of 2013-2022 Strategic Plan

The year 2013 marked a milestone in the transformation of Johor Corporation (JCorp). The planning underpinning the transformation cuts across all business divisions of JCorp enabling it to optimise resources and reorganise all business portfolios not only to create new businesses but to strengthen existing ones as well.

With the objective of turning JCorp into the state's conglomerate which can compete on a higher scale and across borders, JCorp undertook a management restructuring at the headquarters level and key companies within the Group. This enhanced management capability is done through injecting new talents, reassessment of businesses apart from implementing latest approaches in accordance with the suitability and needs of the present and future businesses.

The thrust of strategic transformation initiatives since 2011 had been on sustaining the business entity balanced with its role in the development of the state especially in the construction of affordable houses in Iskandar Malaysia, the development of entrepreneurs and industrialisation and corporate responsibility (CR) which are given continuous emphasis.

JCorp is committed to making available 8,000 units of Johor Affordable Houses (RMMJ) by 2020. Its maiden project at Taman Seroja comprising 304 units priced at RM35,000, RM50,000 and RM80,000 has started and scheduled for completion in early 2015.

The entrepreneurship development is also being accelerated by expanding the Tunas Bistari Programme covering more primary and secondary schools. JCorp remains as one of the main catalysts for the oil and gas (O&G) industry in the state.

FINANCIAL PERFORMANCE

In 2013, JCorp Group created history by recording up a pre-tax profit exceeding RM1 billion or RM1.36 billion on Group revenue of RM6.38 billion. Some 85 percent of the profit was generated by the key sectors namely plantation, property and specialist healthcare.

The plantation sector continues to notch up encouraging proceeds although on average the price of crude palm oil (CPO) in 2013 was lower than in

2012. This was achieved through better yield of fresh fruit bunch and lower production cost of CPO. This was successfully done by way of various cost-cutting initiatives and more efficient estate management.

JCorp Group has expanded its specialist healthcare sector by acquiring new hospitals, increasing the capacity of existing ones and building new hospitals to retain its position as the market leader in Malaysia. This sector contributed a revenue of RM2.3 billion and pre-tax profit of RM153 million to the Group in 2013.

The property development sector continues to register robust performance with a contribution of RM1.1 billion and pre-tax profit of RM412 million. This was achieved through the sales of houses and commercial units at Bandar Dato' Onn and Bandar Tiram besides the sales of industrial land and the rise in the value of strategic land within Iskandar Malaysia.

Against the backdrop of the ever changing economic infrastructure and growing competition, JCorp remains committed to executing its financial transformation plan of having zero debt by 2022.



CHALLENGING ENVIRONMENT

The year 2013 proved to be a challenging period for the domestic economy. Malaysia was not spared from the financial crisis resulting in a slower economic growth of 4.7 percent. Although this matched the forecast of Bank Negara Malaysia, this rate of growth was much lower than the 5.6 percent achieved in 2012.

The downgrading of Malaysia's credit rating by Fitch Ratings was another important issue that triggered concerns about the nation's fiscal. However, such concerns began to wane following the government's subsidy rationalisation measures.

In the United States as the world's biggest economy, the move by the Federal Reserve to reduce the purchase of bonds known as quantitative easing created uncertainty among developing economies. The change in the flow of foreign capital led to fluctuations in the currency markets of developing nations where the Malaysian Ringgit was dragged along the downward trail. But the local subsidy rationalisation programme managed to ease pressures on the Malaysian Ringgit.

Going forward, the continuing move by the U.S. Federal Reserve to cut bond buying further raised concerns on slower economic growth and the possibility of its continuing impact on other economies in the world.

The expected slower economic growth in China as the world's second biggest economy after taking tighter economic measures and at the same time discouraging the growth of aggressive lendings added to the concerns on the economies of the Asian region.

Malaysia which is expected to register an improved economic growth of between 5 to 5.5 percent in 2014 needs to brace itself to face a lower global economic growth. The domestic economy also faces the possibility of the anticipated growth rate not being achieved.

CORPORATE EVENTS

The takeover of all assets and liabilities of QSR Brands Bhd and KFC Holdings (Malaysia) Bhd in 2013 by QSR Brands (M) Holdings Sdn Bhd (formerly known as Triple Platform Sdn Bhd) has directly strengthened the effective equity holding of JCorp in the corporate franchise operating the KFC and Pizza Hut foods and restaurants business.

Besides this, in order to strengthen the plantation sector, JCorp once again expanded its wings to Indonesia and increased the ownership of Kulim plantation land by 40,000 hectares. This was done with the Memorandum of Understanding (MoU) and Conditional Sale and Purchase Agreement with PT Graha Sumber Berkah (PT GSB) on 3 October 2013 which involved the acquisition of up to 75 percent equity in PT Wisesa Inspirasi Nusantara (PT WIN).

The MoU also involved the cooperation and pooling of resources to explore the potentials of the O&G business in Kalimantan.

Meanwhile, the specialist healthcare sector saw the expansion of business to Bangladesh with the signing of a hospital management agreement in Dhaka. The year 2013 also witnessed the addition of two new hospitals at Pasir Gudang, Johor and Seri Manjung, Perak.

In the property development sector, the sale of Damansara Town Centre was finalised



at the end of 2013. With this deal done, JCorp acquired a new building, VSQ1 in Petaling Jaya as well as 80,000 sq ft of commercial space in the redevelopment of Damansara Town Centre.

In addition, KOMTAR underwent the rebranding process known as KOMTAR JBCC involving 1,057,293 sq ft of commercial space, upgraded office block, one new building and a 4-star hotel.

The involvement of JCorp in the O&G industry at Pelabuhan Tanjung Langsat (TLP) is also enhanced when an area of 41.6 hectares is being developed as a marine supply base while another 20.3 hectares will be turned into a warehouse and logistics hub. This turns TLP into the main O&G hub in southern Johor while another two new wharves expected to commence operations in May 2014 are expected to increase the operational capacity and efficiency at the port.

JCorp has also signed a sale agreement on its equity in Damansara Realty Berhad. With this sale, JCorp hopes to focus and channel the bulk of its resources towards the core business besides such a move is in line with the government's objective of enhancing Bumiputera participation in the corporate sector.

CORPORATE GOVERNANCE

Taking cognizance of it being the pulse of any entity, the policy compliance of JCorp towards corporate governance and best practices has never been compromised. Corporate governance forms the basis of JCorp's performance to remain strong and competitive amid domestic and global market uncertainties. Such strict compliance is also the hallmark of the internal ethics and culture within the Group which consistently implements initiatives towards enhancing the quality of corporate governance in every activity and business transactions of companies in the Group.

In 2013, JCorp moved a step further in strengthening corporate governance when it officially undertook the Corporate Integrity Pledge. JCorp also appointed an officer of the Malaysian Anti-Corruption Commission (MACC) to serve at the headquarters to detect any elements that could lead to abuse of power or corruption in whatever form or scale. Thus far, JCorp managed to protect its integrity and corporate governance structure by building a clear internal firewall, reporting mechanism and lines of responsibility as well as creating easily understood procedures. This structure is supervised by various committees which were able to fulfill the needs of decision-making at all levels covering operations, finance and strategic issues.

These vital committees comprise of Board of Directors, Audit Committee of Board of Directors, Tender Board and Consultants' Appointment Board, Group Top Management Committee (TERAJU), Corporate Top Management Committee, Executive Committee (EXCO) and Investment Oversight Committee.

OUTSTANDING HUMAN CAPITAL

Human capital is always regarded as the main pillar for JCorp Group in ensuring the attainment of its set mission and objectives.

With a workforce of more than 70,000 talented staff of diverse backgrounds, they represent



the key to the Group's success in continuing the push towards sustainable growth.

JCorp prioritises investment in human capital development in ensuring that all employees are at their optimum preparedness in executing their respective tasks towards organisational progress.

Through the 2013-2022 Strategic Plan, several key strategies to upgrade human capital development have been outlined to provide opportunities for self-renewal with focus on the programme to prepare employees of JCorp to face challenges and changes during the implementation of the Group's transformation.

Year after year, JCorp Group's employees have proven their capability through a spate of achievements that it takes great pride in. The spirit and commitment that they have shown is beyond question and this forms the source of strength and hopes that with the great mission of the transformation just starting, more outstanding successes are in store in the future.

AWARDS AND RECOGNITION

Accountability and transparency in all aspects of management practiced systematically and consistently within JCorp once again won for the state conglomerate the prestigious recognition of the 4-star rating for Financial Accountability Index from the Auditor-General for 2013, making it the sixth consecutive win for the Group. JCorp also won international recognition when it bagged the Association of Development Financing Institutions In Asia and The Pacific (ADFIAP) 2013 Award for Corporate Governance Category in a ceremony held in Ulaanbaatar, Mongolia on 22 May 2013.

Meanwhile, Kulim (Malaysia) Berhad 2012 Annual Report had once again won the 2013 NACRA Award. This achievement in the Category of Main



Board Companies for the Plantation and Mining Category is also for six years in a row. In addition, the proactive investment under JCorp's intrapreneur programme which involves the active macro management and transformation saw five intrapreneur companies within the Group being listed among the 100 most successful small and medium companies under the SME100 Award.

CORPORATE RESPONSIBILITY

On the transformation journey, the CR agenda undoubtedly is embedded in every action and decision made. In implementing CR, JCorp always emphasises striking a balance between profit and a responsible state conglomerate.



JCorp's contributions to the rakyat cover several sectors like welfare and community programmes, sport and recreation, education and health as well as *Fisabilillah* besides and entrepreneurship under the *Amal* Business Organisation.

ACKNOWLEDGEMENT

Recognising services and contributions - JCorp in all humility wishes to record its highest esteem and gratitude to YB Dato' Abdul Ghani Othman, former Chief Minister of Johor cum Chairman of JCorp for all his contributions, including in inspiring the aspirations and vision as well as guidance, views and advice throughout the 18 years (1995-2013) that he was JCorp Chairman that culminated in the Group's continuous ability to reap outstanding successes during the period.

To YB Datin Paduka Zainon binti Haji Yusof (11 January 2006 – 14 August 2013); YB Dato' Haji Ahmad Zahri bin Jamil (9 September 2009 – 8 September 2013); YBhg Datuk Dr Rebecca Fatima Sta Maria (1 July 2011 – 30 September 2013); YBhg Datuk Dr Rahamat Bivi Binti Yusoff (1 February 2009 – 31 October 2013); and YB Datuk Abdul Rahman Putra bin Dato' Haji Taha (15 August 2006 – 31 December 2013), JCorp also extends its utmost appreciation and thanks for their services and contributions as Members of the Board of Directors until the dates of their respective retirement.

BOARD OF DIRECTORS

Arising from the retirement of the Board members, JCorp appointed new members to fill up the vacancies created. Accordingly, JCorp wishes to congratulate YBhg Dato' Siti Zauyah binti Md Desa (11 March 2013); YB Tuan Haji Md Jais bin Haji Sarday (1 September 2013); YBhg Encik Izaddeen bin Daud (1 September 2013); YBhg Datuk Mohd Hashim bin Abdullah (1 December 2013); YBhg Dato' Habsah binti Hashim (1 December 2013); and YB Dato' Ishak bin Sahari (1 January 2014) for their appointments.

APPRECIATION

The achievements of 2013 had not come easy. They probably would not have been attained without the support of the Johor State Government, the Government of Malaysia and all relevant bodies, banks and financial advisers, customers, strategic partners, majority equity holders and the dedication of more than 70,000 staff of the JCorp Group.

JCorp also places on record its appreciation to all public-listed investors and institutions of the Group and shareholders who have stated and given their support to all corporate plans and business transactions throughout 2013.



A bouquet of gratitude and thanks also goes to all Members of the Board of Directors for giving their guidance, wisdom and expertise which enabled the Group to be placed on a strong footing in developing its business operations, execute its role and quality services as well as in enhancing its value chain and business synergies for the sake of all stakeholders and the society at large.

The employees of JCorp Group have also been capable of operating existing duties and responsibilities and concurrently executing a major transformation be it from the organisational aspect or individually to produce such achievements.

Last but not least, a round of appreciation goes to the more than 70,000-strong workforce irrespective of those in the management or the support team for all their commitments, dedication and loyalty given to put the JCorp Group on the pedestal of success and pride.

DATO' MOHAMED KHALED BIN NORDIN
Chairman
Johor Corporation

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

CORPORATE PROFILE & INFORMATION

Johor Corporation (JCorp) was established as a public enterprise and a statutory body via Johor Enactment No. 4 1968 (as amended under Enactment No. 5, 1995). As a State Investment Corporation, JCorp through its Group of Companies is involved in core businesses encompassing Plantation Sector, Specialist Healthcare, Foods & Restaurants Services, Property Development, Support Services and Investment, Hospitality, Entrepreneur Business as well as New Businesses.



JCorp has since become a prominent player in several of its core businesses, particularly in Specialist Healthcare as well as Foods & Restaurants Services Sectors. The Plantation Sector has operations and business interests not only in Malaysia, but also in Indonesia, Papua New Guinea, Solomon Islands and United Kingdom. The Foods & Restaurants Services Sector spans Malaysia, Singapore, Brunei, Philippines, Cambodia and India. Meanwhile, the Specialist Healthcare Services Sector domestically spearheaded by JCorp has been expanded to Indonesia, Australia, Thailand and Bangladesh.

Over the 43 years since its incorporation, JCorp as a market-driven business entity is primarily focusing on the realisation of its goal underlined in its strategic business transformation plan while equally balancing its obligations and commitments. JCorp has translated its capacity to retain formidable financial and corporate performances amidst global economic uncertainties. Notwithstanding, with a strong business foundation, its human capital capacity, corporate ethical compliances and inculcation of virtuous values that are efficient and tactful, JCorp continues to magnify its market presence while exploring new businesses to continue discharging its role as a state development agent and implementing its corporate responsibility.



Registered Office

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Principal Banker MAYBANK

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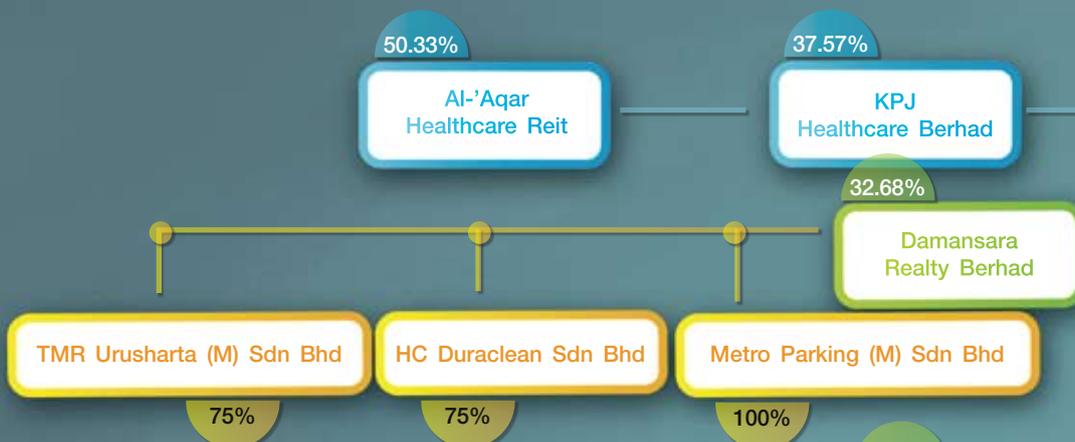
**Artist impression of KOMTAR JBCC development in Johor Bahru.*

BUSINESS & CORPORATE STRUCTURE

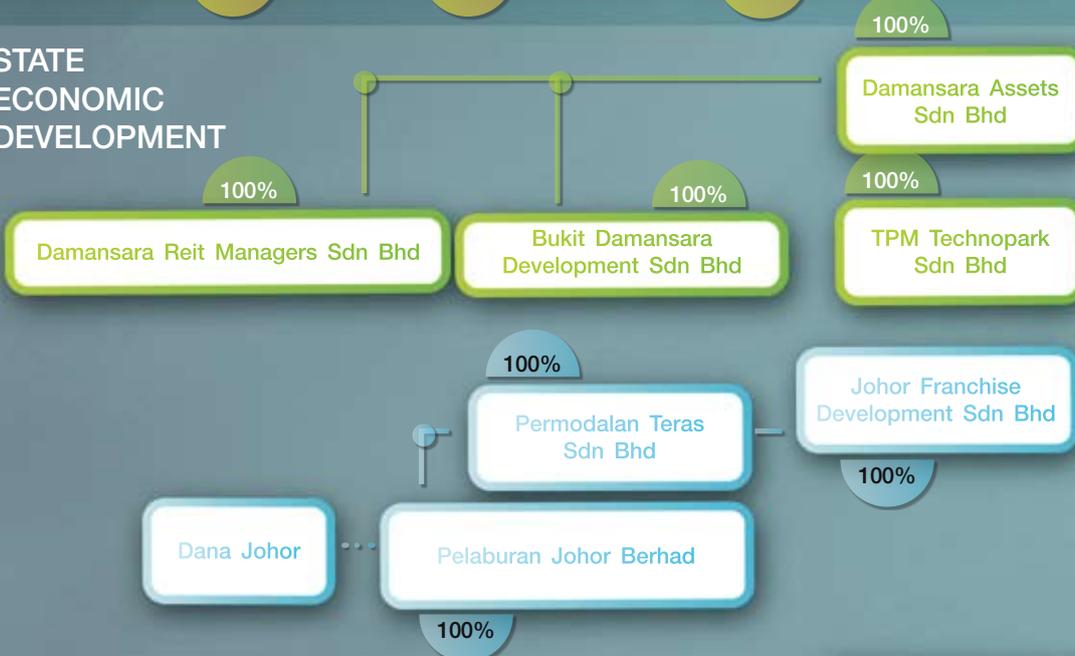


JOHOR CORPORATION

CORE BUSINESS



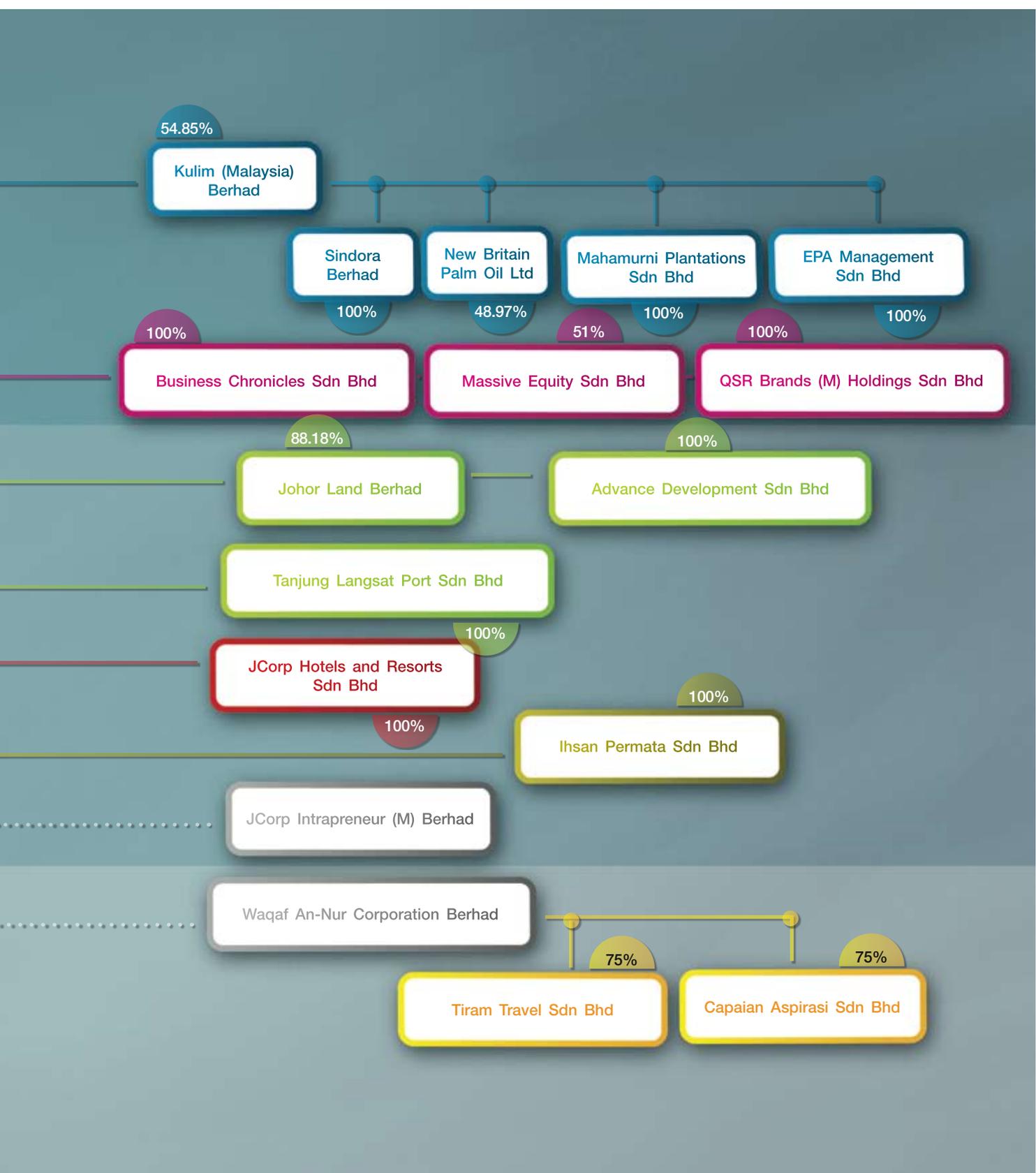
STATE ECONOMIC DEVELOPMENT



CORPORATE RESPONSIBILITY



- | | | | |
|--|-------------------------------------|--|------------------------------|
| | PLANTATION SECTOR | | ENTREPRENEUR BUSINESS SECTOR |
| | SPECIALIST HEALTHCARE SECTOR | | CORPORATE RESPONSIBILITY |
| | FOODS & RESTAURANTS SERVICES SECTOR | | NEW SECTOR (AGROFOOD) |
| | PROPERTY SECTOR | | SIGNIFICANT DIRECT HOLDING |
| | HOSPITALITY SECTOR | | MANAGEMENT |
| | INVESTMENT & SUPPORT SERVICES | | |



* As at 31 December 2013

BOARD OF DIRECTORS



YAB DATO' MOHAMED KHALED BIN NORDIN

Chief Minister of Johor
Chairman, Johor Corporation



YBHG TAN SRI DR ALI BIN HAMSA

Chief Secretary to the Government of Malaysia
Deputy Chairman, Johor Corporation



YB DATO' KAMARUZZAMAN BIN ABU KASSIM

President & Chief Executive
Johor Corporation



YB DATO' HAJI OBET BIN TAWIL

State Secretary of Johor
Chairman,
Board of Tender Committee

YB DATO' ISHAK BIN SAHARI

State Legal Advisor of Johor

**YB TUAN HAJI MARSAN
BIN KASSIM**

State Financial Officer of Johor



**YB TUAN HAJI MD JAIS
BIN HAJI SARDAY**

Chairman of Johor State Education,
Information, Entrepreneur Development
and Cooperatives Committee

**YBHG DATO' SITI ZAUYAH
BINTI MD DESA**

Secretary of Government Investment
Company Division,
Ministry of Finance

**YBHG DATUK MOHD HASHIM
BIN ABDULLAH**

Chief Secretary,
Ministry of Agriculture &
Agro-Based Industry



**YBHG DATO' HAFSAH
BINTI HASHIM**

Chief Executive Officer
SME Corporation Malaysia

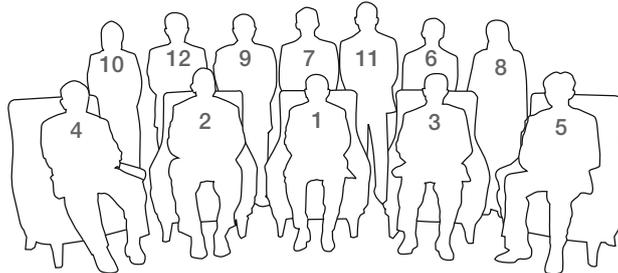
**YBHG ENCIK IZADDEEN
BIN DAUD**

Chairman
Board of Audit Committee
Johor Corporation

**ENCIK IDHAM JIHADI
BIN ABU BAKAR**

Secretary
Johor Corporation

BOARD OF DIRECTORS' PROFILE



1. YAB DATO' MOHAMED KHALED BIN NORDIN

Chairman, Johor Corporation

Aged 56. He was appointed as the Chairman of Johor Corporation Board of Directors effective 14 May 2013. He holds a Bachelor of Laws (Hons) from Universiti Malaya. He is currently the Chief Minister of Johor.

2. YBHG TAN SRI DR ALI BIN HAMSA

Deputy Chairman, Johor Corporation

Aged 59. He was appointed as a Director of Johor Corporation representing the Federal Government effective 1 November 2009. He was appointed as the Deputy Chairman and an Independent Director of Johor Corporation beginning 1 November 2011. He holds a Philosophy Doctorate (PhD) from Oklahoma State University in 1997, MS (Economics) from Oklahoma State University in 1986, B.A. (Hons) from Universiti Malaya in 1979 and Diploma in Public Management from INTAN in 1980. He is currently the Chief Secretary to the Government of Malaysia, Prime Minister's Office.

3. YB DATO' KAMARUZZAMAN BIN ABU KASSIM

President & Chief Executive, Johor Corporation

Aged 50. He was appointed as the President & Chief Executive and Director of Johor Corporation effective 1 December 2010. He holds a Bachelor of Commerce (Accountancy) from University of Wollongong, New South Wales, Australia in 1987. Prior to that, he had served as the Chief Financial Officer and Chief Operating Officer of Johor Corporation beginning 1 August 2006, before his appointment as the Senior Vice President, Corporate Services & Finance of Johor Corporation beginning 1 January 2010 and Acting President & Chief Executive of Johor Corporation beginning 29 July 2010.

4. YB DATO' HAJI OBET BIN TAWIL

Member, Board of Director

Aged 60. He was appointed as a Director of Johor Corporation representing the State Government effective 14 March 2011. He holds a Bachelor in Economics (Hons) from Universiti Kebangsaan Malaysia. He is currently the State Secretary of Johor.

5. **YB DATO' ISHAK BIN SAHARI**

Member, Board of Director

Aged 52. He was appointed as a Director of Johor Corporation representing the State Government effective 1 January 2014. He holds a Bachelor of Law (Hons) from Universiti Malaya in 1986. He is currently the State Legal Advisor of Johor.

6. **YB TUAN HAJI MARSAN BIN KASSIM**

Member, Board of Director

Aged 59. He was appointed as a Director of Johor Corporation representing the State Government effective 28 June 2011. He holds a Bachelor of Accountancy (Hons) from Universiti Malaya in 1979. He is currently the State Financial Officer of Johor.

7. **YB TUAN HAJI MD JAIS BIN HAJI SARDAY**

Member, Board of Director

Aged 47. He was appointed as an Independent Director of Johor Corporation effective 1 September 2013. He holds a Bachelor of Science from Universiti Malaya. He is currently the Chairman of Johor State Education, Information, Entrepreneur Development and Cooperatives Committee.

8. **YBHG DATO' SITI ZAUYAH
BINTI MD DESA**

Member, Board of Director

Aged 55. She was appointed as a Director of Johor Corporation representing the Federal Government effective 11 March 2013. She graduated with MBA International Banking from the University of Manchester, United Kingdom, BSc (Hons) in Quantity Surveying from University of Reading, United Kingdom and Diploma in Public Administrations from National Institute of Public Administration (INTAN). She is currently the Secretary of Government Investment Company Division, Ministry of Finance.

9. **YBHG DATUK MOHD HASHIM BIN ABDULLAH**

Member, Board of Director

Aged 60. He was appointed as a Director of Johor Corporation representing the Federal Government effective 1 December 2013. He holds a Bachelor of Arts (Hons) South East Asian Studies from Universiti Malaya in 1979, Diploma in Public Administrations from National Institute of Public Administration (INTAN) in 1984 and Masters in Political Science from Universiti Kebangsaan Malaysia in 2001. He is currently the Chief Secretary of the Ministry of Agriculture & Agro-Based Industry.

10. **YBHG DATO' HAFSAH
BINTI HASHIM**

Member, Board of Director

Aged 57. She was appointed as a Director of Johor Corporation representing the Federal Government effective 1 December 2013. She holds a Bachelor in Applied Sciences from Universiti Sains Malaysia and Masters in Business Administration from Aston University, United Kingdom. She is currently the Chief Executive Officer, SME Corporation Malaysia

11. **YBHG ENCIK IZADDEEN
BIN DAUD**

Member, Board of Director

Aged 46. He was appointed as an Independent Director of Johor Corporation effective 1 September 2013. He holds a Bachelor of Science (Hons) Accounting and Law from De Monfort University, Leicester, United Kingdom in 1991 and is currently a Director of Universiti Utara Malaysia and the Chairman of Investment Committee, Universiti Utara Malaysia. He is also a Director of Iskandar Investment Berhad, Permodalan Darul Takzim and Kumpulan Prasarana Rakyat Johor.

12. **ENCIK IDHAM JIHADI
BIN ABU BAKAR**

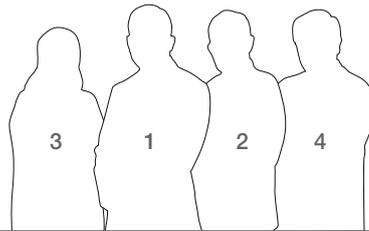
Secretary, Johor Corporation

Aged 47. He was appointed as the Secretary of Johor Corporation effective 19 July 2013. He is a qualified Company Secretary and holds a qualification of Institute of Chartered Secretaries and Administrators (UK). He is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators. He is currently the General Manager of Pro Corporate Management Services Sdn Bhd, a company under Johor Corporation Group of Companies.



YB Dato' Kamaruzzaman Bin Abu Kassim, President & Chief Executive of Johor Corporation signed the Corporate Integrity pledge witnessed by YAB Dato' Mohamed Khaled Bin Nordin, Chief Minister of Johor cum Chairman of Johor Corporation on 26 November 2013 at Persada Johor.

BOARD OF AUDIT COMMITTEE



CHAIRMAN

1. **YBhg Encik Izaddeen Bin Daud**
Independent Director of Johor Corporation

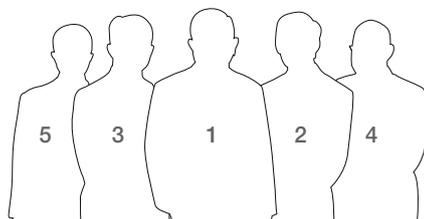
MEMBERS

2. **YBhg Tan Sri Datuk Dr Hadenan Bin A. Jalil**
Independent Member
3. **Puan Hajah Zainah Binti Mustafa**
Independent Member

SECRETARY

4. **Encik Onn Bin Ismail**
Vice President
Compliance & Risk Management Division

BOARD OF TENDER COMMITTEE



CHAIRMAN

1. **YB Dato' Haji Obet Bin Tawil**
State Secretary of Johor

4. **Tuan Haji Zulkifli Bin Ibrahim**
Senior Vice President / Chief Operating Officer

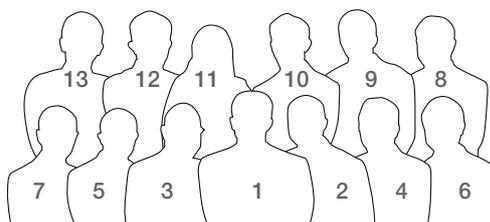
MEMBERS

2. **YB Tuan Haji Marsan Bin Kassim**
State Financial Officer of Johor
3. **YB Dato' Kamaruzzaman Bin Abu Kassim**
President & Chief Executive, Johor Corporation

SECRETARY

5. **Encik Abdul Rahim Bin Mustafa**
Senior Manager
Land Services Department

GROUP TOP MANAGEMENT COMMITTEE (TERAJU)



CHAIRMAN

1. **YB Dato' Kamaruzzaman Bin Abu Kassim**
President & Chief Executive

MEMBERS

2. **Tuan Haji Ahamad Bin Mohamad**
Managing Director
Kulim (Malaysia) Berhad
3. **Tuan Haji Zulkifli Bin Ibrahim**
Senior Vice President /
Chief Operating Officer
4. **Tuan Haji Jamaludin Bin Md Ali**
Executive Director / Vice President,
Business Development
Kulim (Malaysia) Berhad / Chairman of JAWS
5. **Tuan Haji Lukman Bin Haji Abu Bakar**
Managing Director, Johor Land Berhad /
Chief Executive, Property Development Division
6. **Tuan Haji Yusof Bin Rahmat**
Vice President,
Amal Business & Waqaf
Investment Division /
Chief Executive Officer
Waqaf An-Nur Corporation Berhad

7. **Tuan Haji Aminudin Bin Dawam**
Vice President
Property & Business Development Division

8. **Encik Wan Azman Bin Ismail**
Vice President
Special Administration Division

9. **Encik Mohamed Izaham Bin Abdul Rani**
Executive Director
QSR Brands (M) Holdings Sdn Bhd

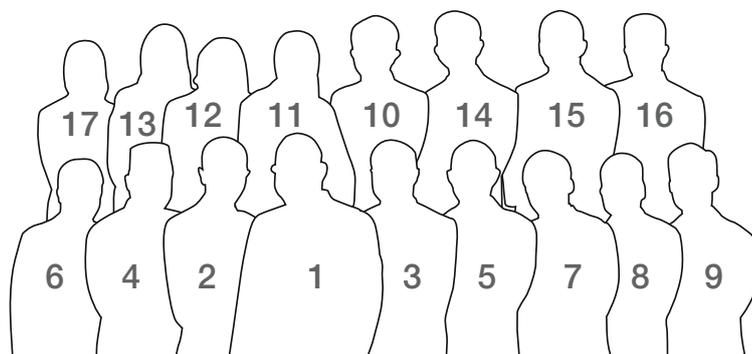
10. **Tuan Haji Amiruddin Bin Abdul Satar**
Managing Director
KPJ Healthcare Berhad

11. **Puan Hajah Azizah Binti Ahmad**
General Manager
Akademi JCorp Sdn Bhd

SECRETARIES

12. **Encik Idham Jihadi Bin Abu Bakar**
General Manager
Pro Corporate Management Services Sdn Bhd
13. **Encik Alfadzilah Bin Haji Mat Aris**
Manager
Office of President & Chief Executive

TERAJU KORPORAT COMMITTEE



CHAIRMAN

- 1. Tuan Haji Zulkifli Bin Ibrahim**
Senior Vice President /
Chief Operating Officer

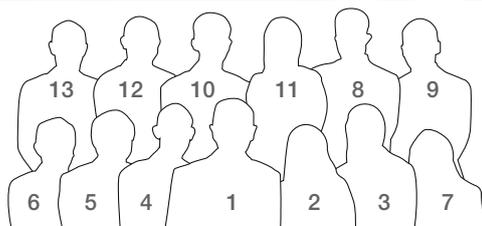
MEMBERS

- 2. Tuan Haji Aminudin Bin Dawam**
Vice President
Property & Business Development Division
- 3. Encik Wan Azman Bin Ismail**
Vice President
Special Administration Division
- 4. Tuan Haji Abdul Rahman Bin Sulaiman**
Executive Director
Kulim (Malaysia) Berhad /
Executive Director
Tanjung Langsat Port Sdn Bhd
- 5. Tuan Haji Ibrahim Bin Abdul Samad**
Managing Director
TPM Technopark Sdn Bhd
- 6. Tuan Haji Yusaini Bin Sidek**
Managing Director
Damansara Reit Managers Sdn Bhd
& Executive Director
Damansara Assets Sdn Bhd
- 7. Encik Mohd Sahir Bin Rahmat**
Vice President (1)
Corporate Services
KPJ Healthcare Berhad
- 8. Tuan Haji Mohd Razif Bin Ab. Rahim**
Senior General Manager
Johor Land Berhad
- 9. Encik Kamaruldzaman Bin Salleh**
Chief Corporate Services
QSR Brands (M) Holdings Sdn Bhd
- 10. Encik Idham Jihadi Bin Abu Bakar**
General Manager /
Pro Corporate Management Services Sdn Bhd
- 11. Puan Wan Su Binti Ali**
General Manager
Legal Department
- 12. Puan Rabiatul Adawiah Binti Adnan**
General Manager
Land Services Department
- 13. Puan Hajah Norishah Binti Mohd Seth**
General Manager
Business & Investment
Waqaf An-Nur Corporation Berhad
- 14. Tuan Haji Bukhari Bin Abd Rahman**
General Manager
Business Development Department /
Relationship & Corporate
Communications Department
- 15. Encik Mohd Bahrin Bin Bakri**
Deputy General Manager
Finance Department

SECRETARIES

- 16. Encik Jamalludin Bin Kalam**
Deputy General Manager
Pro Corporate Management Services Sdn Bhd
- 17. Puan Rashidah Binti Md Daud**
Executive
Office of President & Chief Executive

EXECUTIVE COMMITTEE (EXCO)



CHAIRMAN

1. **Tuan Haji Aminudin Bin Dawam**
Vice President
Property & Business Development Division

DEPUTY CHAIRMAN

2. **Puan Hajah Azizah Binti Ahmad**
General Manager
Akademi JCorp Sdn Bhd

MEMBERS

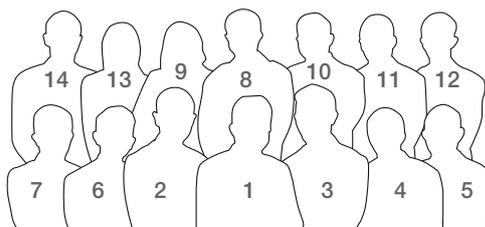
3. **Puan Wan Su Binti Ali**
General Manager
Legal Department
4. **Encik Md Zin Bin Md Yasin**
General Manager
Damansara Assets Sdn Bhd
5. **Tuan Haji Rosdi Bin Yaacub**
General Manager
TPM Technopark Sdn Bhd
6. **Encik Razman Bin Radzi**
General Manager
Human Capital Development Department
7. **Puan Rabiatal Adawiah Binti Adnan**
General Manager
Land Services Department

8. **Encik Jamalludin Bin Kalam**
Deputy General Manager
Pro Corporate Management Services Sdn Bhd
9. **Encik Mohd Bahrin Bin Bakri**
Deputy General Manager
Finance Department
10. **Encik Md Faizal Bin Abdullah**
Deputy General Manager
Corporate Strategy &
Corporate Finance Department
11. **Cik Narimah Binti Abdullah**
Deputy General Manager /
Special Officer to
Senior Vice President /
Chief Operating Officer
12. **Tuan Haji Mohd Hanizam Bin Abdul Aziz**
Manager
Waqaf An-Nur Corporation Berhad

SECRETARY

13. **Encik Muhammad Ashraf Bin Mohd Yunus**
Executive
Office of President & Chief Executive

INVESTMENT REVIEW COMMITTEE (JAWS)



CHAIRMAN

1. **Tuan Haji Jamaludin Bin Md Ali**
Executive Director /
Vice President, Business Development
Kulim (Malaysia) Berhad

MEMBERS

2. **Tuan Haji Aminudin Bin Dawam**
Vice President
Property & Business Development Division
3. **Tuan Haji Amiruddin Bin Abdul Satar**
Managing Director
KPJ Healthcare Berhad
4. **Encik Mohamed Izaham Bin Abdul Rani**
Executive Director
QSR Brands (M) Holdings Sdn Bhd
5. **Tuan Haji Ibrahim Bin Abdul Samad**
Managing Director
TPM Technopark Sdn Bhd
6. **Tuan Haji Bukhari Bin Abd Rahman**
General Manager
Business Development Department /
Relationship & Corporate
Communications Department
7. **Encik Idham Jihadi Bin Abu Bakar**
General Manager
Pro Corporate Management Services Sdn Bhd

8. **Tuan Haji Ja'apar Bin Samat**
Chairman
JCorp Intrapreneur (M) Berhad
9. **Puan Rabiatul Adawiah Binti Adnan**
General Manager
Land Services Department
10. **Encik Abdul Shukor Bin Abdullah**
General Manager
Kulim (Malaysia) Berhad
11. **Encik Mohd Bahrin Bin Bakri**
Deputy General Manager
Finance Department
12. **Encik Md Faizal Bin Abdullah**
Deputy General Manager
Corporate Strategy &
Corporate Finance Department
13. **Puan Hajah Andek Noor Hidayah
Binti Bachok**
Deputy Manager
Legal Department

SECRETARY

14. **Encik Muhammad Ashraf Bin Mohd Yunus**
Executive
Office of President & Chief Executive

FINANCIAL HIGHLIGHTS 2008-2013

REVENUE (GROUP)



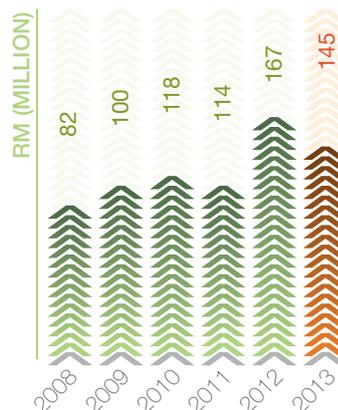
REVENUE (JCORP)



PROFIT BEFORE TAX (GROUP)



PROFIT BEFORE TAX (JCORP)



PROFIT AFTER TAX (GROUP)



PROFIT AFTER TAX (JCORP)



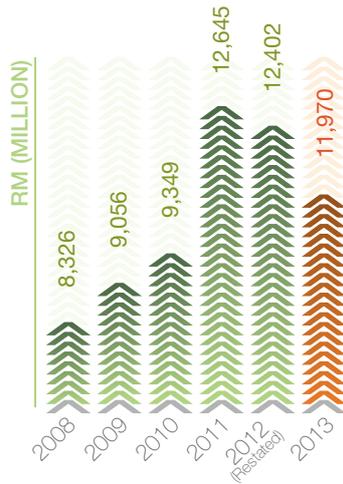
TOTAL ASSETS (GROUP)



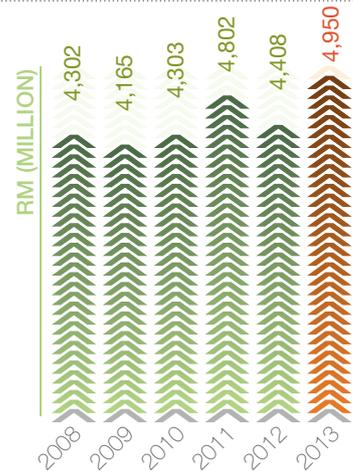
TOTAL ASSETS (JCORP)



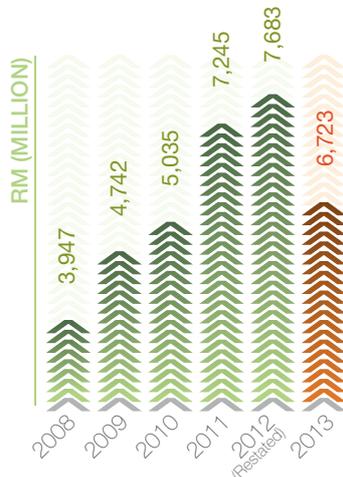
TOTAL LIABILITIES (GROUP)



TOTAL LIABILITIES (JCORP)



TOTAL EQUITIES (GROUP)



TOTAL EQUITIES (JCORP)



2013 ECONOMIC REVIEW

In reality, 2013 was another challenging year for the local economy as a consequence of the financial crisis and hence had to succumb to slower growth of 4.7 percent as reported by the Bank Negara Malaysia (BNM). Although it was within the monetary authority's projection of between 4.5 to 5 percent, the growth was significantly lower than 5.6 percent achieved in 2012. The slower growth coincided with the lethargic global growth and substantiated the vulnerability of local economy to global predicaments.

Simultaneously, Malaysia continued to rely on domestic demand and consumption. Fitch Ratings' downgrade of Malaysia's sovereign credit rating outlook was another significant issue that exacerbated worries over the country's fiscal condition. But the decisions to implement subsidy rationalisation plan through fuel price hike, higher electricity tariff and removal of sugar subsidy mitigated the underlying concerns. The actions also eased pressure on Ringgit Malaysia.

In addition, the reversal in capital flows drove volatility in the emerging currency markets and the Malaysian Ringgit was also dragged into the commotion. Nevertheless, the local currency was not as badly hit as the Indonesian Rupiah and Indian Rupee as both underlying economies suffered huge current account deficits.

In the United States, the consideration by the Federal Reserve to taper its bond-buying programme widely known as quantitative easing (QE) sent jitters to the emerging economies. Subsequently, the political deadlock in the country over the nation's budget and the extensively debated debt ceiling issue also undermined the growth prospects of the world's biggest economy and may have caused ripple effects to the rest of the world.

Moreover, the expectation of slower growth in China as the world's second biggest economy took steps to tighten its monetary policy and simultaneously curb aggressive expansion in its loan growth was another cause for concern notably to the economies in the Asian Region.

ECONOMIC PROSPECTS

The Malaysian economy is expected to achieve higher growth of between 5 to 5.5 percent in 2014. Nevertheless, it is still threatened by the risk of lower global growth and possibly, the nation's growth target is not achievable.

Simultaneously, the nation's fiscal health will continue to be a major concern. Even though, Malaysia's fiscal deficit has been trimmed to 3.9 percent of gross domestic product in 2013 from 4.5 percent in 2012, the risk of deteriorating credit conditions that leads to credit-rating downgrades shall not be ruled out.

The escalating cost of doing business does not do the economy any favors as well. Thus, it is crucial for the local economy to be broad-based, as not to be banking extensively on local impetus and must gather strength in its export market, in view of recovery in the developed nations to gain the extra edge.

The risk of slower global growth resulting in sluggish local economy clearly means challenging business environment for a conglomerate like Johor Corporation (JCorp). The core businesses of JCorp notably its plantation and specialist healthcare divisions that deal with both local and overseas markets make the conglomerate more susceptible to global shocks and broader risks.



Thus, initiatives to embark on innovative, high-value and prudent business ventures to gain the competitive advantage in this difficult business conditions will be crucial to any business entity including JCorp.

Prudent business operations and wise business judgment in ensuring that operational cost is handled effectively augurs well for the growing-concern of the conglomerate. This is in line with the government's aim to improve the country's fiscal condition through its subsidy reforms and prudent spending.

Nevertheless, in Johor where JCorp has established its presence, the recognition of the state as the most preferred investment destination in Malaysia with investment value of RM14.4 billion in the manufacturing sector may continue to support business opportunities for the conglomerate. The multiplier effects from this favorable investment climate benefit the economy of JCorp as a whole.

PLANTATION SECTOR



Kulim is pleased to report another exciting year for the sector. Lower commodity prices in 2013, costs pressures plus inclement weather in Papua New Guinea (PNG) were translated into a challenging economic environment. Additionally, the deemed disposal of the Foods and Restaurants business by Kulim resulted in lower turnover and zero contribution to Kulim Group's operating results for the financial year ended 31 December 2013. These developments however become the impetus for a new zest for expansion in familiar fields as well as serious and deliberate planning for new businesses.

Thus, 2013 witnessed Kulim renewing its long standing association with PT Graha Sumber Berkah (PT GSB). A Memorandum of Understanding (MoU) and a Conditional Sales and Purchase Agreement (CSPA) was signed on 3 October 2013 with PT GSB for the acquisition of up to 75 percent of the equity in PT Wisesa Inspirasi Nusantara (PT WIN). This event marks an important milestone that will see Kulim re-entering Indonesia's plantation sector, in North Barito, Central Kalimantan, expanding Kulim's land bank by approximately 40,000 hectares.

Equally significant, the MoU evidenced the intention of the parties to participate in a joint venture in the thriving Oil & Gas (O&G) sector in Indonesia.

2013 also saw Kulim embarking on an exercise to re-establish its absolute majority in the equity of New Britain Palm Oil Limited (NBPOL). Kulim launched in June 2013 a Proposed Partial Offer to add to its existing 48.97 percent shareholding, an additional 20 percent of NBPOL equity at GBP5.50

per NBPOL share. However, the exercise was aborted due to an unexpected change in the law and regulations in PNG.

Pursuant to FRS 10: Consolidated Financial Statements, NBPOL has been re-consolidated as a subsidiary in 2013.

Kulim's Intrapreneur Ventures (IV) has returned a satisfactory performance in 2013, as a result of streamlining of various businesses under the IV Division. Kulim anticipates the IV outfit, E.A. Technique (M) Berhad (formerly known as E.A. Technique (M) Sdn Bhd) (EATech) to be listed on the main market of Bursa Malaysia in the third quarter of 2014.

ESTABLISHMENT OF EMPLOYEES SHARE OPTION SCHEME (ESOS)

To retain and reward its employees, a 5-year ESOS was successfully launched by Kulim and approved by its shareholders in 2013. In the establishment of the ESOS, Kulim took the seldom-used option of granting the same to Non-Executive Directors in recognition of their stewardship of Kulim Group. The exercise price has been fixed at RM3.05 per share throughout the 5-year tenure from 31 December 2013 to 30 December 2018.

AWARDS AND RECOGNITION

Kulim is delighted for its Annual Report 2012 to be selected as the winner of National Annual Corporate Report Awards (NACRA) 2013 under the Main Board Companies – Plantations and Mining category. This is the 6th consecutive year that Kulim has won the award under its industry sector category. Kulim's Annual Report 2012 and Sustainability Report 2010/2011 were also shortlisted for the ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2013. Kulim acknowledges that the awards pose as a challenge to continuously do better.

SUSTAINABILITY ACHIEVEMENT

Kulim recognises that sustainability provides an opportunity to change the way it operates its business. Kulim is looking forward to the sector's forthcoming expansion into Kalimantan, Indonesia to open up fresh areas for new planting, and the opportunity to embrace the challenge of complying with two new sets of sustainability requirements, the standards for New Planting Procedures under RSPO as well as sustainability criteria under the Indonesian Sustainable Palm Oil System (ISPO). Kulim is confident that compliance to these new requirements will be smoothly integrated into the sector's existing systems.

Kulim's estates in Malaysia and the Nexsol plant have undergone audits for the International Sustainability and Carbon Certification (ISCC) to demonstrate compliance with European and German requirements for sustainable biomass and bioenergy production. Kulim successfully obtained certifications on 2 February 2014 and 18 December 2013 respectively.

Kulim chalked up another important milestone in its sustainability journey when it produced its first Carbon Footprint Report in November 2013. Reported in accordance with RSPO GHG Beta Version 1a guidelines, the report made Kulim the first Malaysian plantation company in the world to have published a Carbon Footprint Report in the RSPO-recognised format.



NBPOL's operations in PNG and the Solomon Islands (SI) have been 100 percent RSPO-certified since the end of 2012. In 2013, NBPOL took sustainability attainment to the next level when it became a founding member of the Palm Oil Innovation Group, an initiative supported by organisations such as Greenpeace, WWF and Rainforest Action Network. Furthermore, for the second consecutive year, NBPOL was named sector leader for agricultural products in the Carbon Disclosure Project's (CDP) annual forest footprint benchmark, an investor-led initiative mapping companies' policies and exposure to deforestation.

To increase the awareness of its natural heritage, Kulim Wildlife Defenders (KWD) was formed in 2008. With the objective to prevent poaching and at the same time providing educational support for wildlife conservation; KWD has been involved with numerous wildlife awareness programmes especially for younger generation since its inception. The profile of KWD received a huge boost when HRH Raja Zarith Sofiah accepted its invitation to be the Patron of the 'Raja Zarith Sofiah Wildlife Defenders Challenge 2013', which was launched in August 2013. The objective of the programme is for students of all levels of educational institution across Johor to develop a campaign to increase awareness of wildlife conservation at their respective institutions. Winners of the respective categories are due to be announced in June 2014.

However, sustainability is more than just the physical environment. On another note, Kulim is extremely proud that in a sport that it supports, the team that represents its Club, the Johor Clay Target Shooting Association has set several national records for Double Trap as well as winning medals for the country. One of its members, Benjamin Khor has been nominated by the National Shooting Association of Malaysia (NSAM) for the National Sportsman of the Year Award.

SEGMENT HIGHLIGHTS

Plantation

The sector's Fresh Fruit Bunch (FFB) production edged up 0.5 percent to 2,425,029 tonnes with a better performance in Malaysia offset by a decline in PNG and SI. However, the sector's Crude Palm Oil (CPO) production declined by 0.2 percent to 742,637 tonnes following the lease of Tunjuk Laut Palm Oil Mill to an external party effective October 2013. The sector remains



committed toward achieving its productivity target of raising fruit yields and palm product extraction rates to 30 tonnes per hectare and 30 percent per tonne of FFB respectively.

The sector has taken proactive measures to speed up the implementation of mechanisation to reduce dependency on manual labour for field work particularly for FFB harvesting and crop evacuation. For operations in Malaysia, a Mechanisation Committee has been reformed and tasked to facilitate and evaluate any new mechanised innovation and technology implementation whether derived, invented or initiated in-house or from outside the sector, and will monitor performance towards achieving targeted coverage, productivity and cost parameters. Additionally, the provision of a more conducive working environment including better employee income, amenities and facilities will indirectly bear influence on improving yields.

Plantation in Malaysia

Plantation in Malaysia recorded a 12.55 percent increase in FFB production from 825,301 tonnes in 2012 to 928,882 tonnes in 2013. The yield per hectare has also shown a significant increase from 20.45 tonnes in 2012 to 21.60 tonnes in 2013 as a result of continuous efforts made by the estates to enhance their agricultural practices especially on manuring and field upkeep plus maintaining a stable workforce during the year.

Kulim's performance was higher than the average yield achieved by the industry in Johor and Peninsular Malaysia in 2013, which were 19.49 tonnes and 19.26 tonnes respectively. The increase in prime area has also contributed

to this better yield achievement as a result of the progressive replanting programme carried out to replace older palms. In contrast, the average FFB yield for the whole country (inclusive of Peninsular Malaysia, Sabah and Sarawak) increased to 19.02 tonnes per hectare from 18.89 tonnes in 2012.

Total CPO production from the Malaysian operations was 280,577 tonnes in 2013, some 11.7 percent higher than the 251,286 tonnes in the prior year with 12.7 percent higher FFB processed from both division estates and external FFB suppliers. Palm Kernel (PK) production was 77,900 tonnes, an increase of 10.1 percent from the 70,762 tonnes in 2012. For the Malaysian operation, the Oil Extraction Rate (OER) however decreased from 20.39 percent to 20.20 percent whilst the Kernel Extraction Rate (KER) recorded a dip from 5.74 percent in 2012 to 5.61 percent. However, Kulim is still ahead of the industry's averages in Peninsular Malaysia of 19.86 percent and 5.53 percent, respectively.



Plantation in PNG and SI

In 2013, FFB production from NBPOL estates was 1,496,146 tonnes, some 5.81 percent lower than the volume in 2012 of 1,588,486 tonnes. Adverse weather conditions once again affected harvesting and crop movements in the first half of the year, and in line with oil palm plantations in the wider South East Asian region, NBPOL experienced a biological drop in yield which was especially pronounced in the second half of the year. As a result, yields per hectare dropped 9 percent from 23.8 tonnes in 2012 to 21.7 tonnes in 2013.

Whilst the FFB yield results were mixed in 2013, improvements were made to road and drainage infrastructure in the second half of the year. Harvesting rounds were well under control at the end of the year, and NBPOL is well positioned as it moves into 2014 when yields are expected to normalise during the course of the year.

The wet weather affected extraction rates with 507,855 tonnes of palm products (CPO and palm kernel oil) produced from NBPOL's 12 oil mills, representing a reduction of 7 percent from the 545,207 tonnes produced in 2012. The CPO extraction rate improved in the second half of the year, rising from an average 21.98 percent from January to June to 22.45 percent from July to December. In 2013, NBPOL achieved an average palm product extraction rate of 27.5 percent, down marginally from the 27.59 percent achieved in 2012.



Intrapreneur Ventures

For the IV segment as a whole, revenue rose by 21.7 percent from RM168 million to RM204.4 million in 2013 while operating profit increased from RM23.8 million to RM45.5 million. Kulim's ship-owning subsidiary EATech was the mainstay of the segment contributing 47 percent and 85 percent respectively to the segment's revenue and operating profit.

EATech's largest vessel, the 40,000 dwt M.T. Nautica Muar underwent refurbishment and conversion into a floating storage unit (FSU) during the year. It commenced operations in September 2013 after the delivery to Kayu Manis Oilfield in Bintulu, Sarawak. Today, EATech has a fleet carrying capacity of more than 84,000 dwt.

EATech has also recently secured a RM260 million contract to build, operate and charter out six units of Z-Peller harbour tugboats to Northport (Malaysia) Bhd (Northport) over a period of 10 years. The contract distinguishes EATech as the first local supplier of such specialised vessels to Northport after the company emerged as the most competitive bidder on open tender from amongst both local and international suppliers.

Other performers in this segment include Edaran Badang Sdn Bhd with sales of RM28.5 million and PBT of RM1.73 million, Kulim Nursery Sdn Bhd transforming a loss of RM4.8 million in 2012 into a RM2.16 million profit in 2013 as well as maiden contribution from Danamin (M) Sdn Bhd, the newly-acquired subsidiary which was consolidated into the Group effective 1 July 2013.

However, certain IV companies are still underperformed. These are either being rehabilitated, sold or ceased operations.

PROSPECTS AND PLANS

Outlook of Palm Oil Industry and Group Production

CPO is expected to continue to be the leading vegetable oil commodity in the world. Its relatively lower cost of production and proven nutrient value guarantee its prominent position in the world market. From a global perspective, production growth was lower than market expectations in the major oil palm growing region, and there was a clear biological yield reduction induced by yield cycle factors. Alternative vegetable oils supply was strong in 2013 resulting in a narrowing of the CPO discount to soy oil from approximately USD300 per tonne to USD60 per tonne. Supply concerns for soy beans due to recent hot weather has been much publicised, so the outlook for palm oil demand remains robust with the strengthening of the global economy and mandatory biodiesel implementation by the world's two biggest palm oil producers, Indonesia and Malaysia, bodes well for future pricing.

Looking at the outlook for production in 2014 for the sector, weather conditions are expected to be a key factor in the supply equation of palm oil. The impact of the recent El-Nino phenomenon experienced by the Malaysian plantations in the first quarter of 2014 is expected to continue to be felt in mid-2014.

The anticipated onslaught of EL-Nino would have a negative impact on oil palm production, and Kulim expects the FFB production for 2014 to be correspondingly affected by the anticipated lower production in the second half of 2014.



Expansion of Oil Palm Plantation in Indonesia

Steps were taken during the year to expand the sector's land bank in Indonesia. Following the completion of CSPA with PT GSB to acquire 74 percent equity in PT WIN on 14 February 2014, the focus now is on the on-going programmes to facilitate "land release" towards securing Hak Guna Usaha (HGU) that includes identifying the extent of land use for compensation.

The target planting for 2014 is 500 hectares. The first 500 hectares of land clearing for a new planting programme together with the setup of 80 hectares of oil palm nursery is expected to commence in the third quarter of 2014. Thereafter, Kulim is looking to accelerate the new planting programme to between 5,000 to 7,000 hectares per annum in subsequent years.

The new areas secured in Indonesia will be key to achieving the rate of growth for the Plantation segment. Palm oil output in Indonesia is expected to grow by up to 6 percent to 28.5 million tonnes in 2014 and global prices should also rise as the world economy recovers to an average of USD850 to USD950, supported by a recovery in global economic conditions and higher Indonesian demand due to new biodiesel regulations. The favourable conditions for plantations in Indonesia make that country the best prospect for the future expansion of the sector's upstream activities in the palm oil industry. As Kulim expands its oil palm hectareage, it remains resolutely focused on managing its cost of production to maximise margins and profitability, while at the same time abiding by the principles of sustainability.

Entering a New Dimension – the O&G Sector

Under the terms of the MoU signed with PT GSB on 3 October 2013, Kulim together with PT GSB will explore strategies to take advantage of the Indonesian government's decision to liberate the O&G sector by the offering of O&G blocks to foreign investors. To safeguard the interest of all stakeholders, any investment will be subject to careful deliberation and certification of proven reserves from a reputable O&G consultant as this proposed investment is new to the sector. However, Kulim is confident of growing this segment into another major earner for the sector just as the successes of its venture into the new field of oleo chemicals and previously the Pizza Hut and KFC franchises.

Continued Focus on Cost Management and Value Addition

2013 has been a challenging year for the sector with stagnant revenues owing to the low CPO price, rising operating costs and NBPOL's operations in PNG and SI that were affected by adverse foreign exchange fluctuations and extreme weather conditions.



Steps will continue to be taken to reduce costs and ensure production maximisation. Indeed a special coordination team has been tasked to review various aspects of cash reduction in order to bring about a cost efficient production and operation. Kulim is indeed excited to use its learnings in managing fast food business and its attendant requirement for super-fast response and amalgamate it with the longer term perspective of the oil palm industry.

One of the initiatives taken to meet its commitment to reduce its carbon foot print and simultaneously energy cost was the introduction of biogas plants at sector's mills. The biogas plant at Sedenak Palm Oil Mill is expected to reach full completion in June 2014. This will be the first biogas plant commissioned for the sector's Malaysian operation.

As a responsible corporate entity heeding growing concerns over environmental issues, especially with regard to effluent discharge quality, Kulim together with the Malaysian Palm Oil Board (MPOB) is constructing a tertiary plant which will be attached to a biogas plant at Sindora Palm Oil Mill. This project will reduce the Biological Oxygen Demand (BOD) level to below 50 ppm as per the requirement by the Department of Environment, Malaysia. Subject to the stability of power generation by the new biogas plant, further value-added downstream processing activities including palm oil recovery plant from palm fibres and bottling of bioCNG (compressed natural gas) are also being explored and evaluated.

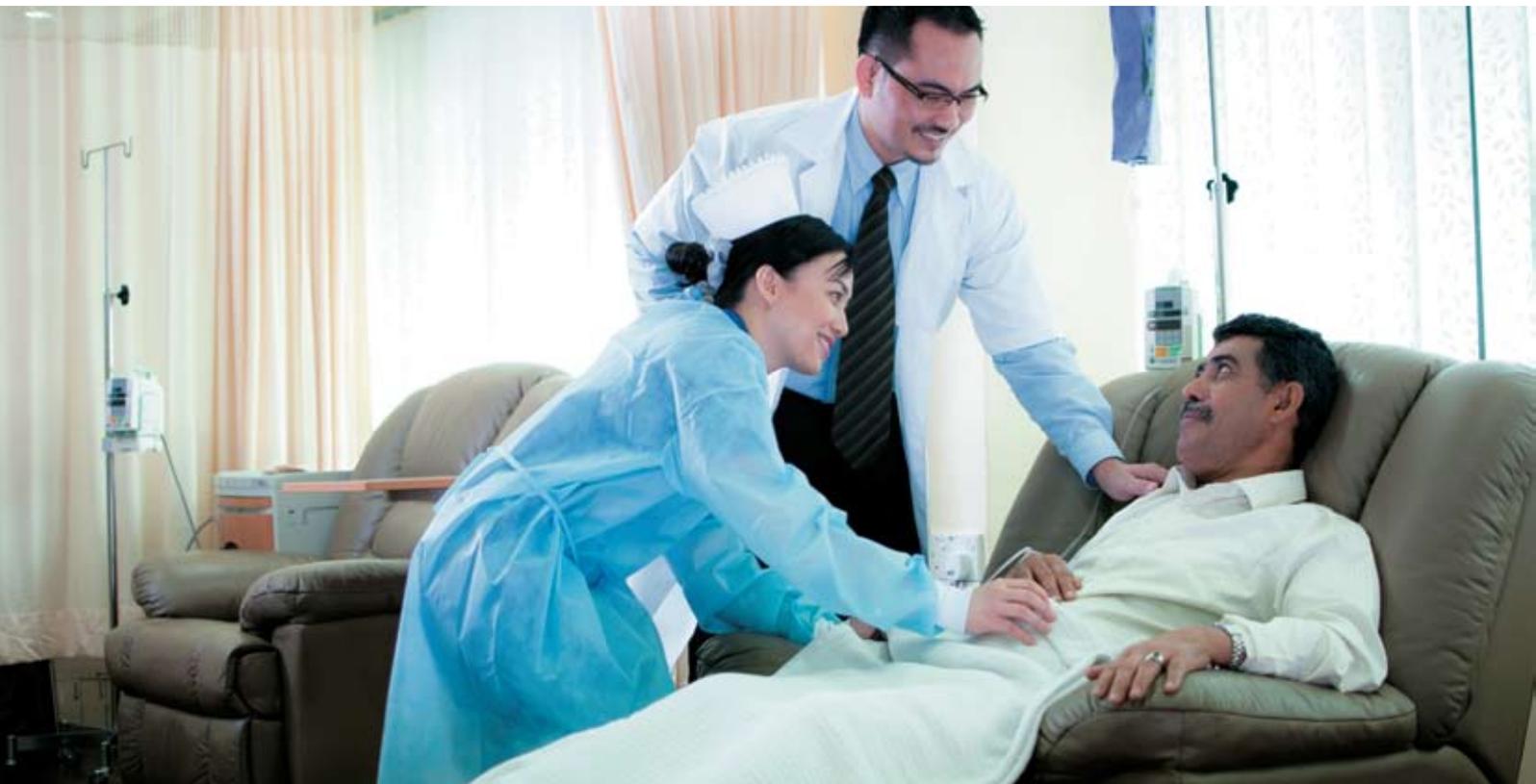
Two other biogas plants will be constructed at Sindora Palm Oil Mill and Pasir Panjang Palm Oil Mill respectively in 2014 and are expected to be completed in 2015.

Food Security

Agriculture is the key component of Malaysia's food security and self-sufficiency plans for the future. To meet agricultural productivity challenges, public and private sectors must work together to achieve sustainable solutions for food security. In recent years, Kulim has taken an increasing interest in helping to address the issue of national food security. Kulim views the plantation of food crops and cattle rearing in Malaysia as part of the sector's promise of corporate responsibility and commitments. As its contribution to achieving national food security, Kulim currently cultivates approximately 166 hectares of pineapple, 12 hectares of corn and owns about 5,900 heads of cattle.



SPECIALIST HEALTHCARE SECTOR



For 33 years, KPJ Healthcare Berhad (KPJ) has been providing the nation with the highest quality healthcare, innovative medical technology and experienced medical consultants. KPJ also provides, via its education arm, KPJ University College, quality training of healthcare professionals. As Malaysia's leading provider of private healthcare services, KPJ assiduously strives to ensure its mission to "deliver quality healthcare services" is achieved.

The year 2013 saw KPJ sustaining its efforts within the increasingly challenging macro-economic environment to further grow its business and seize new opportunities. The primary aim is to consistently deliver long-term value for both the patients and stakeholders without sacrificing KPJ's core values which are safety, courtesy, integrity, professionalism and continuous improvement.

KPJ Group is confident of the healthcare industry's resilience and potential, although the market will remain challenging for the foreseeable future. 2013 witnessed KPJ continuing its significant investments in projects with guaranteed long term value to its shareholders. To fully leverage on the industry's opportunities, KPJ has undertaken a bold agenda, focusing on continuous strategic growth primarily centered on the expansion of the Group's hospital business both at home and abroad.

With the relocation of KPJ Group Headquarters to Menara 238 in December 2012, KPJ hospitals and subsidiaries can now obtain support and advice more effectively since both KPJ's management and support services are centrally located under one roof. This strategic move will enhance better delivery of service to the patients in line with its motto to "Care for Life". Two new hospitals were welcomed into the Group in 2013, namely the

purpose-built KPJ Pasir Gudang Specialist Hospital in Johor and the acquired Seri Manjung Specialist Centre in Perak. These additional hospitals will help to strengthen the Group's presence in the Malaysian healthcare industry.

In order to cater to the increasing demand, KPJ Sabah Specialist Hospital was relocated to its new building by the end of 2013. The new facility is equipped with improved and wider range of facilities and services. KPJ Sabah offers general services, medical, surgery, orthopaedic, obstetrics & gynaecology, ear, nose & throat, paediatric, ophthalmology, anaesthesiology, and radiology. This hospital, upon its full operation, will boast off 250 beds and 86 medical consultant suites. The RM200 million hospital started operating in December 2013.



Rawang Specialist Hospital, another new hospital in the Group, will be opened in the second quarter of 2014. It will be serving the surrounding townships of Kuala Kubu Bharu, Bukit Beruntung, Batang Berjuntai, Sungai Choh, Selayang and as far as Tanjung Malim, Perak and Tanjung Karang, Selangor. With the opening of Rawang Specialist Hospital, the surrounding communities can have access to private specialist treatment on its doorstep. Currently, the nearest private specialist hospital is KPJ Tawakkal Specialist Hospital which is 30 kilometres away.

KPJ is also working to launch the Bandar Maharani Specialist Hospital in Muar, Johor in the first half of 2014. This project kick-started in 2009 when KPJ acquired a partially completed 7-storey building in Jalan Stadium, Muar. Upon its full operation, Bandar Maharani Specialist Hospital will have 120 beds and 20 medical consultant suites.

Financial Milestones

As at 31st December 2013, KPJ Group's revenue increased by 11 percent to record RM2.33 billion compared to RM2.10 billion in 2012. This growth was mainly attributable to the increased contributions from existing hospitals and also the added contributions from the newly opened hospitals.

Support services such as Pharmaserv Alliances Sdn Bhd (central and bulk purchase company), Lablink Sdn Bhd as well as intrapreneurs and other subsidiaries also contributed positively to the Group's 2013 performance.

Despite the positive growth, the Group recorded a marginally lower profit before tax for the same period, with a fall of 19 percent, i.e. RM158 million compared to RM196 million in 2012. This was partly due to high operational costs due to the opening of new hospitals in the past 3 years.

Rising Patients Confidence from Quality Professional Services

The inclusion of new hospitals into the Group has led to an increase in the number of patients. This, coupled with the confidence the existing patients have in the level of services rendered by the physicians, has

contributed to positive increases in the number of patients seen at KPJ hospitals. KPJ continues to reinforce its reputation as destination hospitals which attracts patients, physicians and staff from near and far.

The strategically located new hospitals, the continued improvement to existing facilities and services as well as aggressive marketing and promotional activities contributed to the rise in patient numbers. The further strengthening of KPJ's relationship with corporate clients and insurers, major supporters of KPJ hospitals, also played an important role in improving the patient's load.

The Group registered a total of 261,697 inpatients in 2013, a growth of 4.7 percent from 2012. There were also an increase in the number of surgical cases in 2013 with a growth of 2.8 percent to 89,567 cases.

KPJ's unceasing commitment to quality and compassionate care has also attracted many local and foreign patients from all over the globe, further aided by aggressive business strategies to enhance its position as a major healthcare service provider.

KPJ's medical consultants and professionals provide continuous commitment to quality service, compassionate care and patient's safety. These elements play significant roles in ensuring high patient's confidence and loyalty. The team works hard to ensure that all patients receive safe treatment and procedures that give the best clinical outcome.



International Presence

In November 2013, KPJ also signed an agreement with Sheikh Mujibur Rahman Memorial Trust to lease and operate the 250-bedded Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital. A qualified and experienced team of hospital managers, comprising the Chief Executive Officer, Chief Financial Officer and Chief Nursing Officer are stationed in Dhaka to operate the said hospital. The Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital is targeted to receive its first patient by the second quarter of 2014.

Quality and Safety

KPJ added several feathers in its hat in 2013, when more of its hospitals received accreditation status. In 2013, KPJ Puteri joined 12 other KPJ Hospitals which had achieved their accreditation from the Malaysian Society for Quality in Health (MSQH).

In addition, four KPJ Hospitals have been awarded the accreditation by the Joint Commission International (JCI), whereby KPJ Penang and KPJ Johor were the latest KPJ hospitals to receive such recognition. They join the ranks of two other KPJ hospitals - KPJ Ampang Puteri and KPJ Seremban - which received their accreditation from the JCI in 2012.

Acknowledgement and Recognition

Many accomplishments and success have been achieved by KPJ including a recognition from Frost & Sullivan as the Healthcare Service Provider of the Year at the 2013 Frost & Sullivan Excellence Awards. KPJ was also awarded the BrandLaureate Awards Corporate Branding for Best Brands in Healthcare by The Asia Pacific Brands Foundation. Other awards won in 2013 are Best Managed Company Awards in Best Small Cap Company category by the AsiaMoney, as well as Global Excellence In Management Awards - Excellence in Healthcare Management by the Malaysia Institute of Management.

KPJ Healthcare University College (KPJUC)

KPJ's education arm and wholly-owned subsidiary, KPJ Healthcare University College (KPJUC) has continued to make inroads in the field of healthcare education, primarily through the introduction of specialist medical programmes. In 2013, KPJUC obtained approval for its Masters in Paediatrics Programme (commencing June 2014), and is currently awaiting approval for its Masters in Orthopaedic and Masters in Radiology Programmes. KPJUC is also innovatively considering to incorporate Masters in Gerontology Programme for geriatric specialists.

Corporate Social Responsibility

KPJ has also touched the lives of many others through the Waqaf An-Nur Clinic (KWAN) initiative, serving more than 900,000 patients since the inception of the first of 19 charity clinics throughout Malaysia. It also operates Hospital Waqaf An-Nur Pasir Gudang in Johor.

KPJ is also extending its care to the underprivileged dialysis patients in Kuala Lumpur through a special arrangement with the TSM Charity Foundation via an agreement executed in 2012 whereby KPJ's Tawakkal Health Centre will provide management and professional manpower support to manage the TSM Charity Dialysis Centre which is located within the vicinity of Tasik Titivangsa in Kuala Lumpur.



AL-'AQAR HEALTHCARE REIT

Al-'Aqar Healthcare REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 August 2006. Al-'Aqar Healthcare REIT has set many milestones, amongst others, the world's first listed Islamic REIT, Asia's first Islamic Healthcare REIT and a benchmark for the development of Islamic REITs in Malaysia, as well as in the region. As at 31 December 2013, Al-'Aqar Healthcare REIT's asset size stood at RM1.48 billion with a market capitalisation of RM926 million.

Al-'Aqar Healthcare REIT is managed by Damansara REIT Managers Sdn Bhd (the Manager), a wholly-owned subsidiary of Johor Corporation. Al-'Aqar Healthcare REIT was established with an initial portfolio of 6 assets and has since grown to 25 assets comprising 21 hospitals and 4 healthcare related properties spanning across Malaysia, Indonesia and Australia.

Al-'Aqar Healthcare REIT's key investment objective is to provide unitholders with stable distributions per unit with the potential for sustainable long-term growth of such distributions and the net asset value (NAV) per unit.

FINANCIAL REVIEW

Al-'Aqar Healthcare REIT registered gross revenue of RM107.4 million in FY2013 compared to RM103.4 million in FY2012, representing an increase of 3.9 percent. Net realised income for the Fund grew 4.2 percent to RM54.8 million in FY2013 from RM52.6 million in FY2012.

The Fund's Management Expense Ratio (MER) of 0.26 percent (FY2012: 0.27 percent) is among the lowest in the M-REITs in the market. Distribution yield has compressed slightly from 6.05 percent to 5.90 percent with the increase in price from RM1.29 as at 31 December 2012 to RM1.33 as at 31 December 2013. NAV per unit was RM1.18, an increase of 2.6 percent from FY2012 arising from revaluation of the assets.

Al-'Aqar has announced the final income distribution of 3.99 sen per unit in respect of the financial year ended 31 December 2013, together with the interim income distribution of 3.86 sen per unit on 25 October 2013 bringing the total distribution per unit (DPU) in 2013 to 7.85 sen.

PROPERTY REVIEW

Asset Enhancement Initiatives

During the financial year, Al-'Aqar undertook asset enhancement initiatives worth RM3.7 million which comprised total replacement of certain assets and repainting works. On the lease expiry profile, the percentage of properties due for renewal is at a manageable level. The tenancies are three-year tenancies with renewal option for another three-year term. Although most of the properties are set for renewal for the next 2 years, the Manager does not foresee any interruption in lease payments as the leases will keep the existing rental structure until a new rental rate has been agreed upon by both Al-'Aqar and KPJ Healthcare.

CAPITAL MANAGEMENT INITIATIVE

During the financial year, the Manager via its special purpose vehicle, Al-'Aqar Capital Sdn Bhd established a 15-year Islamic Medium Term Notes Sukuk Ijarah Programme of up to RM1.0 billion in nominal value. The successful issuance of RM655 million 5-Year Sukuk under Issue 1 was issued via the First



Tranche of RM374 million on 6 May 2013 and the Second Tranche of RM281 million on 5 August 2013.

The proceeds from the issuance were to refinance the then existing financial commitments, acquisitions of future assets as well as for the working capital requirements.

PROSPECT OF AL-'AQAR HEALTHCARE REIT

Despite challenging economic environment, Al-'Aqar has consistently demonstrated its ability to succeed against this backdrop. The Manager sees exciting growth opportunities as healthcare industry is expected to remain steady and buoyant beyond the next decades. With few hospitals of KPJ Healthcare Bhd in the development pipeline, the prospect of Al-'Aqar looks healthy and promising.

Besides acquiring assets from KPJ, Al-'Aqar is also actively looking at yield accretive third party acquisitions either locally or abroad. The experience in cross-border deal acquisitions in Indonesia and Australia has increased the confidence of the Manager to further explore such deals. The acquisition of the third party accretive assets would enable Al-'Aqar to be less reliant on KPJ.

Given the scarcity of yield accretive healthcare assets, the Manager will continue searching for assets that provide attractive asset value and income growth prospects to deliver sustainable returns to the unitholders.

FOODS & RESTAURANTS SERVICES SECTOR



In 2013, the total number of food and restaurant outlets grew further. The total outlets operating under the Pizza Hut, KFC, Kedai Ayamans and RasaMas brands has grown by 5.7 percent, to a total of 1,207 units from 1,142 in 2012.

Pizza Hut Delivery grew the fastest, from 78 units to 118 units, representing growth of 51 percent. Pizza Hut Restaurants and Pizza Hut Delivery outlets grew by 12.8 percent, to 388 units; KFC outlets by 4.4 percent to 718 units; Kedai Ayamans reduced by 1.2 percent to 83 outlets, and RasaMas restaurants reduced by 31 percent to 18 units.

The foods and restaurants business now operate across five countries in Asia, of which comprise of Malaysia, Singapore, Brunei, Cambodia and India.

Revenue at the Foods and Restaurants division in 2013 rose by 7.1 percent to RM3,177.1 million. Profit before tax increased by 6.1 percent to RM294 million against RM277.1 million in the previous year.

PIZZA HUT Pizza Hut Malaysia

Pizza Hut Malaysia achieved sales revenue growth of 7.4 percent to register RM494 million in 2013 vis-a-vis RM460.1 million in 2012. The growth was contributed by new innovative pizzas and fast expansion plan of Pizza Hut delivery outlets.

2013's performance increase is partly due to the focus given to consistent customer feedback, sales projection based on a selected frame of timeline,

sales pitch, growth in the delivery segment and also corporate marketing campaigns.

In June 2013, Pizza Hut Restaurants and Pizza Hut Delivery announced its convergence to improve the services and avoid confusion among customers. Other than menu integration for its pizza delivery and restaurant businesses, the company had also standardised its phone line for take-away and delivery order service (1300-88-2525) as well as online ordering service (www.phdelivery.com.my). In line with the convergence, 18 new delectable pizzas were introduced to the menu for customers to choose from, providing more choices to suit their ever changing needs.

Pizza Hut Malaysia ended 2013 with 333 outlets. A total of 51 new outlets were opened and 8 were closed. Meanwhile, 22 outlets underwent image enhancement during the year. Out of the 51 outlets in 2013, 41 outlets were delivery stores. For



the year 2014, Pizza Hut plans to open another 15 outlets of which 10 will be delivery stores.

With the concept of One Brand – Two Channels (Dine In & Delivery), Pizza Hut aims to satisfy customers' needs via its dine-in, take-away and delivery services.

Pizza Hut Singapore

With the strong casual dining trend, Pizza Hut experienced resounding success from strategic menu enhancements, driving growth in delivery and creating innovative campaigns in the Big Box and Double Box. Sales were 7.1 percent above 2012 at RM223.5 million, an increase of RM14.8 million. Pizza Hut ends 2013 with 55 stores, in which there were two new stores and one closure.

QSR BRANDS (M) HOLDINGS SDN BHD

Total revenue for the year increased to RM3,852.1 million, up 6.4 percent on the RM3,619 million achieved in 2012.

In 2013, revenue of all restaurants of the Group climbed 7.1 percent to RM3,177.1 million. Revenue (including intercompany sales) at the Group's Integrated Poultry segment improved to RM1,581.8 million, a 2.8 percent gain on 2012.

KFC

KFC Malaysia

In 2013, KFC Malaysia's revenue jumped to RM1,935.5 million, 8.3 percent up on the RM1,787.0 million recorded the year before.

Reflecting the commitment to provide customers a fresh and inviting dining ambience, the Group renovated 107 restaurants during the year. Meanwhile, 34 new outlets and 11 closures expanded the network's reach further, and KFC aimed to better accommodate the needs of busy customers by increasing the number of outlets offering drive-thru services.

In 2013 also, KFC celebrated its 40th Anniversary through various special giveaways and promotions for the public, followed by a pledge to donate RM4,000 respectively to each 40 homes throughout the nation via its 40th Anniversary Community Give Backs.

With 578 restaurants in total – 482 in Peninsular Malaysia and 96 in East Malaysia – the Group has once again retained its market dominance, and KFC remains as Malaysia's largest restaurant chain. Another 23 new restaurants are lined up for operation in 2014.

KFC Singapore

KFC Singapore continues to strive and innovate to meet consumer's tastes and pockets. KFC Singapore had a continuing list of successful campaigns in the 2nd half of the year for Rice, \$2 Value Burgers, Meet the Zingers and the Korean Crunch campaigns and also launched Tasty Treats presenting affordable premiums to consumers and will continue in 2014. 2013 ended with 80 stores in which there were one new opening and one relocation offset by four closures.

KFC Brunei

KFC Brunei expanded from 14 Restaurants in 2012 to 16 Restaurants in 2013 and total Revenue surged 17.8 percent to RM31.2 million, an increase of RM4.7 million. Expansion plans for 2014 includes one new Drive Thru Restaurant.



KFC Cambodia

KFC Cambodia generated sales of RM12.5 million in the year 2013, reduced by 1.4 percent from its RM12.6 million revenue in 2012. KFC Cambodia ended the year 2013 with a total of 10 restaurants.

KFC INDIA

In its fourth year of operations, KFC India reported revenue of RM40.8 million, an impressive increase on 2012 sales of RM31.4 million.

Currently, KFC India has 34 outlets, of which 10 stores were opened and two stores were closed in 2013.

RASAMAS & KEDAI AYAMAS

In 2013, RasaMas had 18 outlets. With fewer restaurants in service compared to its previous years, 2013's sales of RM13.4 million were 16.4 percent down on 2012.

Meanwhile, total revenue for Kedai Ayam as reported a 10 percent decrease to RM65.3 million. The total number of Kedai Ayam as outlets has also decreased from 85 outlets at the end of 2012 to 83 outlets in 2013.

INTEGRATED POULTRY OPERATIONS

The year 2013 saw another year of growth for the Integrated Poultry Operations segment. Revenue including intercompany sales increased 2.8 percent to RM1,581.8 million compared to the year 2012.

The Group's expanding restaurant chains and stores – KFC, Pizza Hut, RasaMas and Kedai Ayam as – continue to increase their order volumes, thus boosting internal sales figures.

QSR Trading Sdn Bhd commenced in 2008 as a sales, marketing and trading arm for QSR Brands and external markets, both domestically and internationally. With a vision to be the preferred distributor of superior quality halal brands, the subsidiary performed well in 2013, with sales growing by five percent to reach RM324.2 million.

In addition to the Group's own products, QSR Trading has also become the third-party distributor for international brands namely Simplot, Divella, Kewpie, Lactima Cheese and Leggo's as well as local brands such as Ayam as, Life, Amy, Zippie, Secret Garden, Nur Kasih and Bakers' Street.



KFCH INTERNATIONAL COLLEGE

Since its inception in year 2011, KFCH International College has successfully established two campuses; Johor Bahru as the main campus, and Puchong as the branch campus. During year 2013, the College achieved revenue of RM11.85 million from its Diploma programmes and a further RM0.59 million from short courses and RM0.34 million from coffeehouse sales.

As at December 2013, total enrolment at both campuses has grown from 1,168 in year 2012 to 1,309 in year 2013. The vision for KFCH International College is to be a leading institution providing quality higher education programmes.

The College has obtained full Malaysian Qualifications Agency (MQA) accreditation for all its Diploma programmes in Puchong campus, and provisional accreditation for its Diploma programmes in the Johor Bahru campus. In line with its mission to focus on higher education programmes at the Certificate and Diploma level, the College is now preparing MQA documentations for two new additional programmes, namely Diploma in Food Science & Technology and Diploma in Halal Management & Food Safety.



HUMAN CAPITAL DEVELOPMENT

The Group recognises its personnel as among the greatest factors in its continuing success. With a holistic view of the organisation, the Group strives to hire, develop, and retain employees of the highest calibre. Over 30,000 people are presently employed by the Group and from the total, 8,300 are on permanent employment.

In 2013, the Group invested RM7.2 million on training and development programmes. This figure is equivalent to 3.6 percent of total employee compensation and illustrates the importance of training to the organisation. On average, the Group's full-time employees received 48 hours of training over the year 2013, and nearly 8,000 staff participated in various training programmes organised and conducted in-house besides coordinating and participating in public programmes.

Furthermore, 60 students have received sponsorship in full-time diploma courses at the two KFCH International College campuses and 12 more in various part-time programmes offered by other institutions.

HALAL COMMITMENT

The Group adheres to the Malaysian Halal standards and guarantees full halal compliance throughout the Group's supply and value chain. Every aspect of its food manufacturing processes, including raw materials procurement, preparation, packaging, storage and transportation follows strict controls. The Group requires that products acquired from foreign suppliers must be halal certified within the source country, and accepts only certificates recognised by the Department of Islamic Development Malaysia (JAKIM).



PROPERTY SECTOR





Johor Land Berhad (JLand) spearheads Johor Corporation's (JCorp) Property Division in residential and commercial development and has a strong track record in building thriving communities in Johor since 1972. One of its key achievements is the development of residential neighbourhoods in the township of Pasir Gudang.

JLand has a substantial land bank of about 1,011 hectares in Johor, mainly located within Iskandar Malaysia. JLand brand is built by creating sustainable development concepts and delivering quality homes and distinctive neighbourhoods to its customers in exceptional townships. Established as one of the largest property developers in Johor, JLand is ready to move up the value chain and venture into more lucrative markets.



FINANCIAL PERFORMANCE

JLand continued to record remarkable performance in 2013 even though there was a decrease in revenue and profit before tax compared to the previous year. In 2013, JLand recorded a revenue of RM316 million and a profit before tax of RM108 million compared to RM410 million and RM120 million revenue and profit before tax respectively in 2012.

The lower financial performance was largely attributed to slower progress of works due to many external factors and slight delays in commencement and launching of new projects. However, this situation is expected to improve in 2014 as many projects have been launched in the fourth quarter of 2013. The sale is expected to improve although the property market condition is expected to be more challenging in the years to come.

JLand's balance sheet remains fundamentally strong as net tangible assets increased to RM924 million in 2013, against RM848 million recorded in the preceding year.

OPERATIONAL REVIEW

Bandar Dato' Onn

JLand has grown to be a dominant player in the property business in Johor. JLand's strategy of offering innovative and attractive products continues to hold the company in good stead. Bandar Dato' Onn is one of such offerings. Encompassing 612 hectares of freehold land, this premier development which easily accessible via a dedicated interchange to and from the North-South Highway and located only 12 kilometres from the Johor Bahru City Centre, has been planned as a self-contained city and a place for more than 100,000 residents to call home. The township is scheduled to be completed over a 10 to 15 years period and will feature approximately 17,200 properties with expected gross development value of RM8 billion.

Featuring exclusive neighbourhoods and a vibrant commercial hub, Bandar Dato' Onn is set to be one of the most beautiful and modern townships in the southern Peninsular to live in. There will be 19 exclusive neighbourhoods each carefully planned to bring about the finest aspects of community living. One of the most distinctive features of the township is the emphasis on green areas. Within the township, a regional commercial hub of 47 hectares is set to become the nerve centre of Bandar Dato' Onn.

Numerous facilities and amenities such as police station, KFCH International College and a community centre have been completed and are in operations whilst a mosque and KPJ Bandar Dato' Onn Specialist Hospital are under construction to cater for the community needs. All these amenities together with lush landscaping within the township will no doubt add value and quality to the lives of the residents of this prime development.

In September 2013, JLand launched the second phase of Neighbourhood 12 which comprises 277 residential units. All this units were sold by the year end with total sales value of RM182.8 million. To date, Bandar Dato' Onn have completed a total of 1,119 residential and commercial units and another 217 units will be completed soon. The development works at Bandar Dato' Onn have been progressing according to schedule and JLand anticipates strong interest in its innovative product offerings.

Bandar Tiram

Bearing all the hallmarks of JLand property, Bandar Tiram is rapidly becoming an address of choice among discerning buyers. This development covering 485 hectares (Bandar Tiram Phase 1-5) will consist of 11,000 residential and commercial units. The entire project has a total gross development value of RM3 billion.

Bandar Tiram is being developed in phases and the first phase of the township will comprise a mixed development of about 1,600 residential and commercial units with a gross development value of RM440 million.



The design of houses reflects JLand's focus on quality living space that is practical, functional and affordable. The entire Bandar Tiram is scheduled to be completed by 2020 and it will transform Ulu Tiram into a modern and thriving new township.

During the year, a total of 262 residential and commercial units were launched with a gross development value of RM120 million.

Taman Bukit Dahlia

Sited on a 168 hectares parcel of land, Taman Bukit Dahlia is strategically located in Pasir Gudang municipality, one of Johor's growth corridors. This mixed development will house more than 3,800 units of terraced and semi-detached houses, bungalows and commercial complexes. Taman Bukit Dahlia is in the vicinity of a multitude of amenities that include the scenic "Taman Bandar Pasir Gudang", schools, polytechnic, police station, KPJ Pasir Gudang Specialist Hospital, banks, hypermarkets, racing tracks and sports stadium. The project is expected to generate a gross development value of RM930 million. The year saw the launch of a total of 410 units of residential and commercial units with a gross development value of RM190 million.

Taman Damansara Aliff

Taman Damansara Aliff is developed on 90 hectares of land consisting shop offices, apartment and residential units. It is located in Johor Bahru and is directly accessible by both Perling-Pasir Gudang Highway and Jalan Tampoi. The second phase consisting of 121 units double storey terraced houses will be completed soon. During the year, a total of 42 units 3 and 4 storey shopoffices were launched with a total sales value of RM78 million.

Taman Damansara Aliff located only 10 minutes to Johor Bahru city centre, is developed with attention to details, including a central park. The park is unique in its theme and design, equipped with a children's playground, football field and jogging track.



The Twin Residences at Tampoi

The Twin Residences, a twin tower 14 storey block apartment is another ongoing project developed by JLand and located along the vibrancy of Perling-Pasir Gudang Highway. It offers a total of 320 units of apartment and is laid out to provide maximum comfort and movement with panoramic views all around. Designated to provide multi-level living that is a distinction above the rest, The Twin Residences is created as a haven of safety, comfort and serenity for today's discerning home-makers. The year saw the launch of 160 units of apartment for Tower B with a gross development value of RM66 million.

Development of Low Cost and Affordable Homes

The rapid pace of development within Iskandar Region has generated increased economic activity. Based on a study by Iskandar Regional Development Authority (IRDA), more than 27,000 employment opportunities have been created over the past five years resulting in huge demand for houses particularly from the lower and middle income group. Being a responsible property company, JLand as a subsidiary of JCorp, plans to build 8,000 units of low cost and affordable houses spanned over an area of 68 hectares, scheduled to be fully completed by 2020 and mainly located at Bandar Dato' Onn, Ulu Tiram, Larkin, Kempas and Majidee.



A Memorandum of Agreement (MoA) was signed on 3 September 2013 between Johor Corporation and the Johor State Government to solidify the commitment of both parties on the development of low cost and affordable homes within the Iskandar Region. The development of 3,600 units of low cost and affordable houses will be handed over to purchasers by 2017. The houses planned are in Taman Seroja, Tampoi (304 units); Bandar Dato' Onn (1,150); Bandar Tiram Phase 1 (630); Bandar Tiram Phase 3 (450); Bandar Baru Majidee (400); Kempas (360) and Larkin (340). JLand also plans to build various facilities including shop lots, kindergartens, *surau* and mosques as well as playgrounds to cater for community needs.

In December 2013, JLand handed over 154 units of low cost houses at Taman Bukit Tiram to former residents of Kampung Oren. The key handover ceremony was witnessed by YAB Dato' Mohamed Khaled Bin Nordin, Chief Minister of Johor.

TPM TECHNOPARK SDN BHD

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

For the year 2013, TTSB has managed to sell 123 hectares of JCorp's industrial land worth RM263 million. The sales performance witnessed an increase of up to 38 percent compared to the same period in 2012.

TTSB is constantly focused to participate in trade missions to attract more investments from abroad and introduce Johor as an ideal location for investment. Marketing strategies and techniques to woo potential investors which include direct approach such as door to door selling and Hi-tea events for existing and potential investors' whereas indirect approach is done through exhibitions, trade dialogue sessions, investment missions, advertisements and seminars including those organised by Malaysia Investment Development Authority (MIDA), Ministry of Trade and Industry (MITI) and Johor State Government. Johor's strategic advantage of being right next to Singapore is fully leveraged upon.

A total of 2,832 hectares of land owned by TTSB in Sedenak has been earmarked to be developed as an integrated township development in line with the governments intention for a new township. The area consists of Data Center Park, IT related activities, commercial and residential areas. Indirectly, this promotes Johor as the next location of Data Center Hub in Malaysia. At the moment, TTSB is expecting to secure a data center provider to invest in Sedenak.

TTSB also acted as project manager for numerous Group projects including the redevelopment of Tun Abdul Razak Complex (KOMTAR), the installation of Biomass Steam Plant in the Palm Oil Industrial Cluster (POIC) at Tanjung Langsat and the development of Johor Military Forces camp located at Tasek Utara Johor Bahru. Overall, TTSB is currently managing projects worth RM469 million.

As at 31 December 2013, TTSB has completed 14 projects worth RM119 million. Amongst the major projects are the construction of new liquid cargo jetties at Tanjung Langsat Port, development of Masjid Simpang Kiri at Tanjung Piai, a Recreational and Community Center at Pengerang and a Tamil school at Taman Mount Austin, Johor Bahru.

As marketing agent for JCorp's industrial land, TTSB strives to achieve sales target and sales collection to ensure a healthy financial cash flow. TTSB will also aim to contribute a higher profit sharing derived from the sales of industrial land within the potential development areas through optimising land price.

Moving forward, TTSB has proactively developed business strategies that will provide sustainable income through various programmes. One of the programmes that are underway is Premium Corporate Premises which offer 14 units of ready-built factory in Zone 12B, Pasir Gudang Industrial Area. The construction is expected to be completed by November 2014.

In respect of Tanjung Langsat Biomass Steam Plant, the project is 99 percent completed and currently in the stage of finalising potential clients and securing agreements with vendors. The venture is expected to contribute substantial income to TTSB once the operation commences in May 2014.

As for 2014 outlook, besides selling and collection of proceeds from industrial land, TTSB through JCorp plans to continue eyeing for new potential areas to be developed as industrial zones. Several discussions have been initiated with the State Government with regard to the new proposed area of the extension of Zone 5 at Tanjung Langsat Industrial Complex, Pengerang Integrated Petroleum Complex (PIPC) and the development of Sungai Lebam.

DAMANSARA REALTY BERHAD (DBhd)

For the financial year (FY) ended 31 December 2013, the Group's turnover dropped to

RM184.3 million as compared to RM197.2 million recorded in 2012. Even though the Group's turnover diluted by 6.5 percent, the Group however managed to improve its newly set up property services division's revenue to RM184.3 million (i.e. an improvement of 1.6 percent) compared to the preceding year of RM181.4 million.

The profit before tax (PBT) of the Group stood at RM10.2 million, representing a significant incline of 75.9 percent as compared to RM5.8 million registered in 2012. Similarly, the Group registered a profit after tax (PAT) of RM8.9 million for the year under review.

Corporate Development

On 6 March 2014, JCorp – the major shareholder of the company – signed the Share Sale Agreement with Seaview Holdings Sdn Bhd (Seaview). Upon completion of the agreement, JCorp's shares in the company will be pared down by 51 percent from 64.8 percent to 13.8 percent.

Property Development Division

After implementing initiative in improving the marketability and the value of Taman Damansara Aliff (TDA) land, the Group has taken its first step to revive its property development division which comprises of 24 units of shop offices (first phase) in mid-2013 and it is expected to be completed by mid-2015. To date, 46 percent of the properties have been taken up. The Group is expected to register its revenue and profitability upon the completion of the said development.

Bandar Damansara Kuantan (BDK) remains inactive during the year under review. The Group is taking a prudent approach with regard to the development in BDK in view of the limited and softer demand in Kuantan property market. The only contribution from BDK to the Group is mainly from the rental of approximately 171 hectares of oil palm estate.

Property Services Division

During the year under review, the property services division recorded a total turnover of RM184.3 million, an increase of 1.6 percent compared to the preceding year of RM181.4 million. In term of the profit after tax, the division managed to register a total of RM4.7 million, a significant increase of 213.3 percent compared to RM1.5 million in 2012.

In 2013, the Group launched its Integrated Plan (IP), to review the process, people and technology via investment in new IT systems and streamlining back office operations. The IP is considered as the master plan that outlined the Group's future business module, consists of approach to derive the synergies between the subsidiaries and at the same time improving the effectiveness as well as efficiencies within the Group's business process and operations.

The programme is expected to be fully completed by end-2014.

Healthcare Technical Services Sdn Bhd (HTS)

In 2013, HTS managed the healthcare projects worth a total of RM0.62 million comprising development of new hospitals, RM0.44 million worth of expansion projects and RM0.13 million of renovation works.

During the year under review, HTS recorded total revenue of RM8.6 million with RM2.1 million in PBT.

Planning, Construction and Project Management

This division remains as the main contributor of the company with a total revenue contribution of approximately RM5 million, equivalent to 59 percent of the total revenue generated in 2013.

In 2013, HTS has successfully managed the completion of three projects namely KPJ Sabah Specialist Hospital, Muar Specialist Hospital and a new campus of KPJ University College in Nilai. To date, the division supervised a combination of projects worth approximately RM1.1 billion.

Manpower Services and Facilities Engineering Management

This division contributed a total of RM3 million in revenue, mainly generated from the maintenance management fees and FEM activities of 22 hospitals under the Al-Aqar Healthcare REIT.

TMR Urusharta Sdn Bhd

TMR Urusharta Sdn Bhd (TMR) offers a complete range of Integrated Facility Management (IFM) services. TMR is currently managing approximately over 10 million square feet of property for various clients such as Government, private and GLC companies throughout Malaysia.

TMR recorded a total of RM45.4 million in revenue and RM0.7 million in PBT for the FY2013. During the year under review, TMR managed to secure new IFM contracts worth RM10.5 million.

Metro Parking (M) Sdn Bhd

Metro Parking (M) Sdn Bhd (Metro Parking) is Malaysia's premier parking operator with operations in Malaysia and four other countries, namely Singapore, Brunei, Philippines and India. The Metro Parking Group operates a total of 209 car parks comprising 72,122 parking bays.

In 2013, the Metro Parking Group recorded a total of RM104.8 million in revenue and RM2.1 million in PBT. In addition, the Group has successfully secured parking operations contract which comprises a total of 15,318 new parking bays. The parking bays consist of 10,255 parking bays in Malaysia while the rest are overseas.

HC Duraclean Sdn Bhd

HC Duraclean Sdn Bhd (HC Duraclean) is the master franchisee for Duraclean International Incorporation (USA) with 20 operating franchisees. It offers a diverse range of cleaning services ranging from commercial to residential properties, as well as in niche areas such as aircrafts, airports and hospitals.

In 2013, HC Duraclean recorded total revenue of RM25.6 million, while the Company's PBT stood at RM1 million.

PELABUHAN TANJUNG LANGSAT - ANOTHER REMARKABLE YEAR OF DOUBLE DIGIT GROWTH

Year 2013 saw Tanjung Langsat Port (TLP) continued its tremendous growth. The RM850 million cumulative investments to develop TLP's infrastructure and facilities have not only created a modern and vibrant port but also transforming TLP into an attractive destination for investment in manufacturing and oil trading activities.

TLP : No of Vessels

| Year | 2010 | 2011 | 2012 | 2013 | 2013/2012 |
|---------------|------|------|------|------|-----------|
| No of Vessels | 225 | 252 | 559 | 767 | 37.2% |

The number of vessels grew by 37.2 percent for 2013. Oil tankers represent 85 percent of the vessels that utilised TLP in the corresponding year. The number of oil tankers grew from only 408 in 2012 to 652 in 2013. The deepening of the navigational water and berthing area to 15 meters as a result of capital dredging works in late 2012 has seen an increasing number of Suezmax class vessels such as FR8 Reginamar, Sonanggol Kalandula and Elisewin visiting TLP. The capacity to cater to bigger vessels with a draft of 13.5 meters is a significant milestone as it allows port users to bring in bigger loads thus ensuring economies of scale and lower operating cost.

TLP : Throughput (Million Metric Ton)

| Year | 2010 | 2011 | 2012 | 2013 | 2013/2012 |
|---------------------|------|------|------|-------|-----------|
| Throughput (Mil MT) | 4.73 | 4.00 | 7.85 | 11.60 | 47.8% |

The 11.60 million metric tonnes in total throughput achieved last year elevated the port to the country's largest "private jetty" and a major player specialising in oil and gas products. This record achievement was made possible by the 45.9 percent increase in liquid cargo to 11.12 million metric tonnes in 2013 compared to only 7.62 million metric tonnes in 2012. Trafigura and Shell contributed a bulk of the liquid cargo throughput and these world class companies are expected to continue their significant presence in TLP for the upcoming years.

Additional Liquid Jetty Capacity : Progress of Berth 8 & 9

The consistent stream of major foreign direct investments (FDI) to Tanjung Langsat has created a major demand for the liquid jetty facilities. The utilisation rates of the 5 berths currently in operations are growing at a very steep pace. The outer berths' utilisation rates are expected to reach its maximum capacity within the next 2 years. Berth 8 and 9 which are expected to be fully operational by the second quarter of 2014 will expand the liquid jetty's capacity by another 10 million metric tonnes. The 40 percent increase in capacity is in tandem with the future demand of upcoming storage terminals investors.

TLP was accorded a RM110.8 million soft loan as a testament of the Government's commitment towards transforming Tanjung Langsat into an oil and gas hub. The soft loan is critical for the financing of the construction of Berth 8 and 9. The whole loan was disbursed in 2013.

Asset Rationalisation Programme

Although all port's facilities belonged to TLP, the lands within the port area were owned by several companies within JCorp Group. Port development requires huge capital expenditures whilst TLP's capacity to garner the required funding is very limited. This situation has the potential to impede the port's growth. As such, Johor Corporation (JCorp), TLP and other subsidiaries within the Group have embarked on the Asset Rationalisation Programme (ARP). Under the ARP, all port facilities and lands were acquired by JCorp. The consolidation of all port assets under one entity (JCorp) enables the maximisation of port potentials thus unhindered further infrastructure and facilities development. It also freed TLP from substantial financial commitment and focus on port operations only. The

ARP was completed on 30 June 2013 and TLP was given a 30 year Port Management Concession.

There are still ample business opportunities available for investors. Therefore TLP had embarked on quite an extensive local and overseas' programmes to promote the port. The port had participated in the OTC 2013 in Houston (United States of America), SPE Offshore Europe 2013 (Aberdeen, Scotland) and MIDA's investment mission to Europe. The port continues to work closely with government agencies such as Malaysian Investment Development Authority (MIDA), Johor State Investment Centre (JSIC), IRDA and Malaysia Petroleum Resources Corporation (MPRC) to fortify its position as the up and coming oil and gas hub in the region.

Regional Marine Supply Base

Presently the port's development is divided into 4 major zones – jetties, storage terminals, industrial area for oil field services and equipment (OFSE) and a marine supply base. Other than the marine supply base, other zones have been developed sufficiently to cater to the demand from investors and port users.

The marine supply base is the 'component' that will complete TLP's master plan of becoming a full-fledged Oil & Gas hub. The process to develop the marine supply base started earnestly in the middle of 2013 with the signing of joint venture agreement (JVA) and management agreements (MA) involving JCorp and experts in the planning, development and commercialisation of such project.

Langsat Marine Base Sdn Bhd (LMB), the owner of 41.8 hectare land reserved for the development of marine supply base and licensed bonded zone (Section 60), executed a JVA with Oilfields Supply Centre Ltd (OSC) on 8 July 2013. OSC is the manager and operator of the largest supply base in the Middle East (Jebel Ali Port, Dubai, United Arab Emirates). Among OSC's world renowned clients in Dubai are Halliburton, Rolls Royce and Shell. The JVA is for the development of a 20.2 hectare Regional Marine Supply Base in TLP. OSC will invest RM100 million for the Phase I development which is expected to be completed by May 2014.

The Management Agreement involving Langsat Marine Terminal Sdn Bhd (LMT) and Port Services International Sdn Bhd was signed on 6 September 2013. LMT will develop a 19.7 hectare Warehouse and Logistics Hub



at TLP. The development of the RM48.7 million project will commence in May 2014 and expected to be completed in May 2015.

Once completed, the Marine Supply Base will offer infrastructures such as customised facilities, warehouses, open yard, etc. The development of the Regional Marine Supply Base and Warehouse and Logistics Hub will provide ample business opportunities for contractors and service providers to cater to the offshore Petroleum exploration and production activities as well as other oil and gas related industries.

Improvement in Efficiency and Competitiveness

A port complete with the most modern facilities will still not be able to attract users if it is not efficient and competitive. Therefore, TLP has been actively engaging all stakeholders to ensure that the port's efficiency and competitiveness are at par with the best ports in the region.

Besides securing significant cost savings for port users through the reduction in Private Jetty Charges and Consolidated Marine Charges for marine services, TLP has implemented an Integrated Port Financial Management System (IPMS) commencing in late 2013.

The IPMS will be implemented in 2 stages. The Marine Operations Module (first stage) went live in September 2013 and will be fully operational by 31 March 2014. The module will enable shipping agents to register their bookings on-line (web-based) thus allowing a more efficient vessels programming and communication between port management and shipping agents.

The Financial Management System (second stage) development started in October 2013. The module will enable integration between the Marine Operations Module (MOM) and the Financial Management System (FMS) such as electronic invoicing.

Future Outlook

As a promoted centre for the development of oil and gas, TLP benefits from numerous incentives and facilitation given by the State and Federal Governments.

Moving forward, new port users coming on the line in 2014 will include Turkey's Evyap Inc, one of the world's leading soap and personal care products manufactures, Singapore's KTL Offshore Pte Ltd, which operates one of the largest rigging facilities in the world and Musim Mastika, a subsidiary of Musim Mas Group, one of the largest edible oil producers from Indonesia.



Puma Energy, an associate company of the commodity trading multinational Trafigura Beeher BV will develop its own facility at the port to expand its bitumen business operations.

TLP has a distinct advantage over other competitors vying for the oil and gas market in the region. It has the full support of the government besides its modern and adequate facilities to cater to the most stringent requirements demanded by the investors. Its infrastructure is ready for immediate development by investors.

The recent high double digit growth is a testament to its competitiveness and attractiveness to investors.

With new facilities and incentives in the pipeline, TLP is on the right track to continue rolling double digit growth in years to come.

DAMANSARA ASSETS SDN BHD

Damansara Assets Sdn Bhd (DASB) is a wholly owned subsidiary of JCorp with its principal activity being commercial property management particularly shopping centres and office towers.

To-date, DASB manages approximately 2.67 million square feet of commercial spaces located in Kuala Lumpur and Johor Bahru.

Commercial buildings owned and managed by DASB are *Galleria@Kotaraya*, *Menara KOMTAR*, *Pasaraya Komuniti @mart Kempas*, *Damansara Town Centre*, *KFCH International College Building*, *Pusat Perniagaan Taman Dahlia* and *Terminal Bas Sentral Kotaraya*, while the KOMTAR JBCC shopping centre is in the midst of redevelopment.

In addition, DASB also manages buildings owned by JCorp Group consisting of the *Tanjung Leman Jetty*, *Tunjuk Laut Beach Resort*, *Menara Ansar* and *Larkin Sentral* as well as the *Pasir Gudang Municipal Council-owned Kompleks Pusat Bandar Pasir Gudang*.

KOMTAR JBCC REDEVELOPMENT

The major component of the KOMTAR JBCC redevelopment covers the reconstruction of its shopping podium, upgrading of the existing office tower, constructions of a new office tower and a hotel tower above the shopping podium.

KOMTAR JBCC Redevelopment Components:

| Redevelopment Component | Net Lettable Area (sf) |
|-----------------------------------|------------------------|
| Existing Office Tower | 163,000 |
| New Office Tower | 347,975 |
| New Hotel Tower | 145,770 |
| Reconstruction of Shopping Centre | 400,548 |
| Total | 1,057,293 |

The redevelopment project also integrates construction of an 18,706 sq feet mosque as well as 1,621 car parking bays and 619 motorcycle parking bays.

The construction of the eight-storey shopping centre superstructure has now reached 67 percent.

Meanwhile, two entrance structures for motorists to access the shopping centre are currently at its final construction stage. The structures consist of a Spiral Ramp for the entrance and exit to the parking area at the 4th floor of the shopping centre from Jalan Tebrau Interchange and also a Building Ramp for entrance from Jalan Wong Ah Fook to the parking area at the 3rd floor and exit to Jalan Tun Abdul Razak.

The KOMTAR JBCC shopping centre will house a variety of international branded products as well as an indoor family activity park. Nevertheless, Bumiputera tenants will also be given opportunity to thrive. JCorp through its subsidiary, DASB has entered into a tenancy agreement with the anchor tenant, namely Metrojaya and a number of specialty stores. At the end of 2013, the occupancy rate of the shopping centre is 81 percent.

REFURBISHMENT OF MENARA KOMTAR'S OFFICE TOWER

In line with the reconstruction of the KOMTAR JBCC shopping centre and





the existing office tower, Menara KOMTAR is also being refurbished starting May 2013 involving the facade, the main lobby on the ground floor as well as lobbies for each floor, elevators and toilets. Once the upgrading is completed, Menara KOMTAR will accommodate the headquarters of JCorp and its Group of companies. With the tenancy of JCorp as the anchor tenant, the occupancy rate of Menara KOMTAR is expected to increase to 98 percent.

LAUNCHING OF JOHOR BAHRU CITY CENTRE (JBCC)

The whole redevelopment of KOMTAR has been rebranded as Johor Bahru City Centre (JBCC). The rebranding describes the overall development on the 5 hectare-land that includes an international shopping center to be known as KOMTAR JBCC, two office towers and a hotel which is in line with the aspirations to transform Johor Bahru into a metropolis of international standing.

The launching ceremony was held on 4 June 2013 at Persada Johor, officiated by YAB Dato' Mohamed Khaled bin Nordin, Chief Minister of Johor.

Concurrent with the launching ceremony, DASB has also announced the opening of the first indoor Angry Birds Activity Park in Southeast Asia at KOMTAR JBCC. DASB signed a licensing agreement with the founder of the Angry Birds game, Rovio Entertainment Ltd which is based in Finland to open Angry Birds Activity Park encompassing an area of 2,415 square meters at the third floor of the KOMTAR JBCC.

PASARAYA KOMUNITI @MART KEMPAS

On 24 April 2013, *Majlis Perhimpunan Rakyat & Majlis Penawaran Rumah Mampu Milik* to former residents of *Rumah Rakyat Tampoi & Denai Permai*, Tampoi has been organised at *Pasaraya Komuniti @mart Kempas*. The event was officiated by YAB Tan Sri Dato' Haji Muhyiddin bin Mohd. Yassin, Deputy Prime Minister.

The event was aimed to promote affordable housing projects to be developed by JCorp at a cost of RM28.2 million comprising 160 residential units priced at

RM35,000 each, 80 units priced at RM50,000 each and 64 units priced at RM80,000 each. A total of 44 units have been allocated specially for the former residents of *Rumah Rakyat Tampoi* while 84 units for residents of *Denai Permai*.

GALLERIA@KOTARAYA

On July 15, 2013, *Majlis Sentuhan Kasih Ramadan* was held at Galleria@Kotaraya. The event was officiated by YB Dato' Kamaruzzaman bin Abu Kassim, President & Chief Executive of JCorp and the Mayor of Johor Bahru City Council, Tuan Haji Ismail bin Karim.

The event was to popularise *bubur lambuk* which was then distributed to the public during Ramadan at Galleria@Kotaraya through *Tabung Sentuhan Kasih Ramadan* formed by DASB in collaboration with Waqaf An-Nur Corporation Berhad.

Also during the ceremony, the Mayor of Johor Bahru City Council (MBJB) handed over the A-Grade Certification to all 16 food court's tenants at Galleria@Kotaraya followed by the submission of Police Bit by DASB and the opening of the largest supermarket in the Johor Bahru Central Business District – *Kapitan@Galleria*.

On 12 October 2013, Opening Ceremony of Kids Day@Galleria was held at Galleria@Kotaraya. In conjunction with the Kids Day@



Galleria, the Angry Birds Activity Park public playground was officiated by Ydh Datin Noor Laila Yahaya, Chairman of Mutiara Johor Corporation accompanied by YB Dato' Kamaruzzaman bin Abu Kassim President & Chief Executive of JCorp.

DISPOSAL OF DAMANSARA TOWN CENTRE

DASB via its wholly owned subsidiary, Bukit Damansara Development Sdn Bhd (BDDSB) has completed the disposal of Damansara Town Centre valued at RM700 million to Impian Ekspresi Sdn Bhd (IESB) on 29 November 2013. In return, DASB/BDDSB received RM500 million in cash and two office buildings valued at RM200 million comprising a 19-storey building – Menara VSQ1 in Petaling Jaya valued at RM140 million and 80,000 square feet of office building at Damansara Town Centre which will be redeveloped within five years valued at RM60 million.

COMPANY FINANCIAL STANDINGS 2013

DASB has generated a revenue increase of 120 percent from RM29.8 million in 2012 to RM65.5 million in 2013 mainly from space rental and sale of shop offices in Kempas Town Centre. Profit before tax has increased from RM16.9 million to RM82.7 million attributed by adjustment in the property value amounting to RM85 million.

At DASB Group level, revenue for 2013 decreased 10 percent from RM90 million to RM81 million due to the disposals of Damansara Town Centre, as well as TMR Urusharta (M) Sdn Bhd and HC Duraclean Sdn Bhd to Damansara Realty Berhad. In addition, there are exceptional items that have increased the Group administrative expenses namely the disposal of Damansara Town Centre which is RM25 million lower than the book value, adjustment in the future value of Damansara Town Centre by RM24 million



and goodwill adjustments over Tunjuk Laut Resort Sdn Bhd of RM22 million. Therefore, the DASB Group Profit Before Tax has decreased from RM41.4 million in 2012 to RM2.7 million in 2013.

In 2013, DASB Group has made complete settlement for three major corporate obligations of RM538 million comprising RM400 million loan from Maybank for Settlement of the Scheduled Bonds in 2009, RM80 million loan from RHB Investment Bank for JLand delisting exercise in 2009 and RM58 million loan from Maybank Islamic for the RCCPS redemption from financial institutions in 2005.

HOSPITALITY SECTOR



HOSPITALITY SECTOR

JCorp Hotels And Resorts Sdn Bhd (JHR SB) which spearheads JCorp's hospitality business oversees several properties which comprises of The Puteri Pacific Hotel Johor Bahru, Persada Johor International Convention Centre, Hotel Selesa Johor Bahru, Hotel Selesa Pasir Gudang and Sibul Island Resort which are all located in Johor, besides Selesa Beach Resort Port Dickson in Negeri Sembilan and Selesa Tioman Condotel in Pahang.

THE PERFORMANCE

The hospitality business generates an annual revenue of more than RM70 million. With its gross operating profit remaining positive, concerted effort has been put in to take advantage of the wide spectrum of products available in the tourism industry especially in sports and recreation, education, healthcare, commercial development and other sectors.

THE FUTURE

Moving forward, the sector will focus on its flagship properties; The Puteri Pacific Hotel Johor Bahru, Persada Johor International Convention Centre and Sibul Island Resort to ensure sustainability with reduction in capital expenditure commitment. Meanwhile, the chain of Selesa hotels in Johor Bahru, Pasir Gudang and Port Dickson has been earmarked for disposal.

With the completion of the refurbishment exercise in The Puteri Pacific Hotel Johor Bahru, JHR SB is poised to tap the growth in tourists' arrival in conjunction with Visit Malaysia Year 2014.

ENTREPRENEUR BUSINESS SECTOR



As a Johor State economic development arm, Johor Corporation (JCorp) plays an important role in entrepreneur development programmes. JCorp's contribution to these programmes is not limited to the provision of support for individual entrepreneurs who have identified new business opportunities under JCorp's Intrapreneur Scheme, but also through lending of assistance by offering skills and management trainings apart from access to vibrant business infrastructure, including identifying suitable premises to foster the holistic entrepreneur development programmes.



As at 31 December 2013, a total of 53 companies have been registered under Johor Corporation's Intrapreneur Scheme. Aggregate revenue achieved by the intrapreneur companies for the year ended 31 December 2013 was RM755.4 million while aggregate pre-tax profit rose 49.5 percent to RM66.7 million against RM44.6 million in the previous year.

The number of intrapreneur companies that recorded a pre-tax profit exceeding the RM1 million-mark in 2013 stood at 11 companies. Tiram Travel Sdn Bhd (Tiram Travel) managed to achieve a pre-tax profit of more than RM4 million, thus ranking it the first intrapreneur company to ever achieve the said figure.

Meanwhile, continuous close monitoring of the 53 intrapreneur companies has been kept by JCorp through nominated supervisory of parent companies that offer advice and guidance and seek business synergy with the intrapreneur's venture.

As at 31 December 2013, there were 24 intrapreneur companies placed under Kulim (Malaysia) Berhad; three under KPJ Healthcare Berhad; three under QSR Brands (M) Holdings Sdn Bhd (formerly known as QSR Brands Bhd); 11 under Damansara Realty Berhad; two under Waqaf An-Nur Corporation Berhad and 10 companies under direct monitoring of JCorp.

Under a Memorandum of Agreement signed between Unit Peneraju Agenda Bumiputera (TERAJU), Majlis Amanah Rakyat (MARA) and JCorp on 26 November 2011 with the objective of upgrading the entrepreneur development programmes, five JCorp entrepreneurs received substantial funding from MARA through a special funding scheme - 'The Baron'. This funding enables these intrapreneurs to obtain a larger percentage of shareholding in their companies. Up until 31 December 2013, MARA had disbursed a total of RM2.3 million in funding to participating intrapreneurs.

On 5 and 6 February 2013, TERAJU organised the *Jejak 2013* programme at Persada Johor and confirmed the participation of three Johor Corporation intrapreneur companies namely Microwell Bio Solutions Sdn Bhd, Edaran Badang Sdn Bhd and Extreme Edge Sdn Bhd in the TeraS Programme that entitles the companies to a range of incentives and support from TERAJU, that are offered to businesses that show the potential for an eventual successful listing on Bursa Malaysia.

As a result of the effort dedicated to Johor Corporation's Intrapreneur Scheme, five companies attained national recognition in the SME100 Award - Fast Moving Companies 2013 held in Kuala Lumpur as 2013's 100 most outstanding SMEs. Five of the intrapreneur companies being Tiram Travel Sdn Bhd, Tepak Marketing Sdn Bhd, Syarikat Pengangkutan Maju Berhad, Microwell Bio Solutions Sdn Bhd and Healthcare IT Solutions Sdn Bhd. Further, Tiram Travel Sdn Bhd had also managed to be placed under the top ten list of the overall awarding ceremony. The accolade serves as testimony to JCorp's comprehensive and continuous commitment to the entrepreneur development programmes in Johor. In line with the government's aspiration, JCorp has not only been striving to grow entrepreneurs by numbers, but also to inculcate entrepreneurs with the spirit and qualities to excel.

CORPORATE GOVERNANCE STATEMENT

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

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

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

THE BOARD OF DIRECTORS (The Board)

Composition

The Board has 11 members which comprises of Chairman, Vice Chairman, representatives from Johor Civil Service and Federal Government, independent members and President & Chief Executive. The President & Chief Executive is the only Executive Director.

Duties and Responsibilities

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

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

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

Board Meetings

The Board meets to analyse the performance of JCorp and resolve on matters related to policy and strategic business issues of JCorp and its Group of Companies. The Chairman may at any time call a meeting and shall, upon the written request of not less than five members of the Board, call a special meeting thereof within one month of the date of such request. In 2013, the Board met four times.

Board Committees

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

Access to Information

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

COMPANIES ADMINISTRATION SYSTEM

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

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



GOVERNANCE COMMITTEES

JCorp adopts an elaborate decision-making structure and system embodying the principles and practice of *Syura*. The Corporate Office plays important role in ensuring all decisions are approved by the respective committees.

- Group Top Management Committee (TERAJU)**
 The Committee is chaired by the President & Chief Executive and comprises of 10 members. Its roles include discussing and deciding on strategic issues relating to JCorp and its Group of Companies.
- Teraju Korporat Committee**
 The Committee is chaired by the Senior Vice President/Chief Operating Officer and comprises of 14 members. Its roles include endorsing and ratifying all decisions made at the various committees i.e. Executive Committee (EXCO) etc.
- Executive Committee (EXCO)**
 The Committee is chaired by the Vice President (Land & Business Development Division) and comprises of 11 members. It deliberates on operational as well as financial matters and forward significant recommendations to Teraju Korporat Committee.
- Investment Review Committee (JAWS)**
 The Committee deliberates on all new investments and projects and comprises of 13 members appointed amongst the senior management of companies within JCorp Group.

Besides the four main committees mentioned above, there are more than thirty governance committees which have their specific terms of reference and functions in monitoring the Group's operations. The committees, among others are Group Human Resource Committee, Strategic Planning Committee, Special Administration Committee, Kemudi Korporat (Accounts) Committee, Quarterly Report Committee, Group Finance Committee and Risk Management Committee.

CORPORATE GOVERNANCE IN LISTED ENTITIES WITHIN JCORP GROUP

There are four listed entities within JCorp Group, of which three are listed on the main board of Bursa Malaysia namely Kulim (Malaysia) Berhad, KPJ Healthcare Berhad and Damansara Realty Berhad. Meanwhile, New Britain Palm Oil Ltd is dual listed on Port Moresby Stock Exchange and London Stock Exchange. As listed entities, the demand for implementing good corporate governance is increasing. They are required to always comply with various terms and conditions issued by stock exchanges on which the shares are registered and listed. Each company has its own board of directors and audit committee.

TRANSPARENCY

Transparency in the decision making process

Several examples of the implementation of the transparency aspect include the information infrastructure development in the forms of the intranet and knowledge management. The knowledge management is the employees' means to give various information in the forms of suggestions and ideas. Those who express bright ideas and innovations that can be chosen to be implemented or adopted will receive awards from the management a certification through Cempaka Scheme and Quality Convention. In addition, JCorp has also developed a whistle blowing communication channel namely Ethics Declaration Form, which is expected to be used by the employees to provide direct input to the President & Chief Executive should they find any irregularities and/or counterproductive behaviours among staff.

Transparency to business partners

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

Transparency in assessing employees' performance

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

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

ACCOUNTABILITY AND AUDIT

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

Internal Control

The Statement of Internal Control that provides an overview of the state of internal control is set out on page 59.

Relationship with Auditors

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

AUDIT COMMITTEE REPORT

Composition

Board Audit Committee (BAC) is chaired by Izaddeen Daud, an independent member of the Board. Other members are Tan Sri Datuk Dr Hadenan A. Jalil and Zainah Mustafa, independent directors of listed companies outside and within JCorp Group respectively.

Tan Sri Datuk Dr Hadenan is the former Auditor General from 2000 to 2006 and Zainah is now a Fellow of the Association of Certified Chartered Accountants (ACCA).

ATTENDANCE AT MEETINGS

BAC meets on a scheduled basis at least twice a year. In 2013, BAC met in three occasions as follow:

| Members | Date Of Meeting | | |
|--|-----------------|---------|--------|
| | 11 Mar | 27 Sept | 16 Dec |
| Izaddeen Daud (appointed w.e.f 1 September 2013) | | ✓ | |
| Datin Paduka Zainon Haji Yusof (retired w.e.f 14 August 2013) | ✓ | | |
| Tan Sri Datuk Dr Hadenan A. Jalil | ✓ | ✓ | ✓ |
| Zainah Mustafa | ✓ | ✓ | ✓ |

DUTIES AND RESPONSIBILITIES

The role of BAC includes:

Internal Control

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

Internal Audit

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

External Audit

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

Financial Statements

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

Risk Management

- Review risk management reports by the Risk Management Committee (RMC) and to discuss any significant risk or exposure and assess the steps that management had taken to minimise the risks.

Other Responsibility

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

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2013, the activities of the BAC included the followings:

- Review reports by the IAC which had held its meetings on 17 September and 2 December 2013;
- Review and approved the Internal Audit Plan for the year;
- Discuss problems and reservations arising from the interim and final audits, and any matter both internal and external auditors may wish to discuss (in the absence of management where necessary);
- Review the adequacy of the scope, functions and resources of the external auditors, and that it has the necessary authority to carry out its work;
- Review the results of year-end audit by the external auditors and discussed the findings and other concerns of the external auditors;
- Review reports by the RMC which had held its meetings on 6 March, 23 September and 30 December 2013.

STATEMENT ON INTERNAL CONTROL

BAC's responsibilities are complemented by the work of IAC, RMC and Audit Committees of the respective listed companies.

BAC has reviewed the effectiveness of the Group's system of internal controls in light of the key business and financial risks affecting its operations. Based on the audit reports of internal auditors, BAC is satisfied that there are adequate internal controls in place within the Group.

THE MAIN FEATURES OF THE CONTROL SYSTEM ARE:

Control Framework

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

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

Financial Reporting

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

Operating Controls

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

Investment Appraisal

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

Monitoring Controls

The effectiveness of internal financial control systems and operational procedures is monitored by management and audited by the Group

Compliance & Internal Audit Department (GCIA) of JCorp. GCIA adopts a risk-based audit plan, an approach whereby the auditor focuses on the factors that affect, beneficially or adversely, the achievement of the objectives of the organisation and its operations. Its scope covers the risks themselves, and the way those risks are governed, managed and controlled. It then reports to IAC/BAC on internal control weaknesses and monitors the implementation of recommendations for improvements.

INTERNAL AUDIT

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

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

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

GCIA's internal audit activity was certified 'Generally Conform' with the Standards. To ensure that the internal audits are performed by competent professionals and technical knowledge remains current and relevant, GCIA provides appropriate training and development opportunities to its staff, including the Certified Internal Auditor (CIA) programme. At present, there are nine practicing CIAs throughout JCorp Group.

RISK MANAGEMENT STATEMENT

The risk management function of Johor Corporation (JCorp) is to provide a strong contribution to the achievement of corporate objectives of JCorp and the Group in order to help its strategic directions. JCorp is also committed to build an organisational philosophy and culture that ensures effective and efficient business risk management through the activities of the Group.



Risk management enables JCorp and its Group to take advantage of opportunities to improve its outcomes and outputs by ensuring that any risk taken is based on informed decision-making as well as realistic and practical analysis of possible outcomes.

Managing business continuity is also part of risk management emphasised by JCorp and the Group to ensure continuity in the key business processes where it is necessary to contribute to the achievement of JCorp and Group's objectives.

JCorp and the Group recognise that it is responsible for systematically managing and regularly reviewing the risk profile at the strategic, financial and operational level. It has been done by developing or adopting a risk management framework in determining the processes and identifying ways to implement the objectives. In this way, JCorp and the Group do not only aim to minimise the risk but also to maximise the opportunity that exist.

JCorp is in the midst of executing Integrated Governance, Risk Management and Compliance (i-GRC) for the Group of companies. The objective of the framework is to ensure that JCorp and its Group of companies are proactive in responding to an environment of uncertainty, increased competition and constant change.

Risk Management Objectives

- Identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost (this approach is particularly important as the Corporation addresses the changes

and opportunities that are central to Government's policies and vision for the corporate sector);

- Develop a risk-aware culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost-effective actions;
- Be perceived by the state and federal government as a leading state agency through adopting best risk management and legal compliance practices.

Risk Management Committee

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

For the reporting year ended 31 December 2013, three (3) meetings were held in March, September and December 2013.



Duties and Responsibilities of RMC

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

Group Risk Management

The Risk Management Framework's scope is comprehensive. The framework is managed by the Group Risk Management Department. The unit is responsible for the policy and framework by compiling the input from those involved.

The duties and responsibilities are as follows:-

- Management of the process of identifying and monitoring risks of JCorp and the Group.
- Maintenance of Risk Registers.
- Responsibility for creating, implementing and disseminating Risk Management and Compliance Framework.
- Development of tools to assist JCorp's community to implement the best practices for risk and compliance matters.
- Provision of regular training opportunities for all staff to promote a risk culture in JCorp and the Group.
- Publication of regular risk management and compliance circulars to keep staff informed of relevant issues.

At this time, JCorp and the Group is utilising an online web-based system known as the JCorp Risk Information System (KRIS). This system was developed in 2009 to facilitate the process of updating risk register. The risk will always be reviewed from time to time at the respective companies and subsequently ranked, deliberated and reported to Board Audit Committee and Board of Directors of JCorp.

Types of Risk

JCorp classifies risk into five types:

- Strategic Risks
- Operational Risks
- Project Risks
- Financial Risks
- Hazards

Procedures

JCorp has five main ways in which it can effectively treat risk as follow:

1. Accept the risk and make a conscious decision not to take any action;
2. Accept the risk but take some actions to lessen or minimise its likelihood or impact;
3. Transfer the risk to another individual or organisation by, for example, outsourcing the activity;
4. Finance (insure against) the risk;
5. Avoid the risk by ceasing to perform the activity causing it.

JCorp's decision on how to manage risks will be determined by a systematic risk assessment in which likelihood and consequence (or impact) table ratings is applied to each risk. JCorp has identified relevant likelihood and consequence ratings in the Risk Management Compliance Framework. In addition to assessing likelihood and consequence ratings, the effectiveness of existing controls over a 12-month period should also be considered in terms of the ratings.

CORPORATE RESPONSIBILITY



CORPORATE Responsibility (CR) is the third most important component in Johor Corporation's (JCorp) business philosophy that involves interested parties inclusive of staff, oversight authorities, clients as well as the community. The CR implementation is aimed at improving the quality of life of the deserving through various platforms of assistance and support to the non-governmental organisations, charitable bodies, welfare institutions and the society.

The Group's CR is implemented via non-profitable societies and establishments known as Amal Business Organisation (ABO) that contributes toward the development of the *ummah* from the aspects of welfare, health and sports besides entrepreneurship.

In 2013, a total of 24 ABO being patronised by the Amal Business Department of JCorp clustered into several categories, being social development and public welfare, entrepreneur, sports and recreation as well as staff welfare.

A number of community projects were being implemented to fortify JCorp's relationship with the society such as the realisation of Yachting Championship and *Karnival Tanjung Leman*, *Yassin* and *Tahlil* Recitations, community service as well as calamity relief for the flood and fire victims.

Among the community programmes implemented by JCorp being the *Yassin* and *Tahlil* Recitations that was attended by YAB Tan Sri Haji Muhyiddin Bin Mohd Yassin, Deputy Prime Minister at Masjid Jamek Kampung Jorak, Bukit Pasir, Muar.

Apart from that, JCorp channelled the monetary fund amounting to RM100,000 to the Johor State Flood Relief Fund to ease the burden of flood victims in Johor.



The Waqaf Brigade members, one of the ABOs under Waqaf An-Nur Corporation Berhad (WANCorp) has also touched ground to help the flood-affected staff of the Group that includes 219 staff of KPJ Kuantan and KFC in Pahang.

KULIM WILDLIFE DEFENDERS (KWD)

JCorp also participates in wildlife and nature conservation programmes in Johor through Kulim Malaysia Berhad that has established Kulim Wildlife Defenders (KWD) in 2009. KWD initiates various awareness programmes besides participating in the Tiger Forever project together with the Wildlife Conservation Society (WCS) and Johor National Park Corporation (JNPC).

KWD also plays a part in supporting Johor Wildlife Conservation Project (JWCP) since 2009 via joining of efforts through participations in monthly patrol and road blocks together with the State Government of Johor, JNPC, Johor Wildlife Department, Johor Forestry Department, Royal Malaysia Police, Kulim, WCS, Panthera and US Fish & Wildlife in safeguarding as well as conserving the flora and fauna along the borderline of Johor forest from any act of trespass so as illegal poaching.

In 2013, JCorp and Kulim rang the call to organise Raja Zarith Sofiah Wildlife Defenders Challenge 2013 on the initiative and great support from DYMM Raja Zarith Sofiah Binti Almarhum Sultan Idris Shah towards the wildlife conservation effort particularly in Johor which was joined by the state's 10 primary schools, 10 secondary schools and 10 higher education institutions.

WAQAF AN-NUR CORPORATION BERHAD (WANCORP)

WANCorp is a Limited by Guarantee Company established to manage the assets and shares of Johor Corporation Group of Companies endowed for waqaf.

WANCorp plays the role as the *Maukuf Alaihi* of shares and other forms of company securities collectively allocated into waqaf. WANCorp implements several CR initiatives on behalf of JCorp namely Waqaf An-Nur Hospital (HWAN) and chain of Waqaf An-Nur Clinics (KWAN), Waqaf Dana Niaga, Waqaf Brigade, Waqaf Community Centre and contributions to the society via general welfare allocations.

WAQAF DANA NIAGA

Waqaf Dana Niaga is an initiative to provide zero interest capital to the small-scaled entrepreneurs who intend to start a business or expand their existing business. This initiative is aimed at empowering the Islamic approaches through business activity and manoeuvring the economy of the Muslims so as to discharge the benefit to all deserving Muslim entrepreneurs.

A total of 279 participants received the monetary assistance amounting to RM489,800. Among the types of businesses they venture in varies from the selling of food and beverages, tailor and sundry shops, beauty products, welding works as well as vehicle repair workshop.

WANCorp's charitable contributions have generated the benefit in a way or another to the community and organisations for instance in patient's welfare, mosque activities, welfare and orphanage/poor associations as well as other CR programme implementations. Contributions are also being funneled to the deserving students and entrepreneurs apart from increasing dakwah activities.



CHAIN OF AN-NUR MOSQUES

JCorp through WANCorp manages five An-Nur Mosques. Three of these mosques are situated in business complexes namely Masjid An-Nur Kotaraya, Masjid An-Nur Larkin Sentral and Masjid An-Nur Pasir Gudang while two others being community mosques that are Masjid An-Nur Bandar Pasir Gudang and Masjid An-Nur Taman Cendana.

The chain of An-Nur Mosques is managed with support from members of the committee among the JCorp staff and members of the community. This chain of mosques is fundamentally operated with its own fund from *Tabung Kemakmuran* contributed by members of the community and also budget injections from WANCorp. Beginning 2013, the mosques started to implement enhancement programmes in view of its management to make self-sufficient.

The *Tafaqquh An-Nur* programme was introduced as a platform promoting the *zikir* recitations and knowledge embracements at the chain of An-Nur Mosques. It is fully coordinated by staff of these mosques as a social service through dakwah. Currently, the designated programmes under this initiative that have begun include *Ratib Al-Attas & Asma Ul-Husna* Recitations, *Zikir & Qasidah*, Al-Quran Memorisation, *Riwayat Sahabat Rasulullah* and *Kuliah Zuhur*. Besides that, these mosques also organise religious classes such as *Kuliah Maghrib* as well as Islamic festive celebration programmes such as *Maulidur Rasul* and others.

WAQAF AN-NUR HOSPITAL AND CHAIN OF WAQAF AN-NUR CLINICS

JCorp via WANCorp in cooperation with State Islamic Councils and support from KPJ Healthcare Berhad developed and managed 19 Waqaf An-Nur Clinics (KWAN) besides a Waqaf An-Nur Hospital (HWAN) at Pasir Gudang on the fundamental of charity through waqaf concept's adaptation.

The main objective of KWAN and HWAN's establishments is to provide healthcare treatment and dialysis facilities to the general public particularly the deserving, regardless of ethnicity and religion.

Apart from Johor, KWANs are also built in Negeri Sembilan, Selangor, Perak, Sarawak and Penang that are developed with cooperation from the respective state's Islamic council.



Beginning October 2011, KWAN Kotaraya has been temporarily closed for operation following the renovation works of Plaza Kotaraya Complex (now known as Galleria@Kotaraya) and the dialysis patients were moved to Pasir Gudang Dialysis Centre.

Until 31 December 2013, a total of 961,148 treatments were discharged to the patients in the chain of KWAN and out of that portion, 69,690 or 7 percent were treatments given to the non-Muslim patients. The total number of patients with kidney failures which have been receiving dialysis treatments in HWAN and five KWANs are now 112.

HWAN and chain of KWANs are not only providing healthcare treatment on the nominal charge of RM5 inclusive of medication, yet offering dialysis treatment with the subsidised rate to the deserving. Patients also receive financial support from Baitulmal, PERKESO and various welfare agencies entitling them to free treatments.

The year 2013 witnessed the officiation of KWAN Taman Bukit Tiram which was concluded by YAB Dato' Mohamed Khaled bin Nordin, Chief Minister of Johor on 14 December 2013. In conjunction with the ceremony, WANCorp contributed RM259,000 for the purchase of seven units of dialysis machines whereby three of them located at KWAN Bukit Tiram Dialysis Centre and four others at HWAN Pasir Gudang.



A number of proposed new KWANs are underway in 2014. Among the identified locations being Port Klang, Kajang and Batu Caves in Selangor, Rembau (Negeri Sembilan), Pengkalan Pegoh (Perak), Seberang Jaya (Pulau Pinang) and Tumpat (Kelantan).

WAQAF BRIGADE

Waqaf Brigade also brought pride to JCorp as it was declared as the Champion of Marching Competition for Private Category, NGO and Sub-districts Coordination Committee (JPMM) while representing JCorp during Johor Bahru District Level's 56th National Day Celebration at Dataran Bandaraya Johor Bahru on 31 August 2013.

Waqaf Brigade members also marched as JCorp's contingent in a parade during the Johor State Level's Maulidur Rasul Celebration in Segamat on 24 January 2013 and once again recognised as the State Level's Overall Champion.

As a manifestation of sympathy to the affected victims of Lahad Datu intrusion, Waqaf Brigade deployed its strength to cooperate with the National Security Council (MKN) of Johor and Gabungan Melayu Johor on 20 to 22 March 2013 to mobilise supplies. Besides cash, JCorp via Waqaf Brigade also handed over contributions of 22 cartons of adult's and children's clothing to be extended to the affected residents.



WAQAF COMMUNITY CENTRE

JCorp through WANCorp realised this initiative by locating a group of small-scaled entrepreneurs in a dedicated building to run businesses in a group. The premise and funding of the apparatus besides training, support assistance and advisory services are also provided by WANCorp.

This programme is aimed at the socioeconomic development in particular to the single mothers which acquired skills in tailoring. Currently, a number of 10 participants are involved in the programme undertaken for the first time.

TIJARAH RAMADHAN FUND-JOHOR CORPORATION FOUNDATION

Tijarah Ramadan Programme also creates possibilities be it for companies within JCorp Group or outside and the public to discharge charitable deeds. Since its launching in 2005 up to December 2013, an amount of RM2,557,905 has been accrued via Tijarah Ramadhan Fund (TTR) via contributions from corporate bodies and the general public from all over Malaysia besides Singapore and Brunei. In 2013, Tijarah Ramadhan Fund gathered contributions worth RM319,053.

From that amount, TTR channelled RM2,495,289 to the deserving nationwide. From January-December 2013, a total of RM273,685 was allocated by TTR for the said purpose.

In conjunction with the school session of 2014, TTR together with WANCorp also

contributed stationeries, school bags and pocket money to students from selected schools around Johor. A total of 1,500 units of school bags were handed over to Johor Education Department to be distributed to students of the deserving.

As many as 13,621 people inclusive of deserving bodies from all over Malaysia benefitted from TTR that represent various ethnics and religious denominations.

PERSATUAN KELUARGA JOHOR CORPORATION (PKP INDUK) AND PERSATUAN REKREASI KELUARGA PERBADANAN JOHOR (PKP PERBADANAN JOHOR)

PKP Induk is a body that plays vital role in solidifying and coordinating all staff societies within JCorp Group of Companies.

Johor Corporation Closed Sports Carnival 2013 was among the activities organised by PKP Induk. Several events were contested including carom, badminton, futsal, paintball and netball. Besides, PKP Induk is indeed active in coordinating external sports participations including the ones organised by GEMAPUTRA, ADFIM and Association of Statutory Bodies.

Meanwhile, PKP Perbadanan Johor is a staff society of the headquarters. Both societies are actively involved in initiating activities among members with particular to sports and recreations apart from organising *qurban* activities through salary deduction, contributions to the members' high achieving children, charity *bubur lambuk*, Aidilfitri celebration as well as online quizzes and interactive motivational materials.

MUTIARA JOHOR CORPORATION

Mutiara Johor Corporation chaired by Ydh Datin Noor Laila Yahaya is a women society membered by women staff and spouses of JCorp's staff. This ABO is established to take care of its member's welfare as well as offering services to the community through worthwhile activities.

To enable Mutiara Johor Corporation to reach out to the marginalised and implementing charitable undertaking, the society organised a Charity Walk themed 'Walk For The Better Tomorrow' to gain funding for various charity and community programmes.

Several religious, social, education, welfare and sports activities have been undertaken by Mutiara Johor Corporation including visits to the orphanages, *Ratib Asma Ul-Husna* Recitations, *Yassin* Recitations, *Iftar* and Learning Visit to the Jeta Garden Aged Care Facility in Brisbane, Australia.

BISTARI ENTREPRENEUR PROGRAMMES AND TUITION PROJECT

JCorp's involvement in entrepreneurship programmes began in 1992 with the launching of Tunas BISTARI, an entrepreneurship programme for students of secondary school around Johor and followed by Siswa BISTARI, an entrepreneurship programme for students of higher education institutions in 2004. Upon the success of both programmes, JCorp continued the entrepreneurship programme to the primary students in the State of Johor through the launching of Didik BISTARI in 2005 which was also supported by the Education Department of Johor.

Up to 2013, a total of 18,628 students and 174 schools involved in this programme. For Didik BISTARI programme, 135 primary schools are involved in this programme with participation of 7,410 students.



JCorp's inculcation of entrepreneurship aspect is not only limited to school students, but expanded to the higher education institutions through Siswa BISTARI programme. Since its inception until now, 26 Siswa BISTARI companies were being established in UiTM Segamat, UiTM Shah Alam and Politeknik Merlimau with participation of 1,000 students. This programme also involves participation of mentors among executives of JCorp and entrepreneurs as the participants' advisors.

Following the success of Karnival BISTARI 2012; Catur BISTARI and Cilik BISTARI board games have been introduced in the Central Zone covering four states namely Selangor, Negeri Sembilan, the Federal Territories of Kuala Lumpur and Putrajaya beginning May 2013.

JOHOR YACHTING ASSOCIATION AND MALAYSIA YACHTING ASSOCIATION

JCorp also pioneers the yachting activities through its involvement in Johor Yachting Association and Malaysia Yachting Association. Both societies are led by YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive of JCorp as the president for both associations. These two ABO is actively encouraging and developing the Malaysian yachting scene at the international level as a number of sailors are equally excellent at the world stage.

Meanwhile, the KFC-FELDA Johor Open 2013 has also taken place at the Tanjung Leman Beach, Mersing from 5 to 7 July 2013. This event indirectly helps to promote Tanjung Leman as a gateway and attractive tourist destination in the state of Johor besides being in line with the main objectives of both societies to develop and



introduce yachting to the nation's youth particularly familiarising this sport to the descendants of Felda settlers.

The Malaysia Yachting Association also sent its sailors to represent Malaysia in the 27th SEA Games in Myanmar from 12 to 20 December 2013 which also witnessed the national team to have successfully won three gold medals, three silver medals and three bronze medals that has become the nation's best performance thus far in the yachting arena.

JOHOR CLAY TARGET SHOOTING ASSOCIATION

Johor Clay Target Shooting Association (JCTSA) established in 1997 is a society that runs under the patronage of National Shooting Association of Malaysia (NSAM).

Each year without fail, the society organises Sultan Iskandar Cup Shooting Competition (currently known as Iskandar Shoot) in collaboration with Associations and Johor Sports Council (MSNJ). The competition is also supported by the State Government as it is enlisted in the Tourism Calendar of Johor.

In 2013, over 200 shooters represent Royal Malaysia Navy, Royal Malaysia Police, Malaysia Airlines Shooting Club, Indonesia, Singapore, Philippines, Hong Kong and Sri Lanka.

Congratulations to the Johor Clay Target shooters who brought home the Iskandar Shoot 2013 Trophy. The society has also produced nationally-recognised shooters. Among the outstanding athletes in 2013 was Benjamin Khor who has been nominated as the Malaysian Youth Ambassador of the Youth Olympic Games 2014 in Nanjing for his performance, including the breaking of Junior Asian Double Trap record during Asian Shooting Championship at Almaty, Kazakhstan in 2013.

JOHOR MOTOR CLUB

Johor Motor Club is a combined group of the Automobile Association of Malaysia (AAM) which is actively involved in motorsports development through activities such as Johor Clubman Race, Johor Sprint Challenge and the weekly Saturday Nite Sprint besides Petronas AAM Malaysian Cup Prix Championship. All of the club's motoring activities are being held at the Johor Circuit Pasir Gudang.

The Johor Clubman Series competition is the most popular event among the newcomers and members of the club, while the Saturday Nite Sprint is

the most sought after among the youngsters as it offers possibilities to take part in a sprint under a much controlled and safe atmosphere.

Johor Motor Club also attained AAM's accreditation to organise Petronas AAM Malaysian Motocross Championship 2013 which was held at Bandar Dato Onn Circuit,



Johor Bahru. The First Round took place on 11 and 12 May 2013, while the fifth round occurred on 28 and 29 September 2013 at the same track.

CONCLUSION

As a responsible corporate organisation, JCorp is convinced that its involvement together with its Group of Companies and all staff in the community and social development via various initiatives is an important role and commitment done full-heartedly and trustworthily.

HUMAN CAPITAL DEVELOPMENT



Johor Corporation (JCorp) Group's human capital development is a continuous effort in order to ensure the empowerment of its 70,000 staff. As a conglomerate of the state government, JCorp underlines a strong emphasis in equipping its staff with the necessary skills for their best abilities to carry out Johor Corporation's 2012-2022 Strategic Plan.

Among the processes that are constantly instilled through numerous programmes and forums are: empowering the staff's mindset to adapt to changes and transformation, enhancing their abilities and skill sets, improving commitments and proactivity while overseeing all aspects of governance, operations, businesses, challenges as well as opportunities through broader perspectives and dimensions.

The processes are conducted through series of training programmes and courses in acquiring knowledge, applying the latest systems and formulas in the working environment and administration. Selected staffs are also given the opportunity to polish their talents, leadership abilities and career advancements to maintain a pool of credible future leaders to sustain and uphold JCorp's vision and mission. Programmes such as these, namely – Johor Corporation Leadership Programme and Johor Corporation Directors Conference – have been made a practice and held annually.

Simultaneously, JCorp Group's staffs are also exposed with character building and nurturing integrity apart from cultivating mental and physical fitness as well as maintaining a close tie between cooperation and teamwork while polishing their decision making abilities.

In the spirit of promoting loyalty and a two-way sharing of information regarding the organisation between staffs and the Group's top management, JCorp holds the annual Majlis Pedoman Anggota Pekerja (PEDOMAN) as one of the highlighted opening events for each year while PEDOMAN Executive is held annually by mid-year to serve as a platform for dialogue and information dissemination.



On top of being a business conglomerate, JCorp as a public entity has not strayed from keeping a close eye on the local community and the public at large. Community, educational, charitable, recreational and sporting events, not to mention spiritual programmes, have been scheduled and held by the Group on a regular basis throughout the year.

In maintaining a focused and motivated workforce, JCorp holds substantial emphasis in encouraging its staffs to lead a healthy and vibrant lifestyle through the *Jom Sihat* Programme which include health screenings, tips and awareness campaigns.



Aidilfitri celebrations and sporting events are also being held annually to address the Group's internal communication and social aspects. The spiritual aspect, on the other hand, is fulfilled by encouraging the staffs to perform congregational prayers at JCorp's mosques and *surau*, attending *tazkirah*, *Yassin* and *Tahlil* programmes as well as annual Muslim celebrations from time to time, such as *Maal Hijrah* and *Qurban*. Annual charitable activities like World Hunger Relief is in line with this effort where JCorp staffs are given the chance to participate and at the same time give back to the public. The latest World Hunger Relief 2013 event was held on 5 October 2013 at Dataran Putrajaya, Putrajaya.



AWARDS AND ACCOLADES

Johor Corporation was recognised through various awards and accolades nationally and internationally along the year 2013.

ADFIAP AWARDS 2013

Johor Corporation won ADFIAP AWARDS 2013 in Corporate Governance Category by the Association of Development Financing Institutions In Asia and The Pacific (ADFIAP).

FINANCIAL MANAGEMENT ACCOUNTABILITY INDEX 2012

The Highest Four Star Recognition for the Financial Management Accountability Index from National Audit Department for six consecutive years since 2007.



FINANCIAL STATEMENTS

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**REPORT OF THE AUDITOR GENERAL ON
THE FINANCIAL STATEMENTS OF
JOHOR CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2013**

Report on the Financial Statements

The Financial Statements of Johor Corporation and the Group for the year ended 31 December 2013 have been audited by my representative, which comprise the Statement of Financial Position as at 31 December 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of Johor Corporation and the Group as at 31 December 2013 and of their financial performance and cash flows for the year then ended, in accordance with the approved financial reporting standards in Malaysia.

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

Report on Other Legal and Regulatory Requirements

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

- i . The accounting and other records have been properly kept in accordance with Section 30(i) of the said Enactment;
- ii. Receipts, expenditure, investment of monies as well as the procurements and disposal of assets by Johor Corporation for the year ended 31 December 2013 were in accordance with the provisions of the said Enactment; and
- iii. Assets and liabilities are fairly stated in accordance with the accounting policies.



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



PUTRAJAYA
20 MARCH 2014

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 2013.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

| | Group RM Million | Corporation RM Million |
|---|---------------------|---------------------------|
| Profit from continuing operations, net of tax | 1,151 | 129 |
| Profit from discontinued operations, net of tax | 8 | - |
| Profit net of tax | 1,159 | 129 |
| Profit attributable to: | | |
| Johor Corporation | 808 | 129 |
| Non-controlling interests | 351 | - |
| | 1,159 | 129 |

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

(CONTINUED)

DIRECTORS

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

| | |
|---|---------------------------------------|
| YAB Dato' Mohamed Khaled Bin Nordin | (Chairman appointed on 14 May 2013) |
| YAB Dato' Haji Abdul Ghani Bin Othman | (Retired on 13 May 2013) |
| YBhg Tan Sri Dr Ali Bin Hamsa | (Deputy Chairman) |
| YB Dato' Kamaruzzaman Bin Abu Kassim | (President and Group Chief Executive) |
| YB Dato' Haji Obet Bin Tawil | |
| YB Dato' Ishak Bin Sahari | (Appointed on 1 January 2014) |
| YB Tuan Haji Marsan Bin Kassim | |
| YBhg Datuk Mohd Hashim Bin Abdullah | (Appointed on 1 December 2013) |
| YBhg Dato' Hafsa Binti Hashim | (Appointed on 1 December 2013) |
| YBhg Puan Siti Zauyah Binti Mohd Desa | (Appointed on 11 March 2013) |
| YB Tuan Haji Md Jais Bin Haji Sarday | (Appointed on 1 September 2013) |
| YBhg Encik Izaddeen Bin Daud | (Appointed on 1 September 2013) |
| YB Datuk Abdul Rahman Putra Bin Dato' Haji Taha | (Retired on 31 December 2013) |
| YBhg Datuk Dr Rahamat Bivi Binti Yusoff | (Retired on 31 October 2013) |
| YBhg Datuk Dr Rebecca Fatima Sta Maria | (Retired on 30 September 2013) |
| YB Dato' Haji Ahmad Zahri Bin Jamil | (Retired on 8 September 2013) |
| YB Datin Paduka Zainon Binti Haji Yusof | (Retired on 14 August 2013) |

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the Statements of Comprehensive Income and Statements of Financial Position of the Group and of the Corporation were made out, the Directors took reasonable steps to ascertain that:
- proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- 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
 - that would render the values attributed to the current assets in the financial statements of the Group and of the Corporation misleading; or
 - which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Corporation misleading or inappropriate.
- (c) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Corporation, which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

(CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Corporation which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Corporation which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Corporation to meet their obligations when they fall due; and
 - (ii) except as disclosed in the financial statements, there has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Corporation for the financial year in which this report is made.

Signed on behalf of the Board of Directors:



DATO' MOHAMED KHALED BIN NORDIN
Chairman



DATO' KAMARUZZAMAN BIN ABU KASSIM
President and Group Chief Executive

Johor Bahru

6 March 2014

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

We, Dato' Mohamed Khaled Bin Nordin and Dato' Kamaruzzaman Bin Abu Kassim being the Chairman and one of the Directors of Johor Corporation respectively, do hereby state that, in the opinion of the Directors, the accompanying financial statements as stated in the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows set out together with the notes to the financial statements are drawn up so as to give a true and fair view of the financial position of the Group and of the Corporation as at 31 December 2013 and of their results and cash flows for the year then ended.

Signed on behalf of the Board of Directors:



DATO' MOHAMED KHALED BIN NORDIN
Chairman



DATO' KAMARUZZAMAN BIN ABU KASSIM
President and Group Chief Executive

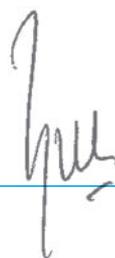
Johor Bahru

6 March 2014

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

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

Subscribed and solemnly declared
by the abovenamed
at Johor Bahru on **6 MAC 2014**



Before me,



Commissioner of Oaths

No. 89, Jalan Trus,
80000 Johor Bahru

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated

| | Note | Group 2013 | Group 2012 Restated | Corporation 2013 | Corporation 2012 |
|--|----------|---------------|---------------------------|---------------------|---------------------|
| Continuing operations | | | | | |
| Revenue | 4 | 6,574 | 9,970 | 531 | 348 |
| Cost of sales | | (4,315) | (7,503) | (120) | (121) |
| Gross profit | | 2,259 | 2,467 | 411 | 227 |
| Other items of income | | | | | |
| Other income | 5 | 1,214 | 513 | 379 | 684 |
| Other items of expense | | | | | |
| Distribution expenses | | (255) | (272) | (6) | (4) |
| Administrative expenses | | (1,255) | (1,198) | (72) | (58) |
| Finance costs | 7 | (438) | (442) | (201) | (157) |
| Other expenses | 6 | (194) | (472) | (366) | (525) |
| Share of results of associates, net of tax | | 31 | 21 | - | - |
| Share of result of joint ventures, net of tax | | 4 | - | - | - |
| Profit before tax from continuing operations | 8 | 1,366 | 617 | 145 | 167 |
| Income tax expense | 11 | (215) | (227) | (16) | 36 |
| Profit from continuing operations, net of tax | | 1,151 | 390 | 129 | 203 |
| Discontinued operation | | | | | |
| Profit from discontinued operation, net of tax | 12 | 8 | 20 | - | - |
| Profit net of tax | | 1,159 | 410 | 129 | 203 |

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
 Amounts in RM Million Unless Otherwise Stated (Continued)

| | Note | 2013 | Group 2012 Restated | 2013 | Corporation 2012 |
|--|------|--------------|---------------------------|------------|---------------------|
| Other comprehensive income: | | | | | |
| Net surplus from revaluation | | - | 8 | - | - |
| Cash flow hedges | | - | 7 | - | - |
| Fair value of available for sale financial assets | | (2) | (3) | - | - |
| Foreign currency translation | | (265) | (66) | - | - |
| <i>Other comprehensive income for the year, net of tax</i> | | <i>(267)</i> | <i>(54)</i> | <i>-</i> | <i>-</i> |
| Total comprehensive income for the year | | 892 | 356 | 129 | 203 |
| Profit/(loss) attributable to: | | | | | |
| Johor Corporation | | 808 | (278) | 129 | 203 |
| Non-controlling interests | | 351 | 688 | - | - |
| | | 1,159 | 410 | 129 | 203 |
| Total comprehensive income attributable to: | | | | | |
| Johor Corporation | | 738 | (50) | 129 | 203 |
| Non-controlling interests | | 154 | 406 | - | - |
| | | 892 | 356 | 129 | 203 |

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated

| | Note | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|------|---------------|---------------------------------|----------------------|---------------------|--------------|
| ASSETS | | | | | | |
| Non-current assets | | | | | | |
| Property, plant and equipment | 14 | 8,629 | 9,874 | 9,291 | 520 | 334 |
| Property development | 24 | 164 | 102 | 124 | 26 | 26 |
| Investment properties | 15 | 3,554 | 3,718 | 3,446 | 1,108 | 259 |
| Intangible assets | 16 | 410 | 1,263 | 1,224 | - | - |
| Land use rights | 17 | 154 | 81 | 54 | - | - |
| Investment in subsidiaries | 18 | - | - | - | 3,443 | 2,516 |
| Investment in associates | 19 | 293 | 250 | 198 | 36 | 36 |
| Investment in joint ventures | 20 | 1,272 | - | - | - | - |
| Deferred tax assets | 22 | 133 | 108 | 135 | 60 | 54 |
| Other investments | 13 | 66 | 81 | 64 | 4 | 4 |
| | | 14,675 | 15,477 | 14,536 | 5,197 | 3,229 |
| Current assets | | | | | | |
| Property development | 24 | 877 | 484 | 494 | 436 | 158 |
| Inventories | 25 | 804 | 1,105 | 1,052 | 80 | 41 |
| Trade and other receivables | 23 | 1,065 | 1,347 | 1,369 | 302 | 1,847 |
| Other currents assets | 26 | 76 | 75 | 104 | 17 | 24 |
| Other investments | 13 | 64 | 111 | 253 | 48 | 83 |
| Tax recoverable | | 5 | - | 9 | 75 | 68 |
| Derivative financial instrument | 28 | 16 | 24 | - | - | - |
| Cash and bank balances | 29 | 1,105 | 1,079 | 1,865 | 91 | 115 |
| | | 4,012 | 4,225 | 5,146 | 1,049 | 2,336 |
| Assets of disposal group classified as held for sale | 21 | 6 | 383 | 208 | 26 | 39 |
| | | 4,018 | 4,608 | 5,354 | 1,075 | 2,375 |
| Total assets | | 18,693 | 20,085 | 19,890 | 6,272 | 5,604 |

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

| | Note | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|------|---------------|---------------------------------|----------------------|---------------------|--------------|
| EQUITY AND LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Tax payable | | 54 | 16 | 160 | - | - |
| Loans and borrowings | 31 | 1,634 | 2,419 | 5,183 | 61 | 61 |
| Trade and other payables | 32 | 1,939 | 2,236 | 2,069 | 1,220 | 1,138 |
| Derivative financial instrument | 28 | - | - | 2 | - | - |
| | | 3,627 | 4,671 | 7,414 | 1,281 | 1,199 |
| Disposal group liabilities | 21 | - | 225 | - | - | - |
| | | 3,627 | 4,896 | 7,414 | 1,281 | 1,199 |
| Net current assets/(liabilities) | | 391 | (288) | (2,060) | (206) | 1,176 |
| Non-current liabilities | | | | | | |
| Other payable | 32 | - | - | - | 424 | - |
| Other long term liabilities | 30 | 400 | 438 | 378 | 267 | 228 |
| Deferred tax liabilities | 22 | 1,013 | 1,164 | 1,188 | 1 | 1 |
| Loans and borrowings | 31 | 6,930 | 5,904 | 3,665 | 2,977 | 2,980 |
| | | 8,343 | 7,506 | 5,231 | 3,669 | 3,209 |
| Total liabilities | | 11,970 | 12,402 | 12,645 | 4,950 | 4,408 |
| Net assets | | 6,723 | 7,683 | 7,245 | 1,322 | 1,196 |
| Equity | | | | | | |
| Capital reserves | 33 | 1,056 | 1,046 | 1,046 | 55 | 55 |
| Hedge reserves | 33 | - | - | (1) | - | - |
| Equity transaction reserves | 33 | (56) | (56) | (61) | - | - |
| Currency fluctuation reserves | 33 | (145) | (74) | (42) | - | - |
| Fair value adjustments reserves | 33 | 51 | 53 | 53 | - | - |
| Revenue reserves | 33 | 1,598 | 787 | 733 | 1,267 | 1,141 |
| | | 2,504 | 1,756 | 1,728 | 1,322 | 1,196 |
| Non-controlling interests | | 4,219 | 5,927 | 5,517 | - | - |
| Total equity | | 6,723 | 7,683 | 7,245 | 1,322 | 1,196 |
| Total equity and liabilities | | 18,693 | 20,085 | 19,890 | 6,272 | 5,604 |

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated

| 2012 Group | Capital reserves | Hedge reserves | Currency fluctuation reserves | Fair value adjustment reserve | Equity transaction reserve | Revenue reserves | Total | Non-controlling interests | Total equity |
|---|------------------|----------------|-------------------------------|-------------------------------|----------------------------|------------------|--------------|---------------------------|--------------|
| Opening balance at 1 January 2012, restated | 1,046 | (1) | (42) | 53 | (61) | 733 | 1,728 | 5,517 | 7,245 |
| Profit net of tax | - | - | - | - | - | (278) | (278) | 688 | 410 |
| Other comprehensive Income | | | | | | | | | |
| Revaluation surplus | 3 | - | - | - | - | - | 3 | 5 | 8 |
| Foreign exchange adjustments | - | - | (41) | - | - | 267 | 226 | (289) | (63) |
| Fair value of available for sale financial assets | - | - | - | - | - | - | - | (3) | (3) |
| Transfer from reserve to retained earnings | (3) | - | - | - | - | 3 | - | - | - |
| Cash flow hedges | 2 | - | - | - | - | - | 2 | 5 | 7 |
| Translation adjustment | - | - | (3) | - | - | - | (3) | - | (3) |
| Total other comprehensive income for the year | 2 | - | (44) | - | - | 270 | 228 | (282) | (54) |
| Total comprehensive income for the year | 2 | - | (44) | - | - | (8) | (50) | 406 | 356 |
| Dividend paid to minority shareholders | - | - | - | - | - | - | - | (145) | (145) |
| Disposal of subsidiaries | - | 1 | (15) | - | - | - | (14) | (1,374) | (1,388) |
| Dilution of interest in subsidiaries | (2) | - | 27 | - | - | 84 | 109 | 1,672 | 1,781 |
| Acquisition of new subsidiaries | - | - | - | - | - | (2) | (2) | - | (2) |
| Additional interest in subsidiaries | - | - | - | - | (5) | - | (5) | (6) | (11) |
| Acquisition of non-controlling interest in subsidiaries | - | - | - | - | - | (31) | (31) | (143) | (174) |
| Contribution to state government | - | - | - | - | - | 11 | 11 | - | 11 |
| Redemption of preference shares | - | - | - | - | 10 | - | 10 | - | 10 |
| | (2) | 1 | 12 | - | 5 | 62 | 78 | 4 | 82 |
| Closing balance at 31 December 2012, restated | 1,046 | - | (74) | 53 | (56) | 787 | 1,756 | 5,927 | 7,683 |

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

| 2013 Group | Capital reserves | Hedge reserves | Currency fluctuation reserves | Fair value adjustment reserves | Equity transaction reserves | Revenue reserves | Total | Non-controlling interests | Total equity |
|---|------------------|----------------|-------------------------------|--------------------------------|-----------------------------|------------------|--------------|---------------------------|--------------|
| Opening balance at 1 January 2013, restated | 1,046 | - | (74) | 53 | (56) | 787 | 1,756 | 5,927 | 7,683 |
| Profit net of tax | - | - | - | - | - | 808 | 808 | 351 | 1,159 |
| Other comprehensive Income | | | | | | | | | |
| Foreign exchange adjustments | - | - | (64) | - | - | - | (64) | (198) | (262) |
| Fair value of available for sale financial assets | - | - | - | (2) | - | - | (2) | - | (2) |
| Cash flow hedges | (1) | - | - | - | - | - | (1) | 1 | - |
| Translation adjustment | - | - | (3) | - | - | - | (3) | - | (3) |
| Total other comprehensive income for the year | (1) | - | (67) | (2) | - | - | (70) | (197) | (267) |
| Total comprehensive income for the year | (1) | - | (67) | (2) | - | 808 | 738 | 154 | 892 |
| Dividend paid to minority shareholders | - | - | - | - | - | - | - | (614) | (614) |
| Disposal of subsidiaries | 8 | - | (4) | - | - | - | 4 | (1,307) | (1,303) |
| Dilution of interest in subsidiaries | 4 | - | - | - | - | 21 | 25 | 46 | 71 |
| Acquisition of new subsidiaries | - | - | - | - | - | - | - | 5 | 5 |
| Acquisition of non-controlling interest in subsidiaries | - | - | - | - | - | - | - | 2 | 2 |
| Additional interest in subsidiaries | - | - | - | - | - | (16) | (16) | 6 | (10) |
| Contribution to State Government | - | - | - | - | - | (3) | (3) | - | (3) |
| Transfer from reserve to retained earning | (1) | - | - | - | - | 1 | - | - | - |
| | 11 | - | (4) | - | (56) | 3 | 10 | (1,862) | (1,852) |
| Closing balance at 31 December 2013 | 1,056 | - | (145) | 51 | (56) | 1,598 | 2,504 | 4,219 | 6,723 |

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

| Corporation | Capital reserves | Revenue reserves | Total equity |
|--|------------------|------------------|--------------|
| Opening balance at 1 January 2012 | 55 | 949 | 1,004 |
| Total comprehensive income | - | 203 | 203 |
| Distribution of fund to State Government | - | (11) | (11) |
| Closing balance at 31 December 2012 and opening balance at 1 January 2013 | 55 | 1,141 | 1,196 |
| Total comprehensive income | - | 129 | 129 |
| Distribution of fund to State Government | - | (3) | (3) |
| Closing balance at 31 December 2013 | 55 | 1,267 | 1,322 |

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated

| | Group | | Corporation | |
|---|--------------|------------------|-------------|--------------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| OPERATING ACTIVITIES | | | | |
| Profit before tax: | | | | |
| Continuing operations | 1,366 | 617 | 145 | 167 |
| Discontinued operation | 9 | 21 | - | - |
| Adjustments: | | | | |
| Property, plant and equipment: | | | | |
| - Net gain on disposal | (73) | (16) | (73) | - |
| - Written off | 1 | 5 | - | - |
| - Depreciation | 435 | 624 | 8 | 6 |
| - Impairment loss | - | - | - | - |
| Investment property: | | | | |
| - Changes in fair value | (463) | (79) | (268) | 5 |
| - Write off/amortisation | - | 1 | - | - |
| - Net loss/(gain) on disposal | 50 | 49 | (13) | 11 |
| Land use rights: | | | | |
| - Amortisation | - | 1 | - | - |
| Remeasurement of remaining interest arising on deemed disposal of subsidiary | (331) | - | - | - |
| Gain on disposal of: | | | | |
| - Subsidiaries | (80) | - | (15) | (1) |
| - Associates | - | (15) | - | (27) |
| - Other investments | (3) | (28) | (1) | (2) |
| Investments: | | | | |
| - Changes in fair value | (17) | (13) | (8) | 42 |
| - Allowance for diminution | - | 120 | 90 | 174 |
| Intangible assets: | | | | |
| - Amortisation | 1 | 11 | - | - |
| Dividend income | (2) | (4) | (145) | (736) |
| Gain on exchange differences | - | 27 | - | - |
| Grant received from government | (6) | (8) | - | - |
| Goodwill written off | 22 | - | - | - |
| Reversal of allowance for impairment for receivables | (18) | - | - | - |
| Amortisation of government grant | (7) | (10) | - | - |
| Allowance for impairment of receivables | 54 | 8 | 226 | 113 |
| Interest expense | 438 | 442 | 201 | 157 |
| Interest income | (47) | (43) | (17) | (13) |
| Share of results of associates and joint ventures | (35) | (90) | - | - |
| Operating profit/(loss) before changes in working capital | 1,294 | 1,620 | 130 | (104) |

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

| | Group | | Corporation | |
|---|--------------|------------------|--------------|--------------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Changes in working capital | | | | |
| Bank deposits not regarded as cash equivalents | 23 | 539 | (9) | 556 |
| Inventories | 38 | (546) | (38) | - |
| Property development cost | (378) | (17) | (150) | (2) |
| Receivables | 79 | (741) | (452) | (154) |
| Payables | 96 | 431 | 321 | 143 |
| Associates | 1 | 70 | - | - |
| Cash generated from/(used in) operations | 1,153 | 1,356 | (198) | 439 |
| Tax refunded | 56 | - | - | - |
| Tax paid | (327) | (285) | - | - |
| Dividend received | - | - | 754 | 185 |
| Interest received | 47 | 43 | 4 | 10 |
| Zakat | - | (1) | - | - |
| Net cash generated from operating activities | 929 | 1,113 | 560 | 634 |
| INVESTING ACTIVITIES | | | | |
| Proceeds from disposal of investment in: | | | | |
| - Subsidiaries | 80 | - | 22 | 1 |
| - Other investments | 21 | (10) | - | - |
| - Short term investments | 47 | 142 | 44 | 115 |
| - Associates | 19 | 60 | - | - |
| - Joint ventures | (1,272) | - | - | - |
| Property, plant and equipment: | | | | |
| - Proceeds from disposal | 403 | 810 | 74 | 1 |
| - Purchase | (1,075) | (2,132) | (45) | (181) |
| Investment property: | | | | |
| - Proceeds from disposal | 834 | 120 | 25 | 77 |
| - Purchase | (282) | (206) | - | (4) |
| Intangible assets: | | | | |
| - Addition | (17) | (44) | - | - |
| Land use rights: | | | | |
| - Purchase | (88) | (10) | - | - |
| Asset held for sale: | | | | |
| - Additional | - | 42 | - | - |
| Dividend received | - | 19 | - | - |
| Purchase of: | | | | |
| - Partial Interest in subsidiaries | - | (4) | (618) | (13) |
| - Partial interest in associates | - | (55) | (12) | (14) |
| - Other investments | (5) | (1) | - | (99) |
| Net cash outflow on disposal of subsidiary | 893 | (79) | - | - |
| Net cash flows used in investing activities | (442) | (1,348) | (510) | (117) |

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

| | Group | | Corporation | |
|--|--------------|------------------|-------------|--------------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| FINANCING ACTIVITIES | | | | |
| Exercise of warrants | - | 104 | - | - |
| Issuance of share to non-controlling interests | - | 55 | - | - |
| Drawdown of term loans and other long term borrowings | 3,053 | 883 | - | - |
| Issuance of Islamic Medium Term Notes ("IMTNs") | - | 3,000 | - | 3,000 |
| Repayment of term loans and other long term borrowings | (2,439) | (3,426) | (3) | (3,564) |
| Repayment of hire purchase and leases | (11) | (7) | - | - |
| Government grant received | 32 | - | 32 | 20 |
| Interest paid | (438) | (442) | (109) | (81) |
| Interest income from Islamic long term borrowing | - | 54 | - | - |
| Dividend paid to non-controlling interests | (614) | (145) | - | - |
| Distribution of fund to State Government | (3) | (11) | (3) | (6) |
| Withdrawal pledge deposit | - | (1) | - | - |
| Redemption of preference shares | - | 10 | - | - |
| Net cash (used in)/generated from financing activities | (420) | 74 | (83) | (631) |
| Net increase/(decrease) in cash and cash equivalents | 67 | (161) | (33) | (114) |
| Cash and cash equivalents at 1 January | 857 | 1,012 | 99 | 213 |
| Effect of exchange rate changes on cash and cash equivalents | 12 | 6 | - | - |
| Cash and cash equivalents at 31 December | 936 | 857 | 66 | 99 |
| CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | 731 | 806 | 3 | 15 |
| Fixed deposits | 374 | 273 | 88 | 100 |
| Fixed deposits subject to restriction/pledged | 1,105 | 1,079 | 91 | 115 |
| Cash and cash equivalents included in disposal group held for sale | (47) | (70) | (25) | (16) |
| Cash and cash equivalents included in disposal group held for sale | - | 31 | - | - |
| Bank overdrafts | (122) | (183) | - | - |
| | 936 | 857 | 66 | 99 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. CORPORATE INFORMATION

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

The address of the principal place of business of the Corporation is as follows:

Level 2, PERSADA JOHOR
Jalan Abdullah Ibrahim
80000 Johor Bahru, Johor
Malaysia.

The consolidated financial statements of the Corporation as at and for the year ended 31 December 2013 comprise the Corporation and its subsidiaries and the Group's interest in associates and joint ventures.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Corporation have been prepared in accordance with Financial Reporting Standards (FRS) and accounting principles generally accepted in Malaysia. At the beginning of the current financial year, the Group and the Corporation adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2013 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 January 2013, the Group and the Corporation adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013:

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to FRS 101 Presentation of Items of Other Comprehensive Income | 1 July 2012 |
| FRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004) | 1 January 2013 |
| FRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003) | 1 January 2013 |
| FRS 10 Consolidated Financial Statements | 1 January 2013 |
| FRS 11 Joint Arrangements | 1 January 2013 |
| FRS 12 Disclosure of interests in Other Entities | 1 January 2013 |
| FRS 13 Fair Value Measurement | 1 January 2013 |
| FRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011) | 1 January 2013 |
| FRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011) | 1 January 2013 |
| FRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011) | 1 January 2013 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

| Description | Effective for annual periods beginning on or after |
|---|--|
| IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine | 1 January 2013 |
| Amendments to FRS 7: Disclosures-Offsetting Financial Assets and Financial Liabilities | 1 January 2013 |
| Annual Improvements 2009-2011 Cycle | 1 January 2013 |
| Amendments to FRS 1: Government Loans | 1 January 2013 |
| Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: transition Guidance | 1 January 2013 |

The adoption of the above new and amended standards and interpretations did not have any effect on the financial performance or position of the Group and the Corporation, except for those discussed below:

FRS 10 Consolidated Financial Statements ("FRS 10")

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements ("FRS 127") that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders. The application of FRS 10 affected the accounting for the Group's equity interest in KPJ Healthcare Berhad, Al-'Aqar Healthcare REIT and New Britain Palm Oil Limited, which were previously treated as associates of the Group and accounted for using the equity method of accounting, and Waqaf An-Nur Berhad, which is a limited by guarantee company, which was previously not consolidated to the Group as discussed below:

(a) 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 38% equity interest. The second largest shareholder is Employee Provident Fund ("EPF"), which owns 11% of the equity shares of KPJ. 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 FRS 10, KPJ is a subsidiary of the Corporation.

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

As at 31 December 2013, the Corporation via KPJ, held 49% equity interest in Al-'Aqar. Based on the management's assessment of the relevant facts and circumstances in respect of equity interest held in Al-'Aqar during the current financial year, the management has determined that control exists at the Corporation level as per the requirements of FRS 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(b) Investment in Al-'Aqar Healthcare REIT ("Al-'Aqar") (continued)

KPJ is leasing the properties from Damansara REITS Managers Sdn Bhd ("DREIT"), the fund manager and real estate investment management arm of the Corporation. Therefore, the fund manager has decision making power to direct the relevant activities of Al-'Aqar. However, any decisions made, affect the Group's overall exposure to variable returns and are made in the best interest of the Group. The remuneration of DREIT, commensurate with the services it renders and does not have any direct interest in Al-'Aqar therefore, would qualify it to be just an agent.

As such, as at 31 December 2013, Al-'Aqar's financial statements were consolidated directly with the Corporation.

(c) Investment in New Britain Palm Oil Limited ("NBPOL")

As at 31 December 2013, the Corporation via Kulim (Malaysia) Berhad ("KMB") held 48% equity interest in NBPOL. KMB's interest in NBPOL was diluted to 48%, following a rights issue by NBPOL during the financial year ended 31 December 2012, and this was accounted for as a deemed disposal of subsidiary during the said year. The accounting treatment of this transaction was affected by the adoption of FRS 10 during the current financial year.

Based on the management's assesment of the relevant facts and circumstances, although KMB's stake in NBPOL is below 50%, the management has determined that control was retained as per the requirements of FRS 10.

The management arrived its conclusion based on the widely dispersed nature of voting shares that was not held by KMB. The second largest shareholder is West New Britain Provincial Government which owns 8% of the equity shares of NBPOL. All other shareholders individually own less than 5% of the equity shares of NBPOL. Historically, the other shareholders did not form a group to exercise their votes collectively.

The directors assessed that KMB has control over NBPOL. Therefore, in accordance with the requirements of FRS 10, NBPOL is a subsidiary of KMB.

(d) Investment in Waqaf An-Nur Berhad ("WanBhd")

WanBhd is a company limited by guarantee incorporated to manage the assets and shares of companies of the corporation which have been endowed in accordance with the principles of syariah. However, WanBhd has not been active since its incorporation. As at 31 December 2013, WanBhd held 100% equity interest in Sindora Ventures Sdn Bhd ("SVSB") and indirect interests on 19 other subsidiary companies (via SVSB).

Based on the management's assesment of the relevant facts and circumstances during the current financial year, the management has determined that WanBhd's financial statements for the financial year ended 31 December 2013, were consolidated with the Corporation, as currently, the members of the Board of Directors ("BOD") are solely represented by the Corporation (two representatives from the Corporation are sitting the BODs) which is not in accordance to the requirements of the Memorandum and Articles (M & A) of WanBhd that required at least four directors to be appointed, consisting of Chief Executive of the Corporation, Mufti Negeri Johor, Director of Jabatan Agama Islam Johor and Waqaf Officer of Negeri Johor. As a result, the Corporation has full control to direct the relevant activities of WanBhd.

The change in accounting of the Group's investments in KPJ, Al-'Aqar, NBPOL and WanBhd have been applied in accordance with the relevant transitional provisions as set out in FRS 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

The above change in accounting policy has affected the amounts reported in the Group's consolidated financial statements, as shown in Note 2.2(i) to 2.2(iv) below.

FRS 12 Disclosures of Interests in Other Entities ("FRS 12")

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement ("FRS 13")

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income ("Amendments to FRS 101")

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

FRS 127 Separate Financial Statements ("FRS 127")

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures ("FRS 128")

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(i) Impact of the application of the above new standards on net assets and equity of the Group as at 1 January 2012 and 31 December 2012

| | 1.1.2012 | | 1.1.2012 | | 31.12.2012 | | 31.12.2012 | |
|-------------------------------|------------------------|--------------------|---------------|---------------|------------------------|---------------|-------------------|---------------|
| | As previously reported | FRS 10 Adjustments | As restated | As restated | As previously reported | As restated | FRS 10 Adjustment | As restated |
| ASSETS | | | | | | | | |
| Non-current asset | | | | | | | | |
| Property, plant and equipment | 8,658 | 633 | 9,291 | 9,291 | 5,497 | 5,497 | 4,377 | 9,874 |
| Property development | 124 | - | 124 | 124 | 102 | 102 | - | 102 |
| Investment properties | 2,062 | 1,384 | 3,446 | 3,446 | 2,200 | 2,200 | 1,518 | 3,718 |
| Intangible assets | 1,093 | 131 | 1,224 | 1,224 | 925 | 925 | 338 | 1,263 |
| Land use rights | 53 | 1 | 54 | 54 | 65 | 65 | 16 | 81 |
| Investment in associates | 531 | (333) | 198 | 198 | 2,439 | 2,439 | (2,189) | 250 |
| Deferred tax assets | 120 | 15 | 135 | 135 | 92 | 92 | 16 | 108 |
| Other investments | 61 | 3 | 64 | 64 | 78 | 78 | 3 | 81 |
| | 12,702 | 1,834 | 14,536 | 14,536 | 11,398 | 11,398 | 4,079 | 15,477 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(i) Impact of the application of the above new standards on net assets and equity of the Group as at 1 January 2012 and 31 December 2012 (continued)

| | 1.1.2012 | | 31.12.2012 | | 31.12.2012 | | 31.12.2012 | |
|--|------------------------|--------------------|---------------|------------------------|--------------------|---------------|---------------|--|
| | As previously reported | FRS 10 Adjustments | As restated | As previously reported | FRS 10 Adjustments | As restated | As restated | |
| ASSETS | | | | | | | | |
| Current asset | | | | | | | | |
| Property development | 494 | - | 494 | 484 | - | 484 | 484 | |
| Inventories | 1,005 | 47 | 1,052 | 419 | 686 | 1,105 | 1,105 | |
| Trade and other receivables | 1,070 | 299 | 1,369 | 660 | 687 | 1,347 | 1,347 | |
| Other current assets | 82 | 22 | 104 | 35 | 40 | 75 | 75 | |
| Other investments | 253 | - | 253 | 111 | - | 111 | 111 | |
| Derivatives financial instrument | - | - | - | 8 | 16 | 24 | 24 | |
| Tax recoverable | - | 9 | 9 | - | - | - | - | |
| Cash and bank balances | 1,557 | 308 | 1,865 | 743 | 336 | 1,079 | 1,079 | |
| | 4,461 | 685 | 5,146 | 2,460 | 1,765 | 4,225 | 4,225 | |
| | 112 | 96 | 208 | 381 | 2 | 383 | 383 | |
| Assets of disposal group classified as held for sale | 4,573 | 781 | 5,354 | 2,841 | 1,767 | 4,608 | 4,608 | |
| Total assets | 17,275 | 2,615 | 19,890 | 14,239 | 5,846 | 20,085 | 20,085 | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(i) Impact of the application of the above new standards on net assets and equity of the Group as at 1 January 2012 and 31 December 2012 (continued)

| | 1.1.2012 | | 31.12.2012 | | 31.12.2012 | |
|---|------------------------|--------------------|----------------------|------------------------|-------------------|------------------------|
| | As previously reported | FRS 10 Adjustments | 1.1.2012 As restated | As previously reported | FRS 10 Adjustment | 31.12.2012 As restated |
| EQUITY AND LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Tax payable | 151 | 9 | 160 | - | 16 | 16 |
| Loans and borrowings | 5,030 | 153 | 5,183 | 1,209 | 1,210 | 2,419 |
| Trade and other payables | 1,519 | 550 | 2,069 | 1,501 | 735 | 2,236 |
| Derivatives financial instruments | 2 | - | 2 | - | - | - |
| Disposal group liabilities | 6,702 | 712 | 7,414 | 2,710 | 1,961 | 4,671 |
| | - | - | - | 225 | - | 225 |
| | 6,702 | 712 | 7,414 | 2,935 | 1,961 | 4,896 |
| Net current (liabilities)/assets | (2,129) | 69 | (2,060) | (94) | (194) | (288) |
| Non-current liabilities | | | | | | |
| Other long term liabilities | 357 | 21 | 378 | 415 | 23 | 438 |
| Deferred tax liabilities | 1,141 | 47 | 1,188 | 310 | 854 | 1,164 |
| Loans and borrowings | 2,690 | 975 | 3,665 | 4,777 | 1,127 | 5,904 |
| | 4,188 | 1,043 | 5,231 | 5,502 | 2,004 | 7,506 |
| Total liabilities | 10,890 | 1,755 | 12,645 | 8,437 | 3,965 | 12,402 |
| Net assets | 6,385 | 860 | 7,245 | 5,802 | 1,881 | 7,683 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(i) Impact of the application of the above new standards on net assets and equity of the Group as at 1 January 2012 and 31 December 2012 (continued)

| | 1.1.2012 | | 31.12.2012 | | FRS 10 Adjustment | 31.12.2012 As restated |
|-------------------------------------|---------------------------|-----------------------|-------------------------|---|----------------------|---------------------------|
| | As previously reported | FRS 10 Adjustments | 1.1.2012 As restated | 31.12.2012 As previously reported | | |
| Equity | | | | | | |
| Capital reserves | 999 | 47 | 1,046 | 1,000 | 46 | 1,046 |
| Hedge reserves | (1) | - | (1) | - | - | - |
| Equity transaction reserves | (61) | - | (61) | (56) | - | (56) |
| Currency fluctuation reserves | (39) | (3) | (42) | (98) | 24 | (74) |
| Fair value fluctuation reserves | 53 | - | 53 | 53 | - | 53 |
| Revenue reserves | 926 | (193) | 733 | 1,272 | (485) | 787 |
| Non-controlling interests | 1,877 | (149) | 1,728 | 2,171 | (415) | 1,756 |
| | 4,508 | 1,009 | 5,517 | 3,631 | 2,296 | 5,927 |
| Total equity | 6,385 | 860 | 7,245 | 5,802 | 1,881 | 7,683 |
| Total equity and liabilities | 17,275 | 2,615 | 19,890 | 14,239 | 5,846 | 20,085 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

- (ii) Increase/(decrease) in net assets and equity of the Group as at 31 December 2013 arising from the application of the above new standards.

| | 31.12.2013 FRS 10 adjustments |
|--|-------------------------------------|
| Property, plant and equipment | 4,673 |
| Investment properties | 1,549 |
| Intangible assets | 413 |
| Land use rights | 23 |
| Investments in associates | (1,399) |
| Deferred tax asset | 18 |
| Other long term investments | 12 |
| Inventories | 683 |
| Trade and other receivables | 822 |
| Tax recoverable | 10 |
| Derivatives financial instrument | 24 |
| Cash and bank balances | 445 |
| Assets of disposal group classified as held for sale | 2 |
| Tax payable | 36 |
| Loan and borrowings | 2,775 |
| Trade and other payables | 821 |
| Other long term liabilities | 25 |
| Deferred tax liabilities | 861 |
| Non-controlling interests ('NCI') | 1,485 |

- (iii) Impact of the application of the above new standards on profit of the Group for the year

| | 31.12.2013 FRS 10 adjustments |
|--|-------------------------------------|
| Increase in revenue | 4,231 |
| Increase in cost of sales | (2,760) |
| Increase in other operating income | 93 |
| Increase in administrative expenses | (1,139) |
| Increase in other operating expenses | (75) |
| Increase in finance costs | (109) |
| Increase in share of results of associates | 32 |
| Increase in income tax expense | (96) |
| Increase in profit for the year | 177 |
| Increase in profit for the year attributable to: | |
| Owners of the corporation | 133 |
| Non-controlling interests | 44 |
| | 177 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

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

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities | 1 January 2014 |
| Amendments to FRS 136: Recoverable Amount Disclosures-for Non-Financial Assets | 1 January 2014 |
| Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting | 1 January 2014 |
| IC Interpretation 21 Levies | 1 January 2014 |
| Amendments to FRS 119: Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| Annual Improvements to FRSs 2010-2012 Cycle | 1 July 2014 |
| Annual improvements to FRSs 2011-2013 Cycle | 1 July 2014 |
| FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009) | To be announced |
| FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010) | To be announced |
| FRS 9 Financial Instruments Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139 | To be announced |

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 9 Financial Instruments ("FRS 9")

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting ("Amendments to FRS 139")

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

Malaysian Financial Reporting Standards (MFRS Framework)

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

The MFRS Framework is to be applied by all Entities Other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 14 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called as 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for annual periods beginning on or after 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards (MFRS Framework) (continued)

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements when the MFRS Framework is mandated by the MASB. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

2.4 Basis of consolidation

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

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 interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

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

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

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

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

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

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the company, 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 owners of the Corporation.

Changes in the Corporation owners' 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 owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

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 foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(c) Foreign operations

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

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

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

2.7 Property, plant and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

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

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

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

| | |
|--|--|
| - Leasehold land | 15 – 904 years |
| - Leasehold improvements and renovations | 10 years |
| - Estate development expenditure | 17 – 20 years from year of maturity |
| - Buildings | 4 – 50 years |
| - Vessels, plant and machinery | 3 – 25 years |
| - Restaurants and office equipment | 5 – 15 years |
| - Furniture and fixtures | 4 – 20 years |
| - Motor Vehicles | 3 – 5 years |

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

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

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

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

2.8 Investment properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment properties (continued)

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

2.9 Intangible assets

(a) Goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Land use rights

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

2.11 Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

2.12 Subsidiaries

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

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

In the Corporation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

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 is not control or joint control over those policies.

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

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

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

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

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

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

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

In the Corporation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Investments in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

The Group as a joint operator recognises in relation to its interest in a joint operation:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;
- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

2.15 Financial assets

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

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

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

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses (other than those relating to derivatives which qualify for hedge accounting, as explained in Note 2.33) arising from changes in fair value are recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

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

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

(b) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

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

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

(d) Available-for-sale financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

(d) Available-for-sale financial assets (continued)

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

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

2.16 Impairment of financial assets

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

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

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

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

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

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

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets (continued)

(c) Available-for-sale financial assets (continued)

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

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

2.17 Cash and cash equivalents

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

2.18 Construction contracts

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

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

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

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

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

2.19 Land held for property development and property development costs

(a) Land held for property development

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Land held for property development and property development costs (continued)

(b) Property development costs

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

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

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

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

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

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

2.20 Inventories

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

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

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

2.21 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Government grants

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

2.23 Financial liabilities

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

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

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

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

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

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

(b) Other financial liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Financial guarantee contracts

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

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

2.25 Borrowing costs

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

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

2.26 Employee benefits

(a) Defined contribution plans

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

(b) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting period on 7 year high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary conducted every 2 years with the last actuarial report dated 13 January 2012 using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or any settlement of the plan liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Employee benefits (continued)

(b) Defined benefit plans (continued)

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

2.27 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.29(g).

2.28 Discontinued operation

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Revenue recognition

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

(a) Sale of goods

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

(b) Rendering of services

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

(c) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.19(b).

(d) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.18.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

(g) Rental income

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

2.30 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Income taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

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

2.31 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Corporation who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.32 Contingencies

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Hedge accounting

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

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

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

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

(a) Cash flow hedge

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

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

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

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices. Refer to Note 28 for more details.

(b) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.34 Fair value measurement

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, 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 38% equity interest. The second largest shareholder is Employee Provident Fund ("EPF"), which owns 11% of the equity shares of KPJ. 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 FRS 10, KPJ is a subsidiary of the Corporation.

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

As at 31 December 2013, the Corporation via KPJ, held 49% equity interest in Al-'Aqar. Based on the management's assessment of the relevant facts and circumstances in respect of equity interest held in Al-'Aqar during the current financial year, the management has determined that control exists at the Corporation level as per the requirements of FRS 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(a) Control over the following companies (continued):

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

KPJ is leasing the properties from Damansara REIT Managers Sdn Bhd ("DREIT"), the fund manager and real estate investment management arm of the Corporation. Therefore, the fund manager has decision making power to direct the relevant activities of Al-'Aqar. However, any decisions made, affect the Group's overall exposure to variable returns and are made in the best interest of the Group. The remuneration of DREIT, commensurate with the services it renders and does not have any direct interest in Al-'Aqar therefore, would qualify it to be just an agent.

As such, as at 31 December 2013, Al-'Aqar's financial statements were consolidated directly with the Corporation.

(iii) Investment in New Britain Palm Oil Limited ("NBPOL")

As at 31 December 2013, the Corporation via Kulim (Malaysia) Berhad ("KMB") held 48% equity interest in NBPOL. KMB's interest in NBPOL was diluted to 48%, following a rights issue by NBPOL during the financial year ended 31 December 2012, and this was accounted for as a deemed disposal of subsidiary during the said year. The accounting treatment of this transaction was affected by the adoption of FRS 10 during the current financial year.

Based on the management's assesment of the relevant facts and circumstances, although KMB's stake in NBPOL is below 50%, the management has determined that control was retained as per the requirements of FRS 10.

The management arrived its conclusion based on the widely dispersed nature of voting shares that was not held by KMB. The second largest shareholder is West New Britain Provincial Government which owns 8% of the equity shares of NBPOL. All other shareholders individually own less than 5% of the equity shares of NBPOL. Historically, the other shareholders did not form a group to exercise their votes collectively.

The directors assesed that KMB has control over NBPOL. Therefore, in accordance with the requirements of FRS 10, NBPOL is a subsidiary of KMB.

(iv) Investment in Waqaf An-Nur Berhad ("WanBhd")

WanBhd is a company limited by guarantee incorporated to manage the assets and shares of companies of the corporation which have been endowed in accordance with the principles of syariah. However, WanBhd has not been active since its incorporation. As at 31 December 2013, WanBhd held 100% equity interest in Sindora Ventures Sdn Bhd ("SVSB") and indirect interests on 19 other subsidiary companies (via SVSB).

Based on the management's assesment of the relevant facts and circumstances during the current financial year, the management has determined that WanBhd's financial statements for the financial year ended 31 December 2013 were consolidated with the Corporation, as currently, the members of the Board of Directors ("BOD") are solely represented by the Corporation (two representatives from the Corporation are sitting the BODs) which is not in accordance to the requirements of the Memorandum and Articles (M & A) of WanBhd that required at least four directors to be appointed, consisting of Chief Executive of the Corporation, Mufti Negeri Johor, Director of Jabatan Agama Islam Johor and Waqaf Officer of Negeri Johor. As a result, the Corporation has full control to direct the relevant activities of WanBhd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)**(b) Impairment of goodwill, brand name and franchise rights**

Goodwill, brands and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and brands are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill, brands and franchise rights are given in Note 16.

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount and details of the Group's receivables at the reporting date are disclosed in Note 23.

(d) Property development

The Group recognises property development revenue and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 24.

(e) Contingencies-Provision for Arbitration Award

During the year, Tanjung Langsat Port Sdn Bhd ("TLP") has recognised a provision for Arbitration Award amounting to USD23,224,319 arising from claims made by its debtor. The total compensation as awarded to the debtor under the arbitration is USD141,598,569 and interest of USD111,533. The amount as recognised by TLP represents settlement offer made by TLP, which is yet to be accepted by the debtor as at the date of these financial statements. The management has exercised significant judgement in estimating the amount of claims payable by assuming that the debtor would accept the settlement offer. If the debtor declines the offer, the provision recognised would have to be increased by USD118,485,783.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

4. REVENUE

| | Group | | Corporation | |
|-------------------------------------|-------|------------------|-------------|------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Goods sold | 3,585 | 3,640 | 86 | 101 |
| Quick service restaurants | - | 3,619 | - | - |
| Property and industrial development | 903 | 566 | 277 | 136 |
| Healthcare services | 1,408 | 1,443 | - | - |
| Hotel and tourism services | 70 | 68 | - | - |
| Management services | 163 | 16 | - | - |
| Sale of short term investments | 14 | 92 | 13 | 6 |
| Dividend income | 2 | 3 | 146 | 99 |
| Rental income | 29 | 128 | 9 | 6 |
| Parking and related services | 105 | 25 | - | - |
| Transportation services | 212 | 65 | - | - |
| Rendering of other services | 83 | 297 | - | - |
| Realisation of hedging instruments | - | 8 | - | - |
| | 6,574 | 9,970 | 531 | 348 |

5. OTHER INCOME

The following items have been included in arriving at other income:

| | Group | | Corporation | |
|--|-------|------------------|-------------|------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Amortization of government grant (Note 30) | 7 | 10 | - | - |
| Changes in fair value of investment properties (Note 15) | 463 | 79 | 268 | (5) |
| Changes in fair value of other investments | 17 | 13 | 8 | (42) |
| Remeasurement of remaining interest arising on deemed disposal of subsidiary (Note 18 (d)) | 331 | - | - | - |
| Gain/(loss) on disposal of: | | | | |
| - Investment properties | - | 2 | 13 | - |
| - Property, plant and equipment | 73 | 24 | 73 | - |
| - Subsidiaries/associates | 80 | - | - | 1 |
| - Partial subsidiaries | - | - | 15 | - |
| - Other investments | 3 | 28 | 1 | 2 |
| Interest income | 47 | 43 | 17 | 13 |
| Dividend income | - | 1 | - | 637 |
| Grants received from government | 6 | 8 | - | - |
| Reversal of allowance for impairment of trade and other receivables | 18 | - | - | - |
| Other income | 34 | - | - | - |
| Development rights | 20 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

6. OTHER EXPENSES

The following items have been included in arriving at other expenses:

| | Group | | Corporation | |
|---|-------|------------------|-------------|------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Allowance for impairment of receivables | 54 | 8 | 226 | 113 |
| Amortization of intangible assets (Note 16) | 1 | 11 | - | - |
| Contribution for repurchase of unit trust | - | 99 | - | 99 |
| Allowance for diminution of investments | - | 120 | 90 | 174 |
| Loss on disposal of: | | | | |
| - Associates | - | 4 | - | - |
| - Property, plant and equipment | - | 8 | - | - |
| - Investment properties | 50 | 51 | - | 11 |
| Legal and professional fees | 1 | - | - | - |
| Amortisation of revaluation surplus | 10 | 9 | - | - |
| Foreign exchange translation | 56 | - | - | - |
| Goodwill written off | 22 | - | - | - |

7. FINANCE COSTS

| | Group | | Corporation | |
|---|-------|------------------|-------------|------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Guaranteed Redeemable Islamic Bond ("GRIB") | 45 | 104 | - | 81 |
| Islamic Medium Term Notes ("IMTNs") | 113 | 101 | 113 | 61 |
| Term loan | 45 | 71 | - | - |
| Short term borrowings | 24 | 131 | - | 14 |
| Others | 211 | 35 | 88 | 1 |
| | 438 | 442 | 201 | 157 |

8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

| | Group | | Corporation | |
|---------------------------------------|-------|------------------|-------------|------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Audit fees | 5 | 6 | - | - |
| Hire of property, plant and equipment | 6 | 279 | - | - |
| Property, plant and equipment: | | | | |
| - Depreciation (Note 14) | 435 | 624 | 8 | 6 |
| - Written off | 1 | 5 | - | - |
| Land use rights: | | | | |
| - Amortisation (Note 17) | - | 1 | - | - |
| Rental of offices and buildings | 134 | 96 | 3 | 3 |
| Employee benefits expense (Note 9) | 1,119 | 1,511 | 11 | 18 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

9. EMPLOYEE BENEFITS EXPENSE

| | Group | | Corporation | |
|--------------------------------------|-------|------------------|-------------|------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Wages, salaries and bonus | 1,049 | 1,233 | 10 | 16 |
| Defined contribution retirement plan | 61 | 100 | 1 | 2 |
| Other employee benefits | 9 | 178 | - | - |
| | 1,119 | 1,511 | 11 | 18 |

10. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Group, and certain members of senior management of the Group.

The key management personnel compensations are as follows:

| | Group | | Corporation | |
|--|----------------|----------------------------|----------------|----------------|
| | 2013 RM'000 | 2012 Restated RM'000 | 2013 RM'000 | 2012 RM'000 |
| Non-executive directors: | | | | |
| - Fees | - | - | - | - |
| Executive directors: | | | | |
| - Fees | 1,324 | 2,418 | - | - |
| - Remuneration | 357 | 2,960 | 967 | 5,262 |
| - Other short term employee benefits including estimated monetary value of benefits-in-kind | 2 | 47 | - | - |
| - Defined contribution retirement plan | 131 | 1,549 | 93 | 746 |
| | 1,814 | 6,974 | 1,060 | 6,008 |
| Other key management personnel: | | | | |
| - Short-term employee benefits | 11,410 | 5,259 | - | - |
| | 13,224 | 12,233 | 1,060 | 6,008 |

Other key management personnel comprises persons other than the Directors of the Corporation, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

11. INCOME TAX EXPENSE

| | Group | | Corporation | |
|--|-------|------------------|-------------|------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Current tax for the year: | | | | |
| - Malaysia | 151 | 242 | 23 | - |
| - Foreign | 15 | 19 | - | - |
| Over provisions in prior years | (2) | (34) | - | - |
| | 164 | 227 | 23 | - |
| Deferred tax: | | | | |
| - Malaysia | 20 | (70) | (17) | (23) |
| - Foreign | 21 | 35 | - | - |
| Under/(over) provisions in prior years | - | 20 | 10 | (13) |
| | 41 | (15) | (7) | (36) |
| Income tax attributable to continuing operations | 205 | 212 | 16 | (36) |
| Income tax attributable to discontinued operation | (1) | (31) | - | - |
| Share of tax of associates | 10 | 46 | - | - |
| Share of tax of joint ventures | 1 | - | - | - |
| Total tax expenses | 215 | 227 | 16 | (36) |
| The total tax expense for the year relates to the following: | | | | |
| - Current year | 166 | 261 | 23 | - |
| - Over provisions in prior years | (2) | (34) | - | - |
| | 164 | 227 | 23 | - |
| Deferred tax: | | | | |
| - Origination and reversal of temporary differences | 41 | (35) | (17) | (23) |
| - Under/(over) provisions in prior years | - | 20 | 10 | (13) |
| | 41 | (15) | (7) | (36) |
| Income tax attributable to continuing operations | 205 | 227 | 16 | (36) |
| Income tax attributable to discontinued operation (Note 12) | (1) | (31) | - | - |
| Share of tax of associates | 10 | 46 | - | - |
| Share of tax of joint ventures | 1 | - | - | - |
| Total tax expenses | 215 | 227 | 16 | (36) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

11. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective tax expense:

| | Group | | Corporation | |
|---|-------|------------------|-------------|-------|
| | 2013 | 2012 Restated | 2013 | 2012 |
| Profit before tax from continuing operations | 1,366 | 617 | 145 | 167 |
| Profit before tax from discontinued operation (Note 12) | (1) | 21 | - | - |
| | 1,365 | 638 | 145 | 167 |
| Tax at Malaysian statutory tax rate of 25% (2012: 25%) | 342 | 321 | 36 | 42 |
| Different tax rates in other countries | 4 | 81 | - | - |
| Non deductible expenses | 14 | 228 | 43 | 149 |
| Income not subject to tax | (117) | (419) | (73) | (202) |
| Deferred tax assets not recognised | 4 | (4) | - | - |
| Deferred tax recognised on unutilised business losses | - | (12) | - | (12) |
| Recognition of previously unrecognized deferred tax asset | (2) | (2) | - | - |
| Effect of controlled transfer | (39) | (12) | - | - |
| Benefits from previously unrecognized losses | - | (1) | - | - |
| Benefits from previously unrecognized temporary differences | - | (9) | - | - |
| Share of results of associates | 10 | 46 | - | - |
| Share of results of joint ventures | 1 | - | - | - |
| Reversal of investment properties | - | 24 | - | - |
| Under/(over) provision in prior year: | | | | |
| - Income tax | (2) | (34) | - | - |
| - Deferred tax | - | 20 | 10 | (13) |
| Tax expense | 215 | 227 | 16 | (36) |

The Federal Government Gazette dated 16 August 2005 exempts the Corporation and certain of its subsidiary from income taxes in respect of certain income specified in the gazette received from 1 January 1998 to 31 December 2006. On 18 January 2007, the same exemptions were further extended to 31 December 2012. During the financial year, the Corporation has made an application to the Ministry of Finance ("MOF") for further extension and the extension was granted by MOF until 31 December 2017 in respect of the follows:

- (i) Income tax exemption on statutory income (business income) under section 127(3A) Income Tax Act, 1967.
- (ii) Exemptions on stamp duty under section 80(1A) Stamp Act, 1949 on "Surat cara pindah milik harta tanah atau saham" executed between the Corporation and its subsidiary.
- (iii) Exemption on Real Property Gain Tax ("RPGT") under section 9(3A) RPGT Act, 1976 on disposal of land properties and shares made by between the Corporation and its subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

12. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**Disposal of Orkim Sdn Bhd and Pro Office Solutions Sdn Bhd**

On the 30 November 2012, the Group announced that it had entered into an agreement for the disposal of its indirect subsidiary, Orkim Sdn Bhd which is involved in the provision of shipping and forwarding services.

Also, during previous financial year, the Group entered into an agreement to dispose of its indirect interest in Pro Office Solutions Sdn Bhd which is involved bulk mailing and printing.

Both disposals were completing during the current financial year.

The disposals of Orkim Sdn Bhd and Pro Office Solutions Sdn Bhd had the following effect on the financial position and results of the Group as at 31 December 2013:

| | 31.12.2013 |
|--|-------------------|
| Property, plant and equipment | 196 |
| Intangible assets | 9 |
| Investment in associates | 27 |
| Trade and other receivables | 74 |
| Cash and cash equivalents | 21 |
| Trade and other payables | (13) |
| Loan and borrowings | (192) |
| Taxation | (1) |
| Net assets | 121 |
| Non-controlling interests | (81) |
| Net assets attributable to the Group | 40 |
| Proceeds from disposal (cash) | (117) |
| Gain on disposal to the Group | (77) |
| Cash inflow arising on disposals: | |
| Cash consideration | 117 |
| Cash and cash equivalents of subsidiaries disposed | (21) |
| Net cash inflow on disposals | 96 |

Results of disposed subsidiaries presented as discontinued operations:

| | 31.12.2013 |
|--|-------------------|
| Revenue | 48 |
| Expenses | (38) |
| Profit from operations | 10 |
| Finance cost | (2) |
| Share of profit and loss of associates | 1 |
| Results from operating activities | 9 |
| Income tax expense (Note 11) | (1) |
| Profit from discontinued operation, net of tax | 8 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

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

Cashflows of disposed subsidiaries presented as discontinued operations:

| | 31.12.2013 |
|-------------------|------------|
| Operating | (3) |
| Financing | (7) |
| Net cash outflows | (10) |

13. OTHER INVESTMENTS

| Group 31.12.2013 | Total | Shares In Malaysia Unquoted | Shares In Malaysia Quoted | Warrant In Malaysia Quoted | Fund Investment |
|---|-------|-----------------------------------|---------------------------------|----------------------------------|--------------------|
| Non - current: | | | | | |
| Available-for-sale financial assets | 53 | 51 | 2 | - | - |
| Financial assets at fair value through profit or loss | 12 | - | 11 | 1 | - |
| Held to maturity | 1 | 1 | - | - | - |
| | 66 | 52 | 13 | 1 | - |
| Current: | | | | | |
| Financial assets at fair value through profit or loss | 64 | - | 32 | 19 | 13 |
| | 64 | - | 32 | 19 | 13 |
| | 130 | 52 | 45 | 20 | 13 |
| Representing items: | | | | | |
| At cost/amortised cost | 54 | 52 | 2 | - | - |
| At fair value | 76 | - | 43 | 20 | 13 |
| | 130 | 52 | 45 | 20 | 13 |

Group 31.12.2012 Restated

| | | | | | |
|---|----|---|----|----|---|
| Non - current: | | | | | |
| Available-for-sale financial assets | 64 | 3 | 61 | - | - |
| Financial assets at fair value through profit or loss | 17 | 2 | 5 | 10 | - |
| | 81 | 5 | 66 | 10 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

13. OTHER INVESTMENTS (CONTINUED)

| Group 31.12.2012 Restated | Total | Shares In Malaysia | | Warrant In Malaysia | Fund Investment |
|---|-------|-----------------------|--------|------------------------|--------------------|
| | | Unquoted | Quoted | Quoted | |
| Current: | | | | | |
| Financial assets at fair value through profit or loss | 111 | - | 33 | 77 | 1 |
| | 111 | - | 33 | 77 | 1 |
| | 192 | 5 | 99 | 87 | 1 |
| Representing items: | | | | | |
| At cost/amortised cost | 2 | 2 | - | - | - |
| At fair value | 190 | 3 | 99 | 87 | 1 |
| | 192 | 5 | 99 | 87 | 1 |
| Group 1.1.2012 Restated | | | | | |
| Non - current: | | | | | |
| Available-for-sale financial assets | 51 | 9 | 42 | - | - |
| Financial assets at fair value through profit or loss | 13 | - | 3 | 10 | - |
| | 64 | 9 | 45 | 10 | - |
| Current: | | | | | |
| Available-for-sale financial assets | 33 | - | 33 | - | - |
| Financial assets at fair value through profit or loss | 220 | - | 11 | 209 | - |
| | 253 | - | 44 | 209 | - |
| | 317 | 9 | 89 | 219 | - |
| Representing items: | | | | | |
| At cost/amortised cost | 6 | 6 | - | - | - |
| At fair value | 311 | 3 | 89 | 219 | - |
| | 317 | 9 | 89 | 219 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

13. OTHER INVESTMENTS (CONTINUED)

| Corporation 31.12.2013 | Total | Shares In Malaysia Unquoted | Shares In Malaysia Quoted | Warrant In Malaysia Quoted | Fund Investment |
|--|-------|-----------------------------------|---------------------------------|----------------------------------|--------------------|
| Non - current: Available-for-sale financial assets | 4 | - | 4 | - | - |
| Current: Financial assets at fair value through profit or loss | 48 | - | 29 | 19 | - |
| | 52 | - | 33 | 19 | - |
| Representing items: At fair value | 52 | - | 33 | 19 | - |
| Corporation 31.12.2012 | | | | | |
| Non - current: Available-for-sale financial assets | 4 | - | 4 | - | - |
| Current: Financial assets at fair value through profit or loss | 83 | - | 27 | 56 | - |
| | 87 | - | 31 | 56 | - |
| Representing items: At fair value | 87 | - | 31 | 56 | - |

(a) Investments pledged as security

Certain subsidiaries' investments in quoted shares amounting to RM39 million (31.12.2012: RM39 million, 1.1.2012: RM 38 million) has been pledged as security for a bank facility. Under the terms and conditions of the loan, the Group is prohibited from disposing of this investment or subjecting it to further charges without furnishing a replacement security of similar value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land | Leasehold land | Estate development expenditure | Buildings | Furniture & fittings, plant and machinery and motor vehicles | Capital work in progress | Total |
|--|---------------|----------------|--------------------------------|-----------|--|--------------------------|---------|
| Cost or valuation: | | | | | | | |
| At 1 January 2012 | 1,467 | 840 | 2,193 | 1,879 | 4,635 | 513 | 11,527 |
| Adoption of FRS 10 | 46 | 56 | - | 32 | 817 | 95 | 1,046 |
| At 1 January 2012 restated | 1,513 | 896 | 2,193 | 1,911 | 5,452 | 608 | 12,573 |
| Additions | 28 | 7 | 684 | 31 | 515 | 892 | 2,157 |
| Disposals | (4) | - | (788) | - | (104) | (1) | (897) |
| Write off | - | - | (4) | (1) | (19) | (1) | (25) |
| Transfers: | | | | | | | |
| to investment properties (Note 15) | (10) | - | - | (1) | - | - | (11) |
| Acquisition of subsidiaries | - | - | - | 13 | - | - | 13 |
| Reclassification as held for sale | - | - | 85 | 134 | 153 | (586) | (214) |
| Discontinued operation | - | - | 669 | (9) | (38) | (108) | 514 |
| Exchange differences | - | - | (89) | (179) | (180) | (60) | (508) |
| Revaluation | 9 | - | - | - | - | - | 9 |
| At 31 December 2012 and 1 January 2013 | 1,536 | 903 | 2,750 | 1,899 | 5,779 | 744 | 13,611 |
| Additions | 20 | 63 | 267 | 86 | 215 | 432 | 1,083 |
| Disposals | - | (30) | (4) | 1 | (22) | (2) | (57) |
| Write off | - | - | (33) | (2) | (12) | - | (47) |
| Transfers: | | | | | | | |
| from land use right (Note 17) | - | 20 | - | - | - | - | 20 |
| to investment properties (Note 15) | - | - | - | - | - | (1) | (1) |
| Reclassification as held for sale | - | - | - | 232 | 238 | (501) | (31) |
| Disposal of subsidiaries | (228) | (88) | - | (749) | (1,259) | - | (2,324) |
| Acquisition of subsidiaries | - | 13 | - | 2 | 5 | 74 | 94 |
| Exchange differences | - | - | (270) | (103) | (37) | (16) | (426) |
| At 31 December 2013 | 1,328 | 881 | 2,710 | 1,366 | 4,907 | 730 | 11,922 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group | Freehold land | Leasehold land | Estate development expenditure | Buildings | Furniture & fittings, plant and machinery and motor vehicles | Capital work in progress | Total |
|--|---------------|----------------|--------------------------------|-----------|--|--------------------------|-------|
| Accumulated depreciation: | | | | | | | |
| At 1 January 2012 | - | 76 | 420 | 449 | 1,764 | - | 2,709 |
| Adoption of FRS 10 | - | - | - | 5 | 404 | - | 409 |
| At 1 January 2012 restated | - | 76 | 420 | 454 | 2,168 | - | 3,118 |
| Charge for the year (Note 8) | - | 16 | 40 | 49 | 519 | - | 624 |
| Disposals | - | - | - | - | (92) | - | (92) |
| Write off | - | - | - | (3) | (18) | - | (21) |
| Reclassification as held for sale | - | - | 37 | 4 | (62) | - | (21) |
| Discontinued operation | - | - | 10 | (6) | (37) | - | (33) |
| Exchange differences | - | - | 3 | 2 | 6 | - | 11 |
| At 31 December 2012 and 1 January 2013 | - | 92 | 510 | 500 | 2,484 | - | 3,586 |
| Charge for the year (Note 8) | - | 12 | 53 | 70 | 300 | - | 435 |
| Disposals | - | - | - | - | (16) | - | (16) |
| Write off | - | - | (30) | (6) | (12) | - | (48) |
| Disposal of subsidiaries | - | (5) | - | (208) | (557) | - | (770) |
| Acquisition of subsidiaries | - | 1 | - | - | 1 | - | 2 |
| Exchange differences | - | - | 3 | 9 | 36 | - | 48 |
| At 31 December 2013 | - | 100 | 536 | 365 | 2,236 | - | 3,237 |
| Accumulated impairment loss: | | | | | | | |
| At 1 January 2012 | 62 | 2 | 12 | 36 | 47 | 1 | 160 |
| Adoption of FRS 10 | - | - | - | 2 | 1 | - | 3 |
| At 1 January 2012 restated | 62 | 2 | 12 | 38 | 48 | 1 | 163 |
| Disposal of subsidiaries | - | - | (11) | (1) | - | - | (12) |
| At 31 December 2012 and 1 January 2013 | 62 | 2 | 1 | 37 | 48 | 1 | 151 |
| Acquisition of subsidiaries | - | - | - | - | 3 | - | 3 |
| Disposal of subsidiaries | (62) | - | - | (36) | - | - | (98) |
| At 31 December 2013 | - | 2 | 1 | 1 | 51 | 1 | 56 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group | Freehold land | Leasehold land | Estate development expenditure | Buildings | Furniture & fittings, plant and machinery and motor vehicles | Capital work in progress | Total |
|---|---------------|----------------|--------------------------------|-----------|--|--------------------------|-------|
| Net carrying amount: | | | | | | | |
| At 1 January 2012 | 1,451 | 818 | 1,761 | 1,419 | 3,236 | 606 | 9,291 |
| At 31 December 2012 | 1,474 | 809 | 2,239 | 1,362 | 3,247 | 743 | 9,874 |
| At 31 December 2013 | 1,328 | 779 | 2,173 | 1,000 | 2,620 | 729 | 8,629 |
| Corporation | | | | | | | |
| At cost or valuation: | | | | | | | |
| At 1 January 2012 | 1 | 121 | 37 | 52 | 63 | - | 274 |
| Addition | - | - | 4 | 15 | 5 | 157 | 181 |
| Disposals | - | - | - | - | (4) | - | (4) |
| Write off | - | - | - | - | (1) | - | (1) |
| Reclassification as held for sale | - | - | - | (5) | (19) | - | (24) |
| At 31 December 2012 and 1 January 2013 | 1 | 121 | 41 | 62 | 44 | 157 | 426 |
| Addition | 150 | 2 | 8 | 27 | 3 | 4 | 194 |
| Disposals | - | - | - | - | (2) | - | (2) |
| Write off | - | - | - | (2) | (2) | - | (4) |
| At 31 December 2013 | 151 | 123 | 49 | 87 | 43 | 161 | 614 |
| Accumulated depreciation: | | | | | | | |
| At 1 January 2012 | - | 7 | 19 | 31 | 52 | - | 109 |
| Charge for the year (Note 8) | - | 1 | 1 | 2 | 2 | - | 6 |
| Disposals | - | - | - | - | (3) | - | (3) |
| Write off | - | - | - | - | (1) | - | (1) |
| Reclassification as asset held for sale | - | - | - | (4) | (16) | - | (20) |
| At 31 December 2012 and 1 January 2013 | - | 8 | 20 | 29 | 34 | - | 91 |
| Charge for the year (Note 8) | - | 1 | 1 | 3 | 3 | - | 8 |
| Disposals | - | - | - | - | (2) | - | (2) |
| Write off | - | - | - | (2) | (2) | - | (4) |
| At 31 December 2013 | - | 9 | 21 | 30 | 33 | - | 93 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Corporation | Freehold land | Leasehold land | Estate development expenditure | Buildings | Furniture & fittings, plant and machinery and motor vehicles | Capital work in progress | Total |
|---|---------------|----------------|--------------------------------|-----------|--|--------------------------|-------|
| Accumulated impairment losses: | | | | | | | |
| At 1 January 2012 | - | 1 | - | - | - | - | 1 |
| At 31 December 2012 and 31 December 2013 | - | 1 | - | - | - | - | 1 |
| Carrying amount: | | | | | | | |
| At 31 December 2012 | 1 | 112 | 21 | 33 | 10 | 157 | 334 |
| At 31 December 2013 | 151 | 113 | 28 | 57 | 10 | 161 | 520 |

The net book value of property, plant and equipment acquired under finance leases of the Group amounted to RM13 million (31.12.2012: RM47 million, 1.1.2012: RM33 million).

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,083 million (31.12.2012: RM2,157 million, 1.1.2012: RM 1,349 million). The acquisition is settled through the following means:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated |
|---------------------|------------|---------------------------------|----------------------|
| Cash payment | 1,075 | 2,132 | 1,326 |
| Under finance lease | 8 | 25 | 23 |
| | 1,083 | 2,157 | 1,349 |

As at 31 December 2013, property, plant and equipment of the Group and the Corporation with net book value of RM34 million (31.12.2012: RM37 million, 1.1.2012: RM 3,223 million) RM Nil (31.12.2012: RM10 million) respectively, are pledged as security for borrowings.

The particulars of freehold land, leasehold land, estate development expenditure and buildings stated at cost or valuation are as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 31.12.2013 | 31.12.2012 |
|--------------------------------|------------|---------------------------------|----------------------|---------------------------|------------|
| Cost: | | | | | |
| Freehold land | 1,315 | 1,522 | 294 | 151 | 1 |
| Leasehold land | 734 | 757 | 762 | 123 | 121 |
| Estate development expenditure | 2,710 | 2,750 | 2,193 | 49 | 41 |
| Buildings | 1,366 | 1,899 | 1,911 | 87 | 62 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The particulars of freehold land, leasehold land, estate development expenditure and buildings stated at cost or valuation are as follows (continued):

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 31.12.2013 | 31.12.2012 |
|-------------------|------------|---------------------------------|----------------------|---------------------------|------------|
| Valuation: | | | | | |
| Freehold land | 13 | 13 | 1,218 | - | - |
| Leasehold land | 147 | 146 | 134 | - | - |
| | 6,285 | 7,087 | 6,512 | 410 | 225 |

If the total amounts of freehold land and buildings had been determined in accordance with the historical cost, they would have been stated as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 31.12.2013 | 31.12.2012 |
|------------------------|------------|---------------------------------|----------------------|---------------------------|------------|
| Net book value: | | | | | |
| Freehold land | 700 | 253 | 377 | - | - |
| Buildings | - | - | 1 | - | - |
| | 700 | 253 | 378 | - | - |

15. INVESTMENT PROPERTIES

| Group | 31.12.2013 | At fair value 31.12.2012 Restated | 1.1.2012 Restated |
|--|------------|---|----------------------|
| At 1 January | 3,718 | 3,446 | 3,074 |
| Additions | 282 | 206 | 29 |
| Disposals | (860) | (27) | (25) |
| Amortisation (Note 8) | - | (1) | - |
| Changes in fair value (Note 5) | 463 | 79 | 251 |
| Transfer: | | | |
| Transfer from inventories | - | - | 10 |
| Transfer from property, plant and equipment (Note 14) | 1 | 11 | 37 |
| Transfer from land held for development | - | - | 138 |
| Reclassification as held for sale (Note 21) | - | (8) | (86) |
| Transfer from/(to) property development cost (Note 24 (b)) | (50) | 12 | 18 |
| As at 31 December | 3,554 | 3,718 | 3,446 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

15. INVESTMENT PROPERTIES (CONTINUED)

| Group | 31.12.2013 | At fair value | |
|----------------------------|------------|------------------------|----------------------|
| | | 31.12.2012 Restated | 1.1.2012 Restated |
| Included in the above are: | | | |
| Freehold land | 1,175 | 194 | 153 |
| Short term leasehold land | 13 | 10 | 10 |
| Long term leasehold land | 31 | 560 | 487 |
| Buildings | 2,335 | 2,954 | 2,796 |
| As at 31 December | 3,554 | 3,718 | 3,446 |

| Corporation | At fair value | |
|---|---------------|------------|
| | 31.12.2013 | 31.12.2012 |
| At 1 January | 259 | 286 |
| Additions | 631 | 4 |
| Changes in fair value | 268 | (5) |
| Reclassification as held for sale (Note 21) | - | (26) |
| Transfer to property development cost | (50) | - |
| As at 31 December | 1,108 | 259 |
| Included in the above are: | | |
| Freehold land | 15 | 41 |
| Long term leasehold land | 386 | 195 |
| Buildings | 707 | 23 |
| As at 31 December | 1,108 | 259 |

Long term and short term leasehold land refers to unexpired lease period more than 50 years and less than 50 years respectively.

The Group uses several methods to determine the fair value, including:

- Valuation by external professional valuers based on open market/comparison basis;
- Expected selling price to third parties or offer price from third parties; and
- Estimation by the Directors.

As at 31 December 2013, investment properties of the Group with carrying amount of RM150 million (31.12.2012: RM150 million, 1.1.2012: RM130 million) are pledged as security for borrowings. Investment properties of the Corporation with carrying amount of RM55 million (31.12.2012: RM55 million) are registered in the names of subsidiaries and are in the process of being transferred to the name of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

16. INTANGIBLE ASSETS

| Group | Goodwill | Concession rights and franchise fee | Franchise rights | Brand name | Others | Total |
|--|----------|-------------------------------------|------------------|------------|--------|-------|
| Cost: | | | | | | |
| At 1 January 2012 | 55 | 99 | 726 | 86 | 180 | 1,146 |
| Adoption of FRS 10 | 131 | - | - | - | - | 131 |
| At 1 January 2012 restated | 186 | 99 | 726 | 86 | 180 | 1,277 |
| Addition | 22 | 22 | - | - | - | 44 |
| Reclassification | (3) | - | - | - | 12 | 9 |
| Disposal of subsidiaries | (2) | - | - | - | (2) | (4) |
| Exchange translation differences | - | - | - | - | 2 | 2 |
| Write off | (1) | (7) | - | - | - | (8) |
| At 31 December 2012 and 1 January 2013 | 202 | 114 | 726 | 86 | 192 | 1,320 |
| Addition | - | - | - | - | 17 | 17 |
| Reclassification | 3 | - | - | - | 7 | 10 |
| Acquisition of subsidiaries | 46 | - | - | - | - | 46 |
| Disposal of subsidiaries | (39) | (98) | (726) | (86) | - | (949) |
| Exchange translation differences | - | - | - | - | (22) | (22) |
| At 31 December 2013 | 212 | 16 | - | - | 194 | 422 |
| Accumulated amortisation: | | | | | | |
| At 1 January 2012 | 3 | 50 | - | - | - | 53 |
| Adoption of FRS 10 | - | - | - | - | - | - |
| At 1 January 2012 restated | 3 | 50 | - | - | - | 53 |
| Amortisation (Note 6) | - | 9 | - | - | 2 | 11 |
| Write off | - | (7) | - | - | - | (7) |
| At 31 December 2012 and 1 January 2013 | 3 | 52 | - | - | 2 | 57 |
| Amortisation (Note 6) | - | - | - | - | 1 | 1 |
| Disposal of subsidiaries | - | (46) | - | - | - | (46) |
| At 31 December 2013 | 3 | 6 | - | - | 3 | 12 |
| Net carrying amount: | | | | | | |
| At 1 January 2012 | 183 | 49 | 726 | 86 | 180 | 1,224 |
| At 31 December 2012 | 199 | 62 | 726 | 86 | 190 | 1,263 |
| At 31 December 2013 | 209 | 10 | - | - | 191 | 410 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

16. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets with indefinite useful lives.

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

| Group | Brand name | | Franchise rights | | Goodwill | | Sub total (i) | |
|--|------------|------------------------|------------------|------------------------|------------|------------------------|---------------|------------------------|
| | 31.12.2013 | 31.12.2012 Restated | 31.12.2013 | 31.12.2012 Restated | 31.12.2013 | 31.12.2012 Restated | 31.12.2013 | 31.12.2012 Restated |
| Restaurants | - | - | - | 726 | - | 25 | - | 751 |
| Integrated poultry | - | 75 | - | - | - | 7 | - | 82 |
| Ancillary | - | 11 | - | - | - | - | - | 11 |
| Bulk mailing and printing service | - | - | - | - | - | - | - | - |
| Parking operator | - | - | - | - | - | - | - | - |
| Shipping and forwarding agent | - | - | - | - | 6 | 6 | 6 | 6 |
| Provision of sea transportation and related services | - | - | - | - | 6 | 6 | 6 | 6 |
| Insurance broker | - | - | - | - | 2 | 2 | 2 | 2 |
| Agricultural fertilizer and biotechnology research and development | - | - | - | - | - | 3 | - | 3 |
| Palm oil milling | - | - | - | - | - | - | - | - |
| Healthcare services | - | - | 195 | - | 195 | 150 | 195 | 150 |
| | - | 86 | - | 726 | 209 | 199 | 209 | 1,011 |
| | | 86 | | 726 | | 183 | | 995 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

16. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets with indefinite useful lives (continued)

| Group | Supplier relationship | | Intangible assets with finite useful lives | | Sub total (ii) | | Grand total | | |
|--|-----------------------|------------------------|--|------------|------------------------|----------------------|-------------|------------------------|----------------------|
| | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated |
| Restaurants | - | - | - | - | 37 | 37 | - | 751 | 751 |
| Integrated poultry | - | - | 37 | - | - | - | - | 119 | 123 |
| Ancillary | - | - | - | - | - | - | - | 11 | 15 |
| Bulk mailing and printing service | - | - | - | - | - | - | - | - | 2 |
| Parking operator | - | - | 9 | 9 | 9 | 9 | 9 | 9 | 11 |
| Shipping and forwarding agent | - | - | - | - | - | - | 6 | 6 | 3 |
| Provision of sea transportation and related services | - | - | - | - | - | - | 6 | 6 | 6 |
| Insurance broker | - | - | - | - | - | - | 2 | 2 | 2 |
| Agricultural fertilizer and biotechnology research and development | - | - | - | - | - | - | - | 3 | 3 |
| Palm oil milling | 155 | 193 | 177 | 155 | 193 | 177 | 155 | 193 | 177 |
| Healthcare services | - | - | - | - | - | - | 195 | 150 | 125 |
| Others | - | - | - | 37 | 13 | 6 | 37 | 13 | 6 |
| | 155 | 193 | 177 | 46 | 59 | 52 | 201 | 252 | 229 |
| | | | | | | | 410 | 1,263 | 1,224 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

16. INTANGIBLE ASSETS (CONTINUED)

Brands and franchise rights

The Group's brands and franchise rights were acquired through business combinations. Brands relate to the Group's Integrated Poultry and Ancillary segments whereas franchise rights relate to the Group's Restaurant segment.

Concession rights

The concession rights arose from a 15 year Concession Agreement with a subsidiary to manage, operate and maintain a multi-storey car park together with other parking facilities at Persada Johor International Convention Centre. The Group anticipates that the cost will be recovered through future income derived from the car park operations. The income is guaranteed by the Corporation pursuant to the Concession Agreement. The Concession Agreement has a remaining amortisation period of 4.8 years (31.12.2012: 4.8 years, 1.1.2012: 5.8 years).

Franchise fees

Franchise fees consists of the initial franchise fee paid for the set up of new restaurants and renewal franchise fees which are paid upon the expiry of the initial franchise period. Franchise fees are amortised on a straight-line basis over a period of 10 years.

Supplier relationship

The supplier relationship arose from the acquisition of palm oil plantations in Papua New Guinea and reflect the net present value of the future income stream from purchasing of fresh fruit bunches produced by neighbouring smallholders. These assets have an indefinite useful life and are tested annually for impairment.

Amortisation expense

The amortisation of concession rights and franchise fees are included in the "Administrative expenses" line item in the Statement of Comprehensive Income.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGUs have been determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management.

The key assumptions on which management has based its cash flow projections are as follows:

Restaurants, Integrated Poultry and Ancillary segments

- (a) Cash flows were projected based on financial budgets approved by management covering a ten year period.
- (b) The growth rate used to extrapolate the cash flows of the Restaurants, Integrated Poultry and Ancillary segments beyond the 10 year period is 4% (31.12.2012: 4%, 1.1.2012: 4%) which does not exceed the average historical growth rate over the long term for the industry or the estimated GDP growth rate of the country.
- (c) There will be no material changes in the structure and principal activities of the CGUs.
- (d) Raw material price inflation - there will not be any significant increase in the prices and supply of raw materials, wages and other related costs, resulting from industrial disputes, adverse changes in economic conditions or other unusual factors.
- (e) There will be no material changes in the present legislation or regulations, rates and bases of duties, levies and other taxes affecting the CGU's activities.
- (f) A pre-tax discount rate of 10% (31.12.2012: 9.65%, 1.1.2012: 10%) was applied in determining the recoverable amounts of the CGUs. The discount rate was estimated based on the weighted average cost of capital of the respective CGUs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

16. INTANGIBLE ASSETS (CONTINUED)**Restaurants, Integrated Poultry and Ancillary segments (continued)**

- (g) There will be no significant changes in the prevailing existing financing facilities and interest rates.
(h) There will be no significant fluctuations in the foreign exchange rates.

Other segments

- (a) Cash flows were projected based on actual operating results covering a 5 year period.
(b) Revenue was projected to grow at approximately 5% - 25% per annum.
(c) Budgeted gross profit margins were projected at between of 4% - 44% per annum.
(d) A pre-tax discount rate of 10% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the CGU's existing rates of borrowing.

The values assigned to the key assumptions represent management's assessment of future trends in the industry.

17. LAND USE RIGHTS

| Group | Leasehold land unexpired period less than 50 years | Leasehold land unexpired period more than 50 years | Total |
|--|---|---|-------|
| Cost: | | | |
| At 1 January 2012 | 36 | 25 | 61 |
| Adoption of FRS 10 | 2 | 16 | 18 |
| At 1 January 2012 restated | 38 | 41 | 79 |
| Addition | - | 10 | 10 |
| At 31 December 2012 and 1 January 2013 | 38 | 51 | 89 |
| Addition | 82 | 6 | 88 |
| Reclassification/transfer | 5 | (20) | (15) |
| At 31 December 2013 | 125 | 37 | 162 |
| Accumulated amortisation: | | | |
| At 1 January 2012 | 3 | 4 | 7 |
| Adoption of FRS 10 | 2 | - | 2 |
| At 1 January 2012 restated | 5 | 4 | 9 |
| Amortisation for the year (Note 8) | - | (1) | (1) |
| At 31 December 2012 and 1 January 2013 | 5 | 3 | 8 |
| Amortisation for the year (Note 8) | 1 | (1) | - |
| At 31 December 2013 | 6 | 2 | 8 |
| Carrying amount: | | | |
| At 1 January 2012 | 33 | 21 | 54 |
| At 31 December 2012 | 33 | 48 | 81 |
| At 31 December 2013 | 119 | 35 | 154 |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

18. INVESTMENT IN SUBSIDIARIES

| | Corporation | |
|--------------------------------|-------------|---------|
| | 2013 | 2012 |
| Shares, at cost: | | |
| Quoted shares in Malaysia | 1,067 | 1,105 |
| Unquoted shares in Malaysia | 1,715 | 1,720 |
| Unsecured preference shares * | 2,093 | 999 |
| Less: Accumulated impairment | (1,432) | (1,308) |
| | 3,443 | 2,516 |
| Market value for quoted shares | 3,886 | 4,898 |

* The unsecured preference shares are issued by different subsidiaries with features as follows:

- Convertible and non-convertible
- Cumulative and non-cumulative
- Redeemable and non-redeemable

The equity shares in Johor Land Berhad held by the Corporation and 38% equity shares in Kulim (Malaysia) Berhad are pledged as security for borrowings granted to certain subsidiaries.

At 31 December, the carrying amounts of the above equity shares pledged are as follows:

| | 2013 | 2012 |
|---------------------------|------|------|
| - Johor Land Berhad | 386 | 386 |
| - Kulim (Malaysia) Berhad | 460 | 458 |
| | 846 | 844 |

(a) The subsidiaries' auditors reports with modified opinion are indicated in the list of subsidiaries and associates on page 141 to 164.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Summarised financial information of Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Al-'Aqar Healthcare REIT and Damansara Realty Berhad which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before elimination of inter-company balances and transactions. The non-controlling interests in respect of the following subsidiaries are individually not material to the Group:

- Amiza Publishing Sdn Bhd
- IPPJ Sdn Bhd
- Johor Skill Development Sdn Bhd
- Pagoh Highland Resorts Sdn Bhd
- Sri Gading Land Sdn Bhd
- Tenaga Utama (Johor) Berhad
- Teraju Fokus Sdn Bhd
- SPMB Holdings Sdn Bhd

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

| Group | Kulim (Malaysia) Berhad | | KPJ Healthcare Berhad | | Al-'Aqar Healthcare REIT | | Damansara Realty Berhad | | Other immaterial subsidiaries | | Total |
|--|-------------------------|------------|-----------------------|------------|--------------------------|------------|-------------------------|------------|-------------------------------|------------|-------|
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 | |
| NCI percentage of ownership interest voting interest | 44.62% | 44.43% | 62.16% | 62.17% | 51.00% | 51.00% | 39.65% | 30.36% | | | |
| Carrying amount NCI | 2,924 | 4,706 | 765 | 722 | 416 | 408 | 53 | 37 | 61 | 54 | 5,927 |
| Profit/(loss) allocated to NCI | 227 | 549 | 71 | 94 | 37 | 32 | 3 | (1) | 13 | 14 | 688 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Summarised statements of financial position

| | Kulim (Malaysia) Berhad | | KPJ Healthcare Berhad | | Al-Aqar Healthcare REIT | | Damansara Realty Berhad | | Total | |
|--|-------------------------|---------------|-----------------------|--------------|-------------------------|--------------|-------------------------|------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Non-current assets | 6,818 | 7,000 | 2,025 | 1,652 | 1,484 | 1,464 | 242 | 232 | 10,569 | 10,348 |
| Current assets | 1,615 | 5,101 | 790 | 597 | 85 | 84 | 106 | 94 | 2,596 | 5,876 |
| Total assets | 8,433 | 12,101 | 2,815 | 2,249 | 1,569 | 1,548 | 348 | 326 | 13,165 | 16,224 |
| Current liabilities | 1,365 | 3,758 | 937 | 701 | 12 | 660 | 209 | 114 | 2,523 | 5,233 |
| Non-current liabilities | 1,941 | 2,143 | 720 | 445 | 742 | 88 | 10 | 93 | 3,413 | 2,769 |
| Total liabilities | 3,306 | 5,901 | 1,657 | 1,146 | 754 | 748 | 219 | 207 | 5,936 | 8,002 |
| Net assets | 5,127 | 6,200 | 1,158 | 1,103 | 815 | 800 | 129 | 119 | 7,229 | 8,222 |
| Equity attributable to owners of the Company | 3,781 | 3,418 | 1,071 | 1,036 | 815 | 800 | 126 | 115 | 5,793 | 5,369 |
| Non-controlling interests | 1,346 | 2,782 | 87 | 67 | - | - | 3 | 4 | 1,436 | 2,853 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)
(iii) Summarised statements of comprehensive income

| | Kulim (Malaysia) Berhad | | KPJ Healthcare Berhad | | Al-'Aqar Healthcare REIT | | Damansara Realty Berhad | | Total |
|--|-------------------------|-------|-----------------------|-------|--------------------------|------|-------------------------|------|-------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | |
| Revenue | 2,852 | 3,036 | 2,332 | 2,096 | 107 | 103 | 184 | 197 | 5,432 |
| Profit for the year | 466 | 436 | 92 | 147 | 73 | 63 | 9 | 2 | 648 |
| Profit attributable to owners of the Company | 431 | 211 | 83 | 140 | 73 | 63 | 9 | 1 | 596 |
| Profit attributable to the non-controlling interests | 35 | 225 | 9 | 7 | - | - | - | 1 | 232 |
| Other comprehensive income attributable to owners of the Company | (124) | (42) | 3 | 6 | - | - | (1) | - | (36) |
| Other comprehensive income attributable to the non-controlling interests | (141) | (21) | - | 5 | - | - | - | - | (16) |
| Other comprehensive income for the year | (265) | (63) | 3 | 11 | - | - | (1) | - | (263) |
| Total comprehensive income | 201 | 373 | 95 | 158 | 73 | 63 | 8 | 2 | 596 |
| Total comprehensive income attributable to owners of the Company | 307 | 170 | 86 | 146 | 73 | 63 | 8 | 1 | 380 |
| Total comprehensive income attributable to the non-controlling interests | (106) | 203 | 9 | 12 | - | - | - | 1 | (97) |
| Dividend paid to non-controlling interests | 201 | 373 | 95 | 158 | 73 | 63 | 8 | 2 | 596 |
| | 517 | 41 | 33 | 36 | 30 | 19 | - | 1 | 97 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iv) Summarised cash flows

| | Kulim (Malaysia) Berhad | | KPJ Healthcare Berhad | | Al-'Aqar Healthcare REIT | | Damansara Realty Berhad | | Total | |
|--|-------------------------|-------|-----------------------|-------|--------------------------|------|-------------------------|------|-------|---------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Net cash generated from operating activities | 627 | 1,393 | 160 | 219 | 88 | 93 | 7 | 2 | 882 | 1,707 |
| Net cash used in investing activities | 646 | (853) | (409) | (359) | 1 | (40) | (2) | (1) | 236 | (1,253) |
| Net cash used in financing activities | (1,181) | (851) | 357 | 156 | (94) | (33) | 5 | 6 | (913) | (722) |
| Net increase in cash and cash equivalents | 92 | (311) | 108 | 16 | (5) | 20 | 10 | 7 | 205 | (268) |
| Cash and cash equivalents at beginning of the year | 246 | 557 | 200 | 251 | 73 | 53 | 26 | 12 | 545 | 873 |
| Cash and cash equivalents at end of the year | 338 | 246 | 308 | 267 | 68 | 73 | 36 | 19 | 750 | 605 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

18. INVESTMENT IN SUBSIDIARIES (CONTINUED)**(c) Acquisition of subsidiaries in 2013**

During the current financial year, Kulim (Malaysia) Berhad, a subsidiary of the Corporation acquired an additional 1,059,000 ordinary shares in Danamin Sdn Bhd ("Danamin") representing 60% of the issued and paid up share capital of Danamin for a total purchase consideration of RM10,494,690. Following the acquisition of the interest, Danamin became a subsidiary of the Group. The acquisition of Danamin had the following effect on the Group's assets and liabilities on the acquisition date:

| | Recognised values on acquisition |
|--|-------------------------------------|
| Property, plant and equipment | 6 |
| Cash and cash equivalents | 4 |
| Trade and other receivable | 8 |
| Borrowings | (12) |
| Trade and other payables | (2) |
| Net identified assets | 4 |
| Less: Non-controlling interests on acquisition | (1) |
| Group's share of net assets | 3 |
| Goodwill on acquisition | 8 |
| Consideration paid, satisfied in cash | 11 |
| Cash and cash equivalents acquired | (4) |
| Net cash outflow | 7 |

(d) Disposal of equity interest in subsidiary

On 21 January 2013, Kulim (Malaysia) Berhad, a subsidiary of the Corporation disposed of its entire interest in QSR Brands (Malaysia) Bhd for a total consideration of RM1,137 million. This resulted gain on disposal of subsidiary amounting RM331 million. The effects of the disposal are summarised below:

| | 2013 |
|--|---------|
| Property, plant and equipment | 1,458 |
| Goodwill | 893 |
| Inventories | 270 |
| Other receivables | 184 |
| Tax recoverable | 14 |
| Cash and bank balances | 251 |
| Deferred tax liabilities | (89) |
| Employee benefits | (3) |
| Trade and other payables | (469) |
| Loan and borrowings | (496) |
| Taxation | (13) |
| Reserves | 31 |
| Net assets | 2,031 |
| Non-controlling interests | (1,225) |
| Net assets attributable to the group | 806 |
| Proceeds from disposals | (1,137) |
| Gain on disposals (Note 5) | (331) |
| Cash outflows arising on disposals: | |
| Cash consideration | 1,137 |
| Cash and cash equivalents of subsidiaries disposed | (251) |
| Net cash outflows on disposal | 886 |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

19. INVESTMENT IN ASSOCIATES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|------------|---------------------------------|----------------------|---------------------|------|
| Unquoted shares in Malaysia, at cost | 171 | 202 | 136 | 36 | 36 |
| Unquoted shares outside Malaysia | 55 | - | - | - | - |
| Share of post-acquisition retained profits and reserves less losses | 67 | 48 | 62 | - | - |
| | 293 | 250 | 198 | 36 | 36 |

(a) Details of the Group's associates are as follows:

| | Country of incorporation | Principal activities | Percentage of ownership interest held by the Group* | | | Accounting model applied |
|--|-----------------------------|---|---|------------|----------|-----------------------------|
| | | | 31.12.2013 | 31.12.2012 | 1.1.2012 | |
| Held by the Corporation: | | | | | | |
| Panca Pesona Sdn Bhd | Malaysia | Industrial land and property developer | 40.00% | 40.00% | 40.00% | Equity method |
| Larkin Sentral Property Sdn Bhd (formerly known as TPM Management Sdn Bhd) | Malaysia | Operator of a transport terminal, renting of shop lots and wet market | 39.00% | 39.00% | 40.00% | Equity method |
| Held through subsidiaries: | | | | | | |
| Union Industries (Malaysia) Sdn Bhd | Malaysia | Manufacturing of window frames and wheel barrows | 23.86% | 23.86% | 23.86% | Equity method |
| Bertam Properties Sdn Bhd | Malaysia | Estate management | 20.00% | 20.00% | 20.00% | Equity method |
| Synthomer Sdn Bhd | Malaysia | Processing of rubber and chemical product | 30.07% | 30.07% | 29.51% | Equity method |
| Kedah Medical Center Sdn Bhd | Malaysia | Operating as a specialist hospital | 45.65% | 45.65% | 45.65% | Equity method |
| Hospital Penawar Sdn Bhd | Malaysia | Operating as a specialist hospital | 30.00% | 30.00% | 30.00% | Equity method |
| Vejthani Public Company Limited | Thailand | International specialist hospital | 23.37% | 23.37% | - | Equity method |
| Asia Logistics Council Sdn Bhd | Malaysia | GHELS & GCEL systems for Asia Pacific region | 42.00% | - | - | Equity method |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Details of the Group's associates are as follows: (continued)

- * Equals to the proportion of voting rights held
** Financial results for Union Industries (Malaysia) Sdn Bhd is based on management accounts for the period ended 30 November 2013. The company was placed under members' voluntary liquidation on 14 December 2013.

These associates have the same reporting period as the Group.

(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 FRS financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statements of financial position

| | Larkin Sentral Property Sdn Bhd | | Synthomer Sdn Bhd | | Vejtiani Public Company Limited | | Other individually immaterial associates | | Total |
|-------------------------|------------------------------------|------|-------------------|------|------------------------------------|------|--|------|-------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | |
| Non-current assets | 157 | 129 | 66 | 79 | 137 | 133 | 232 | 165 | 506 |
| Current assets | 4 | 4 | 265 | 227 | 34 | 28 | 204 | 206 | 465 |
| Total assets | 161 | 133 | 331 | 306 | 171 | 161 | 436 | 371 | 971 |
| Non-current liabilities | 13 | 15 | 3 | 3 | 44 | 44 | 27 | 30 | 92 |
| Current liabilities | 14 | 14 | 122 | 119 | 37 | 34 | 90 | 69 | 236 |
| Total liabilities | 27 | 29 | 125 | 122 | 81 | 78 | 117 | 99 | 328 |
| Net assets | 134 | 104 | 206 | 184 | 90 | 83 | 319 | 272 | 643 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(ii) Summarised statements of comprehensive income

| | Larkin Sentral Property Sdn Bhd | | Synthomer Sdn Bhd | | Vejthani Public Company Limited | | Other individually immaterial associates | | Total | |
|---|------------------------------------|------|-------------------|------|------------------------------------|------|--|------|-------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenue | 12 | 11 | 476 | 496 | 173 | 159 | 241 | 261 | 902 | 927 |
| Profit before tax from continuing operations | 32 | 4 | 32 | 35 | 13 | 15 | 36 | 55 | 113 | 109 |
| Profit for the year from continuing operations | 30 | 2 | 22 | 22 | 13 | 15 | 32 | 47 | 97 | 86 |
| Total comprehensive income | 30 | 2 | 22 | 22 | 13 | 15 | 32 | 47 | 97 | 87 |
| Dividend received from the associates during the year | - | - | - | - | 1 | - | 10 | 6 | 11 | 6 |

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

| | Larkin Sentral Property Sdn Bhd | | Synthomer Sdn Bhd | | Vejthani Public Company Limited | | Other individually immaterial associates | | Total | |
|--|------------------------------------|--------|-------------------|--------|------------------------------------|--------|--|------|-------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Net assets at 1 January | 104 | 102 | 184 | 162 | 80 | 74 | 296 | 49 | 664 | 387 |
| Profit for the year | 30 | 2 | 22 | 22 | 11 | 12 | 34 | 59 | 97 | 95 |
| Net assets at 31 December | 134 | 104 | 206 | 184 | 91 | 86 | 330 | 108 | 761 | 482 |
| Interest in associates | 39.00% | 39.00% | 30.07% | 30.07% | 23.37% | 23.37% | - | - | - | - |
| Group's share of net assets | 52 | 41 | 62 | 55 | 21 | 20 | 88 | 48 | 224 | 164 |
| Goodwill | - | - | 15 | 15 | 40 | 39 | (12) | 21 | 43 | 75 |
| Elimination of unrealised profit | - | - | - | - | (1) | - | 20 | 11 | 19 | 11 |
| Carrying value of Group's interest in associates | 52 | 41 | 77 | 70 | 61 | 59 | 96 | 80 | 286 | 250 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

19. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) Aggregate information of associates that are not individually material

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated |
|---|------------|---------------------------------|----------------------|
| The Group's share of profit before tax from continuing operations | 11 | 15 | 10 |
| The Group's share of profit after tax from continuing operations | 10 | 13 | 9 |
| The Group's share of total comprehensive income | 10 | 13 | 9 |

20. INVESTMENT IN JOINT VENTURES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated |
|------------------------------------|------------|---------------------------------|----------------------|
| At cost | | | |
| Shares unquoted in Malaysia | 1,267 | - | - |
| Share of post-acquisition reserves | 5 | - | - |
| | 1,272 | - | - |

The Group has 51% of the voting rights of its joint arrangements. 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 | | Nature of relationship | Accounting model applied |
|-------------------------|-----------------------------|-------------------------------------|--------|---------------------------|-----------------------------|
| | | 2013 | 2012 | | |
| Massive Equity Sdn Bhd | Malaysia | 51.00% | 51.00% | Note (i) | Equity method |
| Tepak Marketing Sdn Bhd | Malaysia | 25.96% | 42.70% | Note (ii) | Equity method |

* equals to the proportion of voting rights held

These joint ventures have the same reporting period as the Group. No quoted market prices are available for the shares of Massive Equity Sdn Bhd and Tepak Marketing Sdn Bhd as these companies are private companies.

(i) The principle activity is investment holding.

(ii) The principal activities consist of contract packing of tea and tea trading.

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20. INVESTMENT IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of Massive Equity Sdn Bhd and Tepak Marketing Sdn Bhd is set out below. The summarised information represents the amounts in the FRS financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised statements of financial position

| | Massive Equity Sdn Bhd 2013 | Massive Equity Sdn Bhd 2012 | Tepak Marketing Sdn Bhd 2013 | Tepak Marketing Sdn Bhd 2012 | Total 2013 | Total 2012 |
|---|--------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------|---------------|
| Non-current assets | 4,080 | - | 3 | - | 4,083 | - |
| Cash and cash equivalents | 216 | - | 2 | - | 218 | - |
| Other current assets | 553 | - | 9 | - | 562 | - |
| Total current assets | 769 | - | 11 | - | 780 | - |
| Total assets | 4,849 | - | 14 | - | 4,863 | - |
| Current liabilities (excluding trade and other payables and provisions) | 105 | - | - | - | 105 | - |
| Trade and other payables and provisions | 486 | - | 4 | - | 490 | - |
| Total current liabilities | 591 | - | 4 | - | 595 | - |
| Non-current liabilities (excluding trade and other payables and provisions) | 1,783 | - | - | - | 1,783 | - |
| Trade and other payables and provisions | 3 | - | - | - | 3 | - |
| Total non-current liabilities | 1,786 | - | - | - | 1,786 | - |
| Total liabilities | 2,377 | - | 4 | - | 2,381 | - |
| Net assets | 2,472 | - | 10 | - | 2,482 | - |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
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20. INVESTMENT IN JOINT VENTURES (CONTINUED)
(ii) Summarised statements of comprehensive income

| | Massive Equity Sdn Bhd 2013 | Massive Equity Sdn Bhd 2012 | Tepak Marketing Sdn Bhd 2013 | Tepak Marketing Sdn Bhd 2012 | 2013 | 2012 |
|-------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|-------|------|
| Revenue | 3,852 | - | 26 | - | 3,878 | - |
| Depreciation and amortisation | 193 | - | - | - | 193 | - |
| Interest income | 3 | - | - | - | 3 | - |
| Interest expense | 120 | - | - | - | 120 | - |
| Profit before tax | 82 | - | 2 | - | 84 | - |
| Income tax expense | 75 | - | - | - | 75 | - |
| Profit after tax | 7 | - | 1 | - | 8 | - |
| Other comprehensive income | 2 | - | - | - | 2 | - |
| Total comprehensive income | 9 | - | 1 | - | 10 | - |

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

| | Massive Equity Sdn Bhd 2013 | Massive Equity Sdn Bhd 2012 | Tepak Marketing Sdn Bhd 2013 | Tepak Marketing Sdn Bhd 2012 | 2013 | 2012 |
|--|--------------------------------|--------------------------------|---------------------------------|---------------------------------|-------|------|
| Net assets at 1 January | - | - | 9 | - | 9 | - |
| Profit for the year | 7 | - | 1 | - | 8 | - |
| Other comprehensive income | 2 | - | - | - | 2 | - |
| Net assets at 31 December | 2,472 | - | 10 | - | 2,482 | - |
| Interest in joint ventures | 51.00% | - | 25.96% | - | - | - |
| Goodwill | 10 | - | (1) | - | 9 | - |
| Carrying value of Group's interest in joint ventures | 1,270 | - | 2 | - | 1,272 | - |

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

21. ASSETS HELD FOR SALE/DISPOSAL GROUP LIABILITIES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|------------|---------------------------------|----------------------|---------------------|------|
| Assets classified as held for sale: | | | | | |
| Property, plant and equipment | 2 | 200 | 96 | - | 12 |
| Investment in associates | - | 26 | 13 | - | - |
| Land and development expenditure | 4 | 43 | 6 | - | - |
| Investment properties (Note 15) | - | 8 | 93 | 26 | 26 |
| Land use rights | - | - | - | - | 1 |
| Receivables, prepayment and deposits | - | 71 | - | - | - |
| Cash and bank balances | - | 31 | - | - | - |
| Non-current asset classified as held for sale | - | 4 | - | - | - |
| | 6 | 383 | 208 | 26 | 39 |
| Liabilities directly associated with disposal | | | | | |
| Group classified as held for sale: | | | | | |
| Bank borrowings | - | 198 | - | - | - |
| Payables and accruals | - | 26 | - | - | - |
| Deferred taxation | - | 1 | - | - | - |
| | - | 225 | - | - | - |

In prior year, included in assets classified as held for sale, is an amount of RM323 million relating to disposal of Group's indirect subsidiary, Orkim Sdn Bhd, which is involved in the provision of shipping and forwarding services.

22. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|--|------------|---------------------------------|----------------------|---------------------|------|
| Property, plant and equipment | 3 | 4 | 7 | - | - |
| Investment properties | (2) | - | - | - | - |
| Provisions | 47 | 33 | 34 | 40 | 22 |
| Unutilised tax losses | 46 | 40 | 68 | 20 | 32 |
| Unutilised reinvestment allowances | - | - | 41 | - | - |
| Others | 48 | 40 | - | - | - |
| | 142 | 117 | 150 | 60 | 54 |
| Offsetting | (9) | (9) | (15) | - | - |
| Deferred tax assets (after offsetting) | 133 | 108 | 135 | 60 | 54 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

22. DEFERRED TAX (CONTINUED)

Deferred tax assets and liabilities are attributable to the following (continued):

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|------------|---------------------------------|----------------------|---------------------|------|
| Property, plant and equipment | (783) | (656) | (1,174) | (1) | (1) |
| Investment properties | 5 | 3 | 3 | - | - |
| Unutilised tax losses | - | 4 | 53 | - | - |
| Provision | 16 | 2 | - | - | - |
| Receivables | (8) | - | - | - | - |
| Revaluation reserves | (27) | (119) | (86) | - | - |
| Others | (225) | (413) | 1 | - | - |
| | (1,022) | (1,179) | (1,203) | (1) | (1) |
| Offsetting | 9 | 15 | 15 | - | - |
| Deferred tax liabilities (after offsetting) | (1,013) | 1,164 | (1,188) | (1) | (1) |

Movement of deferred tax assets and liabilities during the year are as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|--|------------|---------------------------------|----------------------|---------------------|------|
| At 1 January | (1,056) | (1,053) | (730) | 53 | 17 |
| (Charged)/credited to Statement of Comprehensive Income | | | | | |
| - Property, plant and equipment | (9) | (1,903) | 30 | - | (1) |
| - Investment properties | (7) | 2,083 | (6) | - | - |
| - Tax losses | 6 | 12 | (132) | (12) | 32 |
| - Provisions | 24 | 22 | 33 | 18 | 5 |
| - Receivables | (16) | - | - | - | - |
| - Foreign exchange adjustment | 47 | (235) | 5 | - | - |
| - Others | 131 | 29 | - | - | - |
| | (880) | (1,045) | (800) | 59 | 53 |
| Acquisition of subsidiaries | - | - | (3) | - | - |
| Disposal of subsidiaries | - | - | 4 | - | - |
| Currency translation differences | - | (12) | (254) | - | - |
| Others | - | 1 | - | - | - |
| At 31 December | (880) | (1,056) | (1,053) | 59 | 53 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

22. DEFERRED TAX (CONTINUED)

Unrecognised deferred tax assets

The amount of deductible temporary differences and unused tax losses (both of which have no expiry) for which no deferred tax assets are recognised are as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated |
|-------------------------------|------------|---------------------------------|----------------------|
| Unabsorbed capital allowances | - | 7 | 131 |
| Unutilised tax losses | 6 | - | 327 |
| | 6 | 7 | 458 |

23. TRADE AND OTHER RECEIVABLES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|--|------------|---------------------------------|----------------------|---------------------|-------|
| Current | | | | | |
| Trade receivables | 850 | 952 | 1,009 | 53 | 34 |
| Less: Allowance for impairment | (114) | (71) | (99) | (48) | (13) |
| | 736 | 881 | 910 | 5 | 21 |
| Other receivables | 319 | 565 | 475 | 14 | 61 |
| Less: Allowance for impairment | (47) | (168) | (195) | (13) | (48) |
| | 272 | 397 | 280 | 1 | 13 |
| Deposits | 44 | 54 | 148 | 3 | 313 |
| Amount due from related parties | - | - | - | 688 | 1,060 |
| Less: Allowance for impairment | - | - | - | (401) | (210) |
| | 44 | 54 | 148 | 290 | 1,163 |
| Advances to associates | - | - | - | 6 | 6 |
| Amount due from associates | 21 | 15 | 39 | - | - |
| Less: Allowance for impairment | (8) | (8) | (8) | - | - |
| | 13 | 7 | 31 | 6 | 6 |
| Dividend receivables from subsidiaries | - | 8 | - | - | 644 |
| | 1,065 | 1,347 | 1,369 | 302 | 1,847 |

Concentration of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are widely dispersed, cover a broad spectrum of manufacturing and distribution and have a variety of end markets in which they sell. The Group's historical experience in collection of trade receivable falls within the recorded allowances. Due to these factors, the management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|--|------------|---------------------------------|----------------------|---------------------|------|
| Neither past due nor impaired | 460 | 237 | 607 | - | - |
| 1 to 30 days past due not impaired | 104 | 95 | 132 | 5 | 3 |
| 31 to 60 days past due not impaired | 51 | 71 | 39 | - | 1 |
| 61 to 90 days past due not impaired | 22 | 39 | 26 | - | 2 |
| 91 to 120 days past due not impaired | 18 | 37 | 9 | - | 6 |
| More than 121 days past due not impaired | 81 | 402 | 97 | - | 9 |
| | 736 | 881 | 910 | 5 | 21 |
| Impaired | 114 | 71 | 99 | 48 | 13 |
| | 850 | 952 | 1,009 | 53 | 34 |

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are mainly from regular customers that have been transacting with the Group. None of these balances have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group's and the Corporation have trade receivables amounting to RM736 million (31.12.2012: RM881 million, 1.1.2012: RM910 million) and RM5 million (31.12.2012: RM21 million) respectively, that are past due at the reporting date but not impaired. These balances are not secured.

Receivables that are impaired

The Group's and the Corporation's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|-------------------------------------|------------|---------------------------------|----------------------|---------------------|------|
| Trade receivables - nominal amounts | 114 | 71 | 99 | 48 | 13 |
| Less: Allowance for impairment | (114) | (71) | (99) | (48) | (13) |
| | - | - | - | - | - |
| Movement in allowance account: | | | | | |
| At 1 January | 71 | 79 | 99 | 13 | 18 |
| Charge for the year | 46 | - | - | 35 | - |
| Reversal of impairment losses | - | (8) | - | - | (5) |
| Written off | (3) | - | - | - | - |
| At 31 December | 114 | 71 | 99 | 48 | 13 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired (continued)

Trade receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from related parties and advances to associates

These amounts are unsecured, non-interest bearing and are repayable upon demand.

Amount due from related parties that are impaired

At the reporting date, the Corporation have provided an allowance of RM401 million (2012: RM210 million) for impairment of related parties.

There has been additional provision made in the Corporation's allowance account for the financial year ended 31 December 2013 of RM191 million (31.12.2012: RM113 million).

(c) Other receivables that are impaired

At the reporting date, the Group and the Corporation have provided an allowance of RM47 million (31.12.2012: RM168 million, 1.1.2012: RM144 million) and RM13 million (2012: RM48 million) respectively for impairment of other receivables.

There has been reversal of provision made in the Group and Corporation allowance account for the financial year ended 31 December 2013 of RM121 million (31.12.2012: RM26 million, 1.1.2012: RM13 million) and RM35 million (2012: RM3 million), respectively.

24. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Future development

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---------------------------------------|------------|---------------------------------|----------------------|---------------------|------|
| At cost: | | | | | |
| Freehold land | 46 | 15 | 46 | - | - |
| Leasehold land | 17 | 26 | 26 | 3 | 3 |
| Development expenditure | 39 | 83 | 45 | 23 | 23 |
| At 1 January | 102 | 124 | 117 | 26 | 26 |
| Cost incurred during the year: | | | | | |
| Freehold land | 51 | 49 | 4 | - | - |
| Leasehold land | 278 | - | 3 | - | - |
| Development expenditure | 10 | 1 | 1 | - | - |
| | 339 | 50 | 8 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

24. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(a) Future development (continued)

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|------------|---------------------------------|----------------------|---------------------|------|
| Less charged to Statement of Comprehensive Income: | | | | | |
| Freehold land | - | (6) | - | - | - |
| Leasehold land | (29) | (7) | - | - | - |
| Development expenditure | - | (2) | - | - | - |
| | (29) | (15) | - | - | - |
| Transfer from/(to) current development: | | | | | |
| Freehold land (Note 24 (b)) | (17) | (12) | (35) | - | - |
| Leasehold land (Note 24 (b)) | (197) | (2) | (3) | - | - |
| Development expenditure (Note 24 (b)) | (29) | - | 175 | - | - |
| Transfer to asset held for sale | - | (43) | - | - | - |
| Transfer to land use rights | (5) | - | (138) | - | - |
| | (248) | (57) | (1) | - | - |
| At 31 December | 164 | 102 | 124 | 26 | 26 |
| At cost: | | | | | |
| Freehold land | 80 | 46 | 15 | - | - |
| Leasehold land | 69 | 17 | 26 | 3 | 3 |
| Development expenditure | 15 | 39 | 83 | 23 | 23 |
| At 31 December | 164 | 102 | 124 | 26 | 26 |

(b) Current development

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|-------------------------|------------|---------------------------------|----------------------|---------------------|------|
| At cost: | | | | | |
| Freehold land | 77 | 65 | 28 | - | - |
| Leasehold land | 59 | 57 | 35 | 9 | 9 |
| Development expenditure | 1,387 | 1,170 | 1,108 | 690 | 653 |
| | 1,523 | 1,292 | 1,171 | 699 | 662 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

24. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTINUED)

(b) Current development (continued)

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | Corporation 2012 |
|--|------------|---------------------------------|----------------------|---------------------|---------------------|
| Cost incurred during the year: | | | | | |
| Leasehold land | 78 | - | - | 78 | - |
| Development expenditure | 253 | 229 | 261 | 118 | 37 |
| At 1 January | 331 | 229 | 261 | 196 | 37 |
| Cost recognised as an expense in Statement of Comprehensive Income: | | | | | |
| - previous year | (1,039) | (798) | (614) | (541) | (506) |
| - current year | (224) | (241) | (164) | 32 | (35) |
| | (1,263) | (1,039) | (778) | (509) | (541) |
| Transfer from/(to): | | | | | |
| Future development | | | | | |
| - Freehold land (Note 24 (a)) | 17 | 12 | 35 | - | - |
| - Leasehold land (Note 24 (a)) | 197 | 2 | 3 | - | - |
| - Development expenditure (Note 24 (a)) | 29 | - | (175) | - | - |
| Inventories | (7) | - | (5) | - | - |
| Investment properties (Note 15) | 50 | (12) | (18) | 50 | - |
| | 286 | 2 | (160) | 50 | - |
| At 31 December | 877 | 484 | 494 | 436 | 158 |

Development land for the Group with carrying amount of RM439 million (31.12.2012: RM279 million, 1.1.2012: RM372 million) are pledged as security for borrowings.

Development land of the Corporation at carrying amount of RM336 million (2012: RM159 million) are charged to a licensed bank for the Redeemable Secured Certificates facility amounting to RM195.3 million (2012: RM195.3 million).

As at 31 December 2013, land with carrying amount of RM386 million (2012: RM319 million) are not registered in the names of certain subsidiaries and are in the process of being transferred to the names of the subsidiaries.

Land with carrying amount of RM8 million (2012: RM7 million) are not registered in the name of certain subsidiaries but are held in escrow by the State Authority of Johor for the beneficial interest of the subsidiaries until the entire land has been sold in subdivided lots to purchasers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

25. INVENTORIES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|----------------------|------------|---------------------------------|----------------------|---------------------|------|
| Stores and materials | 44 | 308 | 68 | - | 1 |
| Stock of produce | 638 | 150 | 643 | 8 | 7 |
| Finished goods | 41 | 600 | 291 | - | - |
| | 723 | 1,058 | 1,002 | 8 | 8 |
| Shops and houses | 13 | 18 | 18 | 4 | 4 |
| Land and buildings | 68 | 29 | 32 | 68 | 29 |
| | 804 | 1,105 | 1,052 | 80 | 41 |

Inventories of the Corporation at carrying amount of RM1 million (31.12.2012: RM1 million, 1.1.2012: RM1 million) are pledged as security for borrowings.

Inventories of the Corporation with carrying amount of RM12 million (2012: RM12 million, 1.1.2012: RM12 million) are registered in the name of subsidiaries.

26. OTHER CURRENT ASSETS

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|------------|---------------------------------|----------------------|---------------------|------|
| Prepayments | 76 | 75 | 100 | 17 | 24 |
| Less: Allowance for doubtful debts | (1) | - | - | - | - |
| Amount due from customers on contracts (Note 27) | 1 | - | 4 | - | - |
| | 76 | 75 | 104 | 17 | 24 |

27. AMOUNT DUE FROM CUSTOMERS ON CONTRACTS

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated |
|--|------------|---------------------------------|----------------------|
| Construction contract costs incurred to date | 1 | - | 4 |
| Attributable profits | - | - | - |
| | 1 | - | 4 |
| Less: Progress billings | - | - | - |
| Amount due from customers on contracts (Note 26) | 1 | - | 4 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

28. DERIVATIVE FINANCIAL INSTRUMENT

| | Group Notional amount | | | Group Carrying amount | | |
|--------------------------|--------------------------|------------------------|----------------------|--------------------------|------------------------|----------------------|
| | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated |
| Cash flow hedges: | | | | | | |
| Current assets | | | | | | |
| - Forward contracts | (180) | (133) | - | 13 | 24 | - |
| - Interest rate swap | 375 | - | - | 3 | - | - |
| | - | - | - | 16 | 24 | - |
| Current liabilities | | | | | | |
| - Forward contracts | - | - | 313 | - | - | 2 |
| | | | | - | - | 2 |

- (a) In prior financial year, the Group, via its indirect subsidiary, New Britain Palm Oil Limited ("NBPOL") has entered into commodity forward contracts to hedge its exposure to movements in palm oil prices. These forward contracts have been designated as a hedge of highly probable forecast sales of crude palm oil and related products. It is not the Group's policy to engage in speculative hedging activities.

As all hedge transactions are highly effective, all gains and losses relating to their remeasurement to fair value are recognised in the hedge reserve within equity and subsequently brought to account in the income statement in the same period as the physical sales transaction occurs to which the hedges relate.

The cash flow hedges of the highly probable forecast sales of crude palm oil and related products were assessed to be highly effective and as at 31 December 2013, a net gain of RM1.57 million (31.12.2012: RM9.4 million, 1.1.2012: RM120 million) was included in other comprehensive income in respect of these contracts.

- (b) The Group has entered into an interest rate swap contract with a notional amount of RM375 million 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 4.18% per annum and receives a variable rate based on one month KLIBOR on the amortised notional amount.

The above interest rate swap is not designated as a cash flow or fair value hedge and is entered into for a period consistent with the transaction exposure. It does not qualify for hedge accounting.

During the financial year, the Group recognised a gain of RM2.62 million (31.12.2012: Nil, 1.1.2012: Nil) arising from fair value changes in the interest rate swap. The fair value changes are attributable to changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

29. CASH AND BANK BALANCES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---------------------------------|------------|---------------------------------|----------------------|---------------------|------|
| Cash at banks and on hand | 731 | 736 | 775 | 3 | 15 |
| Fixed deposits with: | | | | | |
| Licensed banks | 192 | 335 | 1,064 | 88 | 100 |
| Licensed financial institutions | 177 | 8 | 26 | - | - |
| Other finance institution | 5 | - | - | - | - |
| Cash and bank balances | 1,105 | 1,079 | 1,865 | 91 | 115 |

Included in the deposits with licensed banks are the following amount subject to restriction:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|--|------------|---------------------------------|----------------------|---------------------|------|
| - Pledged with licensed banks for bank guarantee facilities provided to subsidiaries/third parties | 6 | 28 | 13 | - | - |
| - Restriction usage under the Restructuring Corporate Master Plan | - | - | 422 | - | - |
| - Restriction usage under the Redeemable Secured Certificate Scheme | - | - | 151 | - | - |
| - Restricted usage under SUKUK | 16 | 26 | 23 | - | - |
| - Restricted usage under Government Grant | 25 | 16 | - | 25 | 16 |
| | 47 | 70 | 609 | 25 | 16 |

The currency profile of cash and cash equivalent is as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|--------------------|------------|---------------------------------|----------------------|---------------------|------|
| - Ringgit Malaysia | 967 | 986 | 1,626 | 91 | 115 |
| - US Dollar | 103 | 59 | 63 | - | - |
| - Indonesia Rupiah | 21 | 18 | 21 | - | - |
| - PNG Kina | - | - | 87 | - | - |
| - Australia Dollar | 8 | 9 | 22 | - | - |
| - Singapore Dollar | 6 | 7 | 5 | - | - |
| - Pound Sterling | - | - | 15 | - | - |
| - Others | - | - | 26 | - | - |
| | 1,105 | 1,079 | 1,865 | 91 | 115 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

29. CASH AND BANK BALANCES (CONTINUED)

The weighted average interest rates of deposits, bank and cash balances that were effective at the reporting date were as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | Corporation 2012 |
|---|------------|---------------------------------|----------------------|---------------------|---------------------|
| - Deposits with licensed banks | 3.40% | 2.97% | 2.82% | 3.30% | 3.20% |
| - Deposits with licensed financial institutions | 4.13% | 1.97% | 3.42% | - | - |
| - Deposits with other financial institutions | 3.08% | - | - | - | - |

Deposits of the Group and of the Corporation have an average maturity of 169 days (31.12.2012: 243 days, 1.1.2012: 283 days) and 30 days (31.12.2012: 644 days, 1.1.2012: 644 days) respectively.

Included in cash and bank balances of the Group is an amount of RM51 million (31.12.2012: RM17 million, 1.1.2012: RM4 million) of which the utilisation is subject to the Housing Developers (Housing Development Account) Regulations 2002.

30. OTHER LONG TERM LIABILITIES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | Corporation 2012 |
|---------------------------------------|------------|---------------------------------|----------------------|---------------------|---------------------|
| Government grant | 256 | 231 | 217 | 235 | 202 |
| Land lease rental received in advance | 74 | 123 | 75 | 32 | 26 |
| Other long term payables | 53 | 54 | 59 | - | - |
| Others | 17 | 30 | 27 | - | - |
| | 400 | 438 | 378 | 267 | 228 |
| Government Grant | | | | | |
| At cost: | | | | | |
| At 1 January | 368 | 346 | 170 | 202 | 182 |
| Grant received during the year | 39 | 30 | 189 | 33 | 20 |
| At 31 December | 407 | 376 | 359 | 235 | 202 |
| Accumulated amortisation: | | | | | |
| At 1 January | 138 | 129 | 129 | - | - |
| Amortisation (Note 5) | 7 | 10 | 13 | - | - |
| Transfer to income statement | 6 | 6 | - | - | - |
| At 31 December | 151 | 145 | 142 | - | - |
| Balance as at 31 December | 256 | 231 | 217 | 235 | 202 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

30. OTHER LONG TERM LIABILITIES (CONTINUED)

The 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:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|----------------------|------------|---------------------------------|----------------------|---------------------|------|
| Under 1 year | 5 | 5 | 5 | - | - |
| 1 - 2 years | 5 | 5 | 5 | - | - |
| 2 - 3 years | 5 | 5 | 5 | - | - |
| Over 3 years | 38 | 39 | 44 | - | - |
| Carrying amount | 53 | 54 | 59 | - | - |
| Estimated fair value | 25 | 25 | 28 | - | - |

Land lease rentals received in advance:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|------------------------------------|------------|---------------------------------|----------------------|---------------------|------|
| At Cost: | | | | | |
| At 1 January | 130 | 81 | 45 | 27 | 19 |
| Additions | 6 | 43 | 36 | 6 | 8 |
| Reclassification | 6 | 6 | - | - | - |
| Reversal | (60) | - | - | (1) | (1) |
| At 31 December | 82 | 130 | 81 | 32 | 26 |
| Accumulated amortisation: | | | | | |
| At 1 January | 7 | 6 | 5 | - | - |
| Realisation of income for the year | 1 | 1 | 1 | - | - |
| Balance as at 31 December | 8 | 7 | 6 | - | - |
| Carrying amount as at 31 December | 74 | 123 | 75 | 32 | 26 |

This represents money received in advance from sub leases for period of 30 to 60 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|---|--------------|---------------------------------|----------------------|---------------------|--------------|
| Non-current | | | | | |
| Secured: | | | | | |
| - Finance lease | 67 | 39 | 27 | - | - |
| - Term loans | 1,604 | 1,624 | 1,852 | - | - |
| - Islamic debt securities | 1,064 | 768 | 1,043 | - | - |
| - Islamic Medium Term Notes ("IMTNs") | 2,956 | 2,956 | - | 2,956 | 2,955 |
| - Islamic Commercial Papers | 499 | - | 249 | - | - |
| - Federal Government Loans | 111 | - | - | - | - |
| Unsecured: | | | | | |
| - Term loans | 219 | 492 | 466 | - | - |
| - Federal Government loans | 21 | 25 | 28 | 21 | 25 |
| - Redeemable preference shares | 389 | - | - | - | - |
| | 6,930 | 5,904 | 3,665 | 2,977 | 2,980 |
| Current | | | | | |
| Secured: | | | | | |
| - Bank overdrafts | 84 | 64 | 80 | - | - |
| - Revolving credits | 317 | 108 | 458 | - | - |
| - Islamic committed revolving credit facility/ Scheduled payment arrangement ("CRCF/SPA") | - | - | 408 | - | - |
| - Bankers' acceptance | 49 | - | - | - | - |
| - Finance lease | 28 | 18 | 16 | - | - |
| - Term loans | 177 | 622 | 481 | - | - |
| - Islamic debt Securities | - | 677 | 22 | - | - |
| - Redeemable Secured Certificates | - | - | 191 | - | - |
| - Bridging loans | 25 | 38 | 33 | - | - |
| Unsecured: | | | | | |
| - Guaranteed Redeemable Islamic Bonds | - | - | 2,891 | - | - |
| - Bank overdrafts | 38 | 119 | 41 | - | - |
| - Revolving credits | 797 | 671 | 286 | - | - |
| - Bankers' acceptance | - | 6 | 35 | - | - |
| - Term loans | 55 | 33 | 178 | - | - |
| - Federal Government loans | 61 | 61 | 61 | 61 | 61 |
| - Advances from shareholder of a subsidiary | 2 | 2 | 2 | - | - |
| - Finance lease | 1 | - | - | - | - |
| | 1,634 | 2,419 | 5,183 | 61 | 61 |
| Total loans and borrowings | 8,564 | 8,323 | 8,848 | 3,038 | 3,041 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

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

| At 31 December 2013 | Year of maturity | Carrying amount | Under 1 year | Under 1-2 years | Under 2-5 years | Over 5 years |
|---------------------------------------|------------------|-----------------|--------------|-----------------|-----------------|--------------|
| Secured: | | | | | | |
| - Bank overdrafts | On demand | 84 | 84 | - | - | - |
| - Revolving credits | - | 317 | 317 | - | - | - |
| - Bankers' acceptance | On demand | 49 | 49 | - | - | - |
| - Finance lease | 2014-2015 | 95 | 28 | 30 | 35 | 2 |
| - Term loans | 2014-2021 | 1,781 | 177 | 460 | 853 | 291 |
| - Islamic debt securities | 2014-2015 | 1,064 | - | 80 | 652 | 332 |
| - Islamic Medium Term Notes ("IMTNs") | 2017-2022 | 2,956 | - | - | 394 | 2,562 |
| - Islamic commercial papers | 2011-2018 | 499 | - | - | - | 499 |
| - Bridging loan | 2013-2013 | 25 | 25 | - | - | - |
| - Federal Government loans | 2014-2034 | 111 | - | - | 5 | 106 |
| Unsecured: | | | | | | |
| - Bank overdrafts | On demand | 38 | 38 | - | - | - |
| - Revolving credits | - | 797 | 797 | - | - | - |
| - Term loan | 2014-2015 | 274 | 55 | 110 | 103 | 6 |
| - Federal government loans | 2014-2022 | 82 | 61 | 8 | 11 | 2 |
| - Finance lease liabilities | On demand | 2 | 2 | - | - | - |
| - Advances from shareholder | 2014-2034 | 1 | 1 | - | - | - |
| - Redeemable preference shares | 2013-2021 | 389 | - | - | - | 389 |
| Total | | 8,564 | 1,634 | 688 | 2,053 | 4,189 |

At 31 December 2012

| | | | | | | |
|---|-----------|-------|-------|-------|-------|-------|
| Secured: | | | | | | |
| - Bank overdrafts | On demand | 64 | 64 | - | - | - |
| - Revolving credits | - | 108 | 108 | - | - | - |
| - Finance lease | 2013-2015 | 57 | 17 | 16 | 22 | 2 |
| - Term loans | 2013-2021 | 2,246 | 622 | 828 | 665 | 131 |
| - Islamic debt securities | 2013-2015 | 1,445 | 678 | 150 | 130 | 487 |
| - Bridging loan | 2013-2013 | 38 | 38 | - | - | - |
| - Islamic Medium Term Notes ("IMTNs") | 2017-2022 | 2,956 | - | 394 | 788 | 1,774 |
| Unsecured: | | | | | | |
| - Bank overdrafts | On demand | 119 | 119 | - | - | - |
| - Revolving credits | - | 671 | 671 | - | - | - |
| - Term loan | 2013-2015 | 525 | 33 | 219 | 210 | 63 |
| - Federal Government loans | 2013-2022 | 86 | 61 | 7 | 15 | 3 |
| - Bankers' acceptance | On demand | 6 | 6 | - | - | - |
| - Advances from shareholder of a subsidiary | On demand | 2 | 2 | - | - | - |
| Total | | 8,323 | 2,419 | 1,614 | 1,830 | 2,460 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

| At 1 January 2012 | Year of maturity | Carrying amount | Under 1 year | Under 1-2 years | Under 2-5 years | Over 5 years |
|---------------------------------------|------------------|-----------------|--------------|-----------------|-----------------|--------------|
| Secured: | | | | | | |
| - Bank overdrafts | On demand | 80 | 80 | - | - | - |
| - Revolving credits | - | 458 | 458 | - | - | - |
| - Islamic Committed Revolving Credit | 2011 | 408 | 408 | - | - | - |
| - Finance lease | 2011-2015 | 43 | 16 | 13 | 13 | 1 |
| - Term loans | 2011-2021 | 2,333 | 482 | 391 | 1,217 | 243 |
| - Islamic debt securities | 2011-2015 | 1,065 | 22 | 680 | 144 | 219 |
| - Islamic Commercial papers | 2011-2018 | 249 | - | - | - | 249 |
| - Redeemable Secured Certificates | 2011-2012 | 191 | 191 | - | - | - |
| - Bridging loan | 2011-2013 | 33 | 33 | - | - | - |
| Unsecured: | | | | | | |
| - Bank overdrafts | On demand | 41 | 41 | - | - | - |
| - Revolving credits | - | 286 | 286 | - | - | - |
| - Term loans | 2011-2015 | 644 | 177 | 30 | 293 | 143 |
| - Guaranteed Redeemable Islamic Bonds | 2011-2012 | 2,891 | 2,891 | - | - | - |
| - Bankers' acceptance | 2011 | 35 | 35 | - | - | - |
| - Federal Government loans | 2011-2022 | 89 | 61 | 7 | 11 | 10 |
| - Advances from shareholder | On demand | 2 | 2 | - | - | - |
| Total | | 8,848 | 5,183 | 1,121 | 1,678 | 866 |

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated |
|---|------------|---------------------------------|----------------------|
| Finance lease liabilities | | | |
| Minimum lease payments: | | | |
| - Not later than 1 year | 47 | 21 | 17 |
| - Later than 1 year and not later than 2 years | 27 | 15 | 13 |
| - Later than 2 years and not later than 5 years | 27 | 24 | 14 |
| - More than 5 years | 2 | 2 | 1 |
| Future finance charges on finance leases | 103 (7) | 62 (5) | 45 (2) |
| Carrying amount of finance lease liabilities | 96 | 57 | 43 |
| Non-current | 67 | 39 | 27 |
| Current | 29 | 18 | 16 |
| | 96 | 57 | 43 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

| | 31.12.2013 | Group 31.12.2012 Dinyatakan semula | 1.1.2012 Dinyatakan semula | Corporation 2013 | 2012 |
|---|------------|---|----------------------------------|---------------------|------|
| Weighted average effective interest rates of borrowings at the reporting date: | | | | | |
| - Bank overdrafts | 7.76 | 7.34 | 8.33 | - | - |
| - Revolving credits | 3.46 | 3.28 | 5.01 | - | - |
| - Term loans | 5.04 | 5.06 | 4.05 | - | - |
| - Federal Government loans | 4.35 | 4.73 | 4.73 | 4.83 | 4.73 |
| - Bankers' acceptance and other bank loans | 2.43 | 3.07 | - | - | - |
| - Bridging loan | 9.25 | 7.60 | 7.63 | - | - |
| - Finance lease | 3.75 | 4.14 | 3.81 | - | - |
| - Islamic debt securities | 5.32 | 3.55 | 4.39 | - | - |
| - Islamic Medium Term Notes ("IMTNs") | 3.67 | 3.55 | - | 3.67 | 3.67 |
| - Commercial papers | 3.70 | - | - | - | - |
| - Redeemable preference shares | 16.00 | - | - | - | - |

Group borrowings: Period of maturity or repricing

| | Not later than 1 year | Later than 1 year and not later than 2 years | Later than 2 years and not later than 5 years | Later than 5 years | Total |
|---------------------------------|-----------------------------|--|---|-----------------------|-------|
| As at 31 December 2013 | | | | | |
| - Fixed | 246 | 401 | 1,250 | 3,396 | 5,293 |
| - Floating | 1,432 | 231 | 976 | 632 | 3,271 |
| | 1,678 | 632 | 2,226 | 4,028 | 8,564 |
| As at 31 December 2012 restated | | | | | |
| - Fixed | 1,326 | 388 | 1,238 | 2,760 | 5,712 |
| - Floating | 959 | 354 | 843 | 455 | 2,611 |
| | 2,285 | 742 | 2,081 | 3,215 | 8,323 |
| As at 1 January 2012 restated | | | | | |
| - Fixed | 4,512 | 169 | 303 | 514 | 5,498 |
| - Floating | 1,050 | 447 | 1,379 | 474 | 3,350 |
| | 5,562 | 616 | 1,682 | 988 | 8,848 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

Corporation borrowings: Period of maturity or repricing

| | Not later than 1 year | Later than 1 year and not later than 2 years | Later than 2 years and not later than 5 years | Later than 5 years | Total |
|------------------------|-----------------------------|--|---|-----------------------|-------|
| As at 31 December 2013 | | | | | |
| - Fixed | 61 | 7 | 406 | 2,564 | 3,038 |
| | 61 | 7 | 406 | 2,564 | 3,038 |
| As at 31 December 2012 | | | | | |
| - Fixed | 61 | 7 | 409 | 2,564 | 3,041 |
| | 61 | 7 | 409 | 2,564 | 3,041 |

Estimated fair values

Except as disclosed below and the Federal Government loans, the carrying amounts of all borrowings at the reporting date approximate their fair values:

| | Group Carrying amount | Fair value | Corporation Carrying amount | Fair Value |
|---|-----------------------------|---------------|-----------------------------------|---------------|
| 31.12.2013 | | | | |
| Term loans - fixed rate | 2,056 | 578 | - | - |
| Islamic debt securities | 1,064 | 545 | - | - |
| Islamic Medium Term Notes ("IMTNs") | 2,956 | 2,960 | 2,956 | 2,960 |
| Islamic Commercial papers | 499 | - | - | - |
| At 31 December 2012 | | | | |
| Term loans - fixed rate | 2,771 | 451 | - | - |
| Islamic debt securities | 787 | 334 | - | - |
| Islamic Medium Term Notes ("IMTNs") | 2,956 | 2,956 | 2,955 | 2,955 |
| At 1 January 2012 | | | | |
| Term loans - fixed rate | 2,333 | 2,292 | - | - |
| Islamic debt securities | 684 | - | - | - |
| Guaranteed Redeemable Islamic Bonds ("GRIBs") | 2,891 | 2,891 | - | - |
| Redeemable Secured Certificate | 190 | 190 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants

Corporation

Islamic Medium Term Notes ("IMTNs")

In prior year, the Corporation has entered into an Islamic Medium Term Notes ("IMTNs") Programme of up to RM3.0 billion, under the Syariah principle of Wakalah Bil Istithmar with Maybank Investment Bank ("MIB") ("Facility Agent") and, MIB and CIMB Investment Bank ("CIMB") ("Joint Lead Arrangers"). The IMTNs was issued in 3 series on 14 June 2012 as follows:

| Series | Principal amount | Tenure (Years) | Profit rate (% per annum) | Maturity date |
|----------|------------------|----------------|---------------------------|---------------|
| Series 1 | 400 | 5 | 3.48 | 14 Jun 2017 |
| Series 2 | 800 | 7 | 3.68 | 14 Jun 2019 |
| Series 3 | 1,800 | 10 | 3.84 | 14 Jun 2022 |
| | 3,000 | | | |

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

The Federal Government of Malaysia ("GOM") has agreed to guarantee (irrevocably and unconditionally) the Corporation's payment obligations under the IMTNs in accordance with Loans Guarantee (Bodies Corporate) Act, 1965, that subject to the Guaranteed amount (the nominal value of the IMTNs guaranteed by the GOM shall not exceed RM3.0 billion in aggregate) for the period of 11 years from the date of first issuance of the IMTNs.

In consideration of the provision of guarantee by the GOM, the Corporation being a body corporate declared by the Minister of Finance pursuant to the Loans Guarantee (Declaration of Bodies Corporate) (Johor Corporation) Order 2012 [P.U(A)128/2012] agreed to pay on 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 directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to categories of person falling with Schedule 6 or Section 229(1)(b), of the Capital Market and Services Act, 2007, as amended from time to time.

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

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

Federal Government loans

On 17 July 2002, the Corporation had applied for a restructuring of its Federal Government loans amounting to RM86.97 million (inclusive of outstanding interest) to the Ministry of Finance ("MOF") with the following options:

- (i) to pay off the loans by exchange of properties; or
- (ii) to restructure the loans into a soft loan repayable after 10 years with interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Corporation (Continued)

Federal Government loans (continued)

The Government of Malaysia ("GOM") via its letter from the Ministry of Finance dated 5 September 2013, stated the followings:

- (i) Period for loan repayment to be rescheduled for 15 years, commencing on 2014, whereby such loan repayment to be made twice a year;
- (ii) Interest rate of 4% per annum to be imposed on the outstanding loans;
- (iii) Late payment interest of 2% per annum will be imposed in case of the loan repayment does not comply with the agreed schedule;
- (iv) Exemption on the accrued interest will be approved if the loan repayment is as per agreed schedule;
- (v) State Government must secure the loan with the land for the loan of "Ladang Kelapa Sawit Tunjuk Laut" and "Perindustrian Tanjung Langsat".

The Corporation via its letter to MOF dated 25 September 2013, generally agreed on all terms suggested by MOF except for the abovementioned term (v). However, the Corporation suggested such term to be replaced with a new term, whereby the Corporation will execute legal assignment on sales proceed of industrial lands, in which the value is not less than the total loan or up to the outstanding loan once the proposed loan reschedule been approved such industrial lands measuring approximately 55.278 acres can be sold within 5 to 7 years period due to aggressive demands for lands in Tanjung Langsat Industrial area. Thus, the outstanding loans can be settled in a shorter period.

GOM via its letter dated 28 October 2013, has acknowledged the Corporation's suggestion. MOF has asked the Corporation via the State Government to make an assessment on the said lands with assistance from Jabatan Penilaian dan Perkhidmatan Hartanah ("JPPH").

The assessment was made by JPPH in December 2013. JPPH via its letter dated 13 February 2014, has furnished the respective parties the market value of said lands. As at the date of this report, no further correspondence was noted.

During the year, the Corporation paid RM3 million (2012: RM2 million) and will continue doing so until the finalisation of the proposed restructuring scheme. As a result, it is impractical to estimate the fair value of Federal Government loans.

Subsidiaries

- (a) In connection with the significant term loan facilities granted to Kulim (Malaysia) Bhd ("KMB"), KMB has agreed on the following significant covenants with the lenders:
 - (i) the ratio of the total borrowings to the consolidated shareholders' funds does not exceed 125% at all times;
 - (ii) KMB will procure and ensure that each of its subsidiary companies does not and/or will not enter into any agreements which impose restrictions on each of the subsidiary companies' ability to make or pay dividend or other forms of distributions to the shareholders.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31 LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (Continued)

- (b) The bank overdraft granted to Damansara Assets Sdn Bhd ("DASB") is secured by a letter of support from the Corporation.

The term loans are secured by way of legal charges over certain properties of DASB. The term loans of DASB are repayable over a period of 6 years commencing 3 months after the date of initial disbursement facility.

On 31 July 2009, DASB through its subsidiary, obtained Short Term Revolving Credit ("STRC") to finance the rescheduled bond payment to the Corporation due on 31 July 2009. The STRC was converted into a term loan facility on 27 June 2013 bearing certain interest (cost of fund plus 2.25% per annum), which is secured by the followings:

- (i) assignment of proceeds to be received from the disposal of investment properties of the subsidiary;
- (ii) pledge of 38% of the listed shares in KMB subject to minimum 2 times cover over the facility amount throughout the tenure together with party Memorandum of Charge On Shares, the shares are to be registered under Maybank Nominees (Tempatan) Sdn Bhd; and
- (iii) execution of charge in escrow over investment properties of the subsidiary.

The STRC was settled on 29 November 2013 via completion of disposal of investment property to Impian Ekspresi Sdn Bhd as highlighted in Note 41(7).

- (c) Pursuant to an Islamic Programmed Agreement between Tanjung Langsung Port Sdn Bhd ("TLP") and MIDF - Amanah Investment Bank Berhad ("MIDF Investment") and a Sukuk Trust Deed between TLP and Equity Trust (Malaysia) Berhad dated 25 April 2008, TLP obtained RM250 million Sukuk Musyarakah Bond ("Sukuk") comprising of 6 tranches and up to RM135 million Musyarakah Commercial Paper ("MCP") based on Islamic Financing principle of Musyarakah.

The facilities were repayable on maturity ranging between 7 years to 12 years for Sukuk and 4 years for MCP from the date of issuance. The facilities were subject to profit rate ranging between 6.40% to 6.90% and 6.15% to 7.44% (31.12.2012: 6.40% to 6.90% and 6.15% to 7.44%, 1.1.2012: 6.40% to 6.90% and 6.15% to 7.44%) per annum and profit was payable semi-annually on each tranche and Commercial Paper for Sukuk and MCP, respectively.

The limit of the facilities was RM385 million and TLP had fully utilised the facilities at 31 December 2010.

Proceeds from the Sukuk and MCP were utilised for the following purposes:

- (i) Repayment of previous borrowing;
- (ii) Capital expenditure for expansion of existing jetty and the construction of storage tank;
- (iii) Funding of the profit reserve to be deposited into Finance Service Reserve Accounts;
- (iv) Fees and expenses in relation to the issuance of Sukuk and MCP; and
- (v) For capital expenditure and working capital requirement of TLP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(c) (Continued)

The Sukuk was secured on a pari passu basis over:

- (i) First Party Deed of Assignment on:
 - (a) 83.5 acres of land identified as Plot 25, Tanjung Langsat Industrial Area, Johor beneficially owned by TLP pursuant to the sale and purchase agreement dated 30 October 1999 between TLP and the Corporation;
 - (b) 50 acres of land identified as plot 25B, Tanjung Langsat Industrial Area, Johor beneficially owned by TLP pursuant to the sale and purchase agreement dated 9 August 2000 between TLP and the Corporation; and
 - (c) 20 acres of land identified as Plot 25F, Tanjung Langsat Industrial Area, Johor beneficially owned by TLP pursuant to the sale and purchase agreement dated 10 August 2007 between TLP and the Corporation.
 - (ii) A debenture incorporating a fixed and floating charge over the existing and future assets of TLP;
 - (iii) An assignment of all insurance policies in form and substance satisfactory to MIDF Investment;
 - (iv) An assignment of all revenue of TLP; and
 - (v) An assignment and charge over the Designated Accounts and monies standing to the credit of the accounts, including Permitted Investments.
- (d) On 13 February 2013, TLP had entered into Loan Agreement with the Government of Malaysia ("GOM") amounting to RM110,800,000 for the construction of Berth 8 and Berth 9. The facility are repayable within 20 years commencing after 6 month at the third year from the date of the first withdrawal. The facility was fully withdrawn during the year and the first semi-annual repayment is expected to commence on 8 September 2016. The facility is subjected to interest of 4% per annum.

The facility is secured over:

- (i) A legal assignment by the Corporation of all rights interest and title in respect of two plots of vacant commercial lands identified as Lot H and Lot I all within Tanjung Langsat Industrial Area, Mukim of Sungai Tiram, District of Johor Bahru, Johor;
- (ii) Third party first legal charge over Lot H and Lot I upon the issuance of the individual documents of title;
- (iii) A first fixed charge by way of a debenture in respect of the Berth 8 and 9;
- (iv) An assignment of all rights interest and title and charge in respect of the Special Loan Account and Designated Collection Account;
- (v) A letter of comfort by the Corporation;
- (vi) Letter of undertaking by TLP to remit all revenue from the operations of Berth 8 and Berth 9 into the Designated Collection Account;
- (vii) Letter of subordination by the Corporation in respect of all advances made by the Corporation to TLP in respect of all advances made by the Corporation to TLP amounting to RM5,000,000 only; and
- (viii) Letter of negative pledge by TLP not to incur any indebtedness with any financial institution other than those disclosed prior to the date of the Loan Agreement by TLP to the GOM and other indebtedness made by TLP in ordinary course of its business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

- (e) On 5 January 2011, the Group via its indirect subsidiary, Langsat Marine Base Sdn Bhd (“LMB”) has entered into banking facility agreement, Comodity Murabahah Term Financing - i Facility (CMTF-i) of up to RM250 million with maturity date on 24 January 2012.

The facility was repayable by bullet payment at the end of facility tenure i.e. 1 year after the first drawdown or upon completion of the proposed disposal of 13,999 hectares of the Plantation Assets by the Corporation, whichever is earlier. The margin of profit charged were at Base Financing Rate (BFR) plus 4% per annum or 10% whichever is higher.

The purpose of the facility was to part finance the capital expenditure of Tanjung Langsat Port Sdn Bhd (“TLP”), redeem commercial papers of a face value of RM25 million, defray all fees and expenses related to the facility and fund the payment of the profit portion.

The loan was secured of several parcels of LMB’s land measuring approximately 83 acres, third party charge over the Corporation’s land approximately 180 acres and third party charge over marketable securities comprising of KPJ Healthcare Berhad (“KPJ”) shares.

Full settlement has been made on 29 January 2013.

- (f) On 4 August 2011, the Group via its indirect subsidiary, Jedcon Engineering Survey Sdn Bhd (“JES”) entered into a Facility Agreement with a licensed bank for a bridging term loan facility of up to a maximum aggregate sum of RM50 million. However, the facility expired on 23 November 2013. In conjunction with that JES entered into a new Facility Agreement, with a licensed bank for a margin trading facility of up to a maximum aggregate sum of RM26 million on 21 November 2013. The facility is subject to interest of 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 shall be subjected to a half yearly review.

The purpose of the facility was to part finance the acquisition of quoted shares and warrants in Kulim (Malaysia) Berhad (“KMB”).

The facility was secured by a third party memorandum of legal charge to be created by JES in favour of the bank over 17.5 million quoted shares which was financed by the facility and purchased by the Corporation prior to the drawdown of the facility. The total outstanding amount of the facility must not exceed 50% of the market value of the quoted shares. The Corporation shall partially repay the facility or top up with additional quoted shares if it breaches the 50% limit as determined by bank.

- (g) On 7 July, 2010, the Group via its indirect subsidiary, Johor Logistics Sdn Bhd (“JLSB”) has entered into Facility Agreement with a licensed bank for a bridging term loan facility of up to a maximum aggregate sum of RM8.8 million.

The facility was repayable by bullet repayment on the last day of the Tenor (i.e. 1 year after the first drawdown) or upon receipt of proceeds from placement of the shares, whichever is earlier. The facility was subject to a fixed rate interest of 6.5% per annum.

The purpose of the facility was to part finance the acquisition of quoted shares of KMB.

The facility was also secured by the agreement itself, a charge over Interest Reserve Account, third party charge over the quoted shares, letter of authorisation and letter of subordination.

The facility was secured by a first party memorandum of legal charge to be created by JLSB in favour of the bank over 12.83 million quoted shares which was financed by the facility and purchased by JLSB prior to the drawdown of the facility.

The facility was fully settled via a new Facility Agreement with a licensed bank, as highlighted in Note 31(f).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

31. LOANS AND BORROWINGS (CONTINUED)

Significant covenants (continued)

Subsidiaries (continued)

(h) Redeemable preference shares

During the financial year, the subsidiary, Business Chronicles Sdn Bhd ("BCSB") issued 1,265,305 Redeemable Preference Shares - Islamic ("RPS-i") at an issue price of RM1,000 each, consist of a par value of RM0.01 and a share premium of RM999.99. The RPS-i is issued at the following key terms:

- (i) A tenure of 8 years from the date of issue;
- (ii) A projected dividend of 10% a year, subject to the availability of profits and cash; and
- (iii) Redemption by cash or by distribution of shares in the joint venture:
 - Redeemable at anytime during the tenure at the discretion of either the issuer or RPS-i holder for cash and the redemption amount is subject to a Internal Rate of Return ("IRR") at a minimum of 12% per annum and a maximum of 20% per annum.
 - In the event of Initial Public Offering ("IPO") of the joint venture, the RPS-i is to be redeemed by distribution of the IPO shares in the joint venture to the RPS-i holders.

The RPS-i is held by several parties and certain of the parties have subsequently entered into a Termination Agreement with BCSB and waived all their rights and obligations on the RPS-i held by them. Accordingly, the portion of the RPS-i of RM12,563 that were terminated is classified as equity instrument while the remaining RPS-i of RM389,000,000 is classified as liability, under loan and borrowings.

32. TRADE AND OTHER PAYABLES

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|--|--------------|---------------------------------|----------------------|---------------------|--------------|
| Current | | | | | |
| Trade payables | 554 | 755 | 824 | 12 | 12 |
| Other payables | 424 | 670 | 876 | 12 | 14 |
| Retention money | 331 | 455 | 136 | 331 | 453 |
| Resident loans | - | 42 | 45 | - | - |
| Amount owing to related companies | - | - | - | 556 | - |
| Trade accruals | 558 | 246 | 122 | 309 | 48 |
| Accrued billings (property development) | 63 | - | 2 | - | - |
| Amount due to other shareholders of subsidiaries | 6 | 1 | - | - | - |
| Amount due to subsidiaries | - | - | 7 | - | 611 |
| Amount due associates | 1 | 3 | - | - | - |
| Provision | 2 | 3 | 3 | - | - |
| Deferred revenue | - | 61 | 54 | - | - |
| | 1,939 | 2,236 | 2,069 | 1,220 | 1,138 |
| Non-current | | | | | |
| Amount owing to a subsidiary | - | - | - | 424 | - |
| Total | 1,939 | 2,236 | 2,069 | 1,644 | 1,138 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

32. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on a 60-day (31.12.2012: 60-day, 1.1.2012: 60-day) term.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (31.12.2012: average term of six months, 1.1.2012: average term of six months).

(c) Amount owing to related companies

These amounts are unsecured, non-interest bearing and are repayable on demand.

33. RESERVES

(a) Capital reserves

The capital reserves of the Group and of the Corporation mainly comprise revaluation reserve arising from revaluation of property, plant and equipment and land use rights.

(b) Hedge reserves

The hedge reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

(c) Equity transaction reserves

The equity transaction reserves comprise the differences between the share of non-controlling interests in subsidiaries acquired/disposed and the consideration paid/received.

(d) Currency fluctuation reserves

The currency fluctuation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operation where functional currencies are different from that of the Group's presentation currency.

(e) Fair value adjustment reserves

The fair value adjustment reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

34. 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.

The significant related party transactions of the Group and the Corporation are as follows:

| | Corporation | |
|--|-------------|------|
| | 2013 | 2012 |
| Paid/payable to subsidiaries: | | |
| Purchases of fresh fruit bunches | 15 | 33 |
| Management fees | 11 | 9 |
| Acquisition of investment properties | 631 | 3 |
| Guaranteed return to a subsidiary | 2 | 3 |
| Acquisition of property, plant and equipment | 187 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

The significant related party transactions of the Group and the Corporation are as follows (continued):

| | Corporation | |
|--|-------------|------|
| | 2013 | 2012 |
| Receipt/receivable from subsidiaries: | | |
| Sale of property, plant and equipment | 72 | - |
| Interest income | 3 | 3 |
| Dividend | 142 | 64 |
| Sales of investment | - | 39 |
| Rental Income | 1 | 2 |
| Concession fee | 12 | - |
| Revenue from Development Rights Agreements | 291 | - |

35. COMMITMENTS

(a) Capital commitments

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation | |
|--|------------|---------------------------------|----------------------|-------------|------|
| | | | | 2013 | 2012 |
| Authorised capital expenditure not provided for in the financial statements: | | | | | |
| - Contracted for | 465 | 720 | 728 | 23 | 42 |
| - Not contracted for | 187 | 553 | 660 | - | - |
| | 652 | 1,273 | 1,388 | 23 | 42 |
| Analysed as follows: | | | | | |
| - Property, plant and equipment | 145 | 733 | 1,158 | - | - |
| - Development expenditure | 24 | 66 | 79 | 23 | 42 |
| - Investment in other corporations | - | - | 29 | - | - |
| - Investment properties | 50 | 474 | 122 | - | - |
| | 219 | 1,273 | 1,388 | 23 | 42 |

(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.

The Group's indirect subsidiary, NBPOL, has entered into non-cancellable operating lease agreements for the use of mini estate land, for terms of 20 or 40 years, and state-owned land for terms of 99 years. These leases are renewable.

The Group's subsidiary KPJ Healthcare Berhad has entered into a contractual agreement with Amanah Raya Trustees Berhad (as Trustee for Al 'Aqar Healthcare REIT) and Damansara REIT Managers Sdn Bhd to lease the hospital land and buildings including certain equipment for a period of fifteen years, with an option to renew for another fifteen years subject to terms and conditions as stipulated in the agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

35. COMMITMENTS (CONTINUED)**(b) Non-cancellable operating lease commitments - as lessee (continued)**

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated |
|--|------------|---------------------------------|----------------------|
| The future minimum lease payments: | | | |
| - Not later than 1 year | 74 | 146 | 151 |
| - Later than 1 year and not later than 5 years | 315 | 568 | 248 |
| - More than 5 years | 365 | 803 | 104 |
| | 754 | 1,517 | 503 |

Future minimum lease payments for subsidiary, NBPOL, relates to non-cancellable operating lease agreements in respect of mini-estate leases of land, on a renewable basis for terms of 20 or 40 years and state-owned leases, on a renewable basis for terms of 99 years.

36. CONTINGENCIES

- (a) In March 2011, one of the Tanjung Langsat Port Sdn Bhd ("TLP") debtor had written to TLP giving preliminary notice of claim on the product loss due to the fire at Tanjung Langsat Port in 2008. However, the claim needs to be resolved by Dispute Resolution Committee ("DRC") at initial stage under clause 26.1 of the Storage Agreement which was entered between TLP and the debtor.

The debtor is seeking for damages for product losses and uninsured losses of approximately ranges from USD36 million to USD226 million arising out of the closure of the facility as a result of the fire incident in 2008.

TLP may have a counter claim amounting to RM115 million for the loss of fees payable by the debtor to TLP for the facilities and cost incurred by TLP in respect of the repair works carried out to the destroyed premises.

The Arbitral Tribunal was constituted. The hearing of the arbitration began on 2 May 2013 and was concluded on 8 May 2013. During the course of the hearing, oral evidence of witnesses of both parties were recorded.

On 23 December 2013, the Arbitral Tribunal delivered its award on all matters except on matters relating to the issue of costs. The majority of the Arbitral Tribunal granted the following reliefs, in favour of the debtor:

- (i) USD20,747,275 being the value of the debtor's product that was destroyed in the fire incident;
- (ii) USD2,108,497 being the additional costs, fees and expenses that the debtor had incurred as a result of the fire incident;
- (iii) USD368,547 being the refund of the excess Advance Storage Fee Payment paid by the debtor to TLP;
- (vi) USD118,374,250 being damages for the debtor's loss of use of the facility for a minimum lifespan of the Storage Agreement, being a period of 7 years up until 31 May 2015; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

36. CONTINGENCIES (CONTINUED)

- (a) (v) TLP to pay the debtor simple interest on all the sums awarded at the 3 month London Interbank Offered Rate ("LIBOR") for USD as at the date of the Award plus 1% calculated from the date of the Award until full payment of the sums awarded.

On 15 January 2014, the debtor had requested the sums together with USD111,533 in respect to the accrued interest to date and USD4,849 per day in respect of interest from 15 January 2014 to the date of payment.

On 30 January 2014, the Board of TLP had come up with proposed settlement to the debtor for them to set aside the Award. This proposed settlement had a ceiling of approximately USD23 million. The debtor has yet to reply to the proposed settlement.

Furthermore, currently TLP is also in the midst of filing an appeal to the High Court via its appointed solicitor to set aside the decision made by the Arbitral Tribunal.

As at 31 December 2013, the provision of USD23,224,319 in respect of item (i), (ii) and (iii) has been provided in the books of TLP. As for the item (iv), the Directors of TLP, based on the opinion of legal expert, are of the opinion that the Award can be impeached and set aside. On 14 March 2014, TLP has filed an application to the High Court of Kuala Lumpur to set aside the Award.

- (b) On 25 November 2011, Impian Ekspresi Sdn Bhd ("IESB"), Khuan Choo Property Management Sdn Bhd and Pembinaan Gapadu Berhad ("Plaintiffs") initiated a specific performance suit against Damansara Assets Sdn Bhd ("DASB") and its subsidiary ("Defendants") for alleged failure to fulfill the Conditions Precedent and Conditions Subsequent pursuant to the Joint Venture Agreement ("JVA") dated 7 January 2009 and the Supplementary Agreement dated 31 January 2011. The Plaintiffs are claiming for damages in the sum of RM67,633,528 in lieu or in addition to specific performance. This includes the deposit of RM50,000,000 paid by IESB to the subsidiary under the JVA. The Defendants filed their defence on 27 December 2011. The subsidiary was advised that it has relatively equal chance of defending the suit and accordingly no provision was made for the claims.

On 10 May 2013, DASB and the subsidiary entered into a Sales and Purchase Agreement with IESB to dispose an investment property at Lot 54325, Pusat Bandar Damansara, Kuala Lumpur for a consideration, totalling RM750 million. This disposal was completed on 29 November 2013.

On 11 December 2013, IESB had obtained an order from Kuala Lumpur High Court for the Summons against DASB and the subsidiary to be withdrawn with no order with as no cost as a result from the completion of the disposal of the said disposal.

- (c) On 26 July 2013, the Johor Bahru High Court had allowed the claim by Dr Mohd Adnan bin Sulaiman and Azizan Sulaiman (Collectively the "Plantiffs") against Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") ("Defendant") wherein the Plaintiffs had alleged that the Defendant had breached the Joint Venture Agreement Incorporating Shareholders' Agreement dated 30 May 1995 whereby the said High Court had awarded the sum of RM70.486 million and costs for the sum of RM150,000 against the Defendant ("Judgement").

KPJSB had instructed its solicitor to file an appeal at the Court of Appeal against the said judgement.

On 12 December 2013, Honourable Court of Appeal unanimously allowed the appeal by KPJSB against the decision of the Johor Bahru High Court with costs of RM200,000 ("Court of Appeal Judgement").

On 13 January 2014, the Plaintiffs have filed an application for leave to appeal to the Federal Court against the Court of Appeal's judgement. The unsealed copy of the said application was served on KPJSB's solicitor on 10 January 2014. The hearing date for the said application has yet to be fixed by the Federal Court.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

36. CONTINGENCIES (CONTINUED)

- (d) Damansara Realty Berhad (“DBhd”) has on 18 September 2006 filed an application seeking damages for losses incurred due to the injunction taken out by Pembinaan Kota Laksmana (Melaka) Sdn Bhd (“PKL”) restraining the sale of Regency Hotel (now known as Selesa Beach Resort Port Dickson) to Puteri Hotels Sdn Bhd. On June 2011, the Senior Assistant Registrar of the High Court awarded a sum of RM13 million to be paid to DBhd with interest of 8% per annum from 30 September 2004 until date of full realization and the said decision was maintained by the High Court Judge. PKL has filed an appeal at the Court of Appeal and on 21 January 2014, the Court of Appeal allowed the appeal with costs. DBhd has instructed its solicitor to file an application for leave to appeal at the Federal Court.
- (e) Bungsar Hill Holdings Sdn Bhd (“BHH”) has filed an application for release of the compensation monies which have been deposited into Court and claimed for an interest accrued thereof. On 30 April 2013, the Court has allowed BHH’s application in respect of release of the monies whereby the compensation monies to be released and paid solely and exclusively to BHH. On 8 October 2013, Damansara Realty Berhad’s (“DBhd”) solicitor informed that the Court has allowed BHH’s application for interest as follows:
- (i) Pre judgment interest on the sum of RM6,856,597.50 from 8 July 2002 until 30 April 2013 at the rate of 8% per annum and Post Judgment interest on the sum of RM6,856,597.50 from 1 May 2013 until date of payment by DBhd at the rate of 5% per annum.
- (ii) Pre judgment interest on the sum of RM425,505 from 22 November 2007 until 30 April 2013 at the rate of 8% per annum and Post judgment interest on the sum of RM425,505 from 1 May 2013 until date of payment by DBhd at the rate of 5% per annum;

The above decision was made by the Senior Assistant Registrar of the High Court and DBhd had filed an appeal against the said decision to the Judge in Chambers. The said appeal has been fixed for case management on 25 February 2014. The hearing date for the appeal has not been fixed.

- (f) Bungsar Hill Holdings Sdn Bhd (“BHH”) has filed a suit against Damansara Realty Berhad (“DBhd”) claiming for unpaid Quit Rent and Assessment of RM2.7 million under the Property Development Agreement. On 14 September 2011, the Court recorded judgement whereby DBhd is obligated to pay the quit rent and assessment, the amount of which is to be assessed by the Court. The matter has been fixed for hearing on 27 March 2014.
- (g) Damansara Realty Berhad (“DBhd”) and its subsidiary, Tebing Aur Sdn Bhd (“TASB”) had filed a summon against Ibsul Holdings Sdn Bhd (“IHSB”) claiming a sum of RM3.6 million being the balance progress claim submitted to IHSB under the sub-contract for Jelutong project which was terminated in April 2006. On 18 July 2012, the Court has dismissed DBhd’s application for Summary Judgement with costs. The trial of the matter has been fixed on 26 and 27 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

37. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Corporation as at 31 December are categorised into the following classes:

| Group | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated |
|---|------------|------------------------|----------------------|
| Loans and receivables: | | | |
| Trade and other receivables | 1,065 | 1,347 | 1,369 |
| Cash and bank balances | 1,105 | 1,079 | 1,865 |
| | 2,170 | 2,426 | 3,234 |
| Financial assets at fair value through profit or loss: | | | |
| Other investments | 76 | 128 | 233 |
| Available-for-sale financial assets: | | | |
| Other investments (at fair value) | - | 64 | 75 |
| Other investments (at cost less impairment) | 54 | - | 9 |
| | 130 | 192 | 317 |
| Financial liabilities measured at amortised cost: | | | |
| Trade and other payables | 1,939 | 2,236 | 2,069 |
| Loans and borrowings | 8,564 | 8,323 | 8,848 |
| | 10,503 | 10,559 | 10,917 |
| Derivative liabilities designated as hedging instruments: | | | |
| Current | - | - | - |
| Non-current | - | - | - |

| Corporation | 2013 | 2012 |
|--|-------|-------|
| Loans and receivables: | | |
| Trade and other receivables | 302 | 1,847 |
| Cash and bank balances | 91 | 115 |
| | 393 | 1,962 |
| Financial assets at fair value through profit or loss: | | |
| Other investments | 52 | 56 |
| Available-for-sale financial assets: | | |
| Other investments (at fair value) | - | 31 |
| Other investments (at cost less impairment) | - | - |
| | 52 | 87 |
| Financial liabilities measured at amortised cost: | | |
| Trade and other payables | 1,644 | 1,138 |
| Loans and borrowings | 3,038 | 3,041 |
| | 4,682 | 4,179 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Corporation are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group applies cash flow hedge accounting on those hedging relationships that qualify for hedge accounting.

The following sections provide details regarding the Group's and the Corporation's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Corporation's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Corporation minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to invest cash assets safely and profitably. The Group has no significant concentration of credit risk and it is not the Group's policy to hedge its credit risk. The Group has in place, for significant operating subsidiaries, policies to ensure that sales of products and services are made to customers with an appropriate credit history and sets limits on the amount of credit exposure to any one customer. For significant subsidiaries, there were no instances of credit limits being materially exceeded during the reporting periods and management does not expect any material losses from non-performance by counterparties.

Exposure to credit risk

At the reporting date, the Group's and the Corporation's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantees have not been recognised in the financial statements as the fair value on initial recognition was not material.

Credit risk concentration profile

Other than the amounts due from the subsidiaries to the Corporation, the Group and the Corporation is not exposed to any significant concentration of credit risk in the form of receivables due from a single debtor or from groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23. Deposits with banks and other financial institutions and investments are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Corporation will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Corporation's exposure to liquidity risk arises primarily from mismatches of financial assets and liabilities. The Group's and the Corporations objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and the Corporation's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

| Group At 31 December 2013 | On demand or within one year | One to five years | Over five years | Total |
|--|---------------------------------|----------------------|--------------------|--------|
| Financial liabilities: | | | | |
| Trade and other payables | 1,939 | - | - | 1,939 |
| Loans and borrowings | 1,634 | 2,741 | 4,189 | 8,564 |
| Total undiscounted financial liabilities | 3,573 | 2,741 | 4,189 | 10,503 |
| Corporation | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 1,233 | 250 | 161 | 1,644 |
| Loans and borrowings | 61 | 413 | 2,564 | 3,038 |
| Total undiscounted financial liabilities | 1,294 | 663 | 2,725 | 4,682 |

Financial guarantees have not been included in the above maturity analysis as no default has occurred.

| Group At 31 December 2012 | On demand or within one year | One to five years | Over five years | Total |
|--|---------------------------------|----------------------|--------------------|--------|
| Financial liabilities: | | | | |
| Trade and other payables | 2,236 | - | - | 2,236 |
| Loans and borrowings | 2,419 | 3,444 | 2,460 | 8,323 |
| Total undiscounted financial liabilities | 4,655 | 3,444 | 2,460 | 10,559 |
| Corporation | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 1,138 | - | - | 1,138 |
| Loans and borrowings | 61 | 416 | 2,564 | 3,041 |
| Total undiscounted financial liabilities | 1,199 | 416 | 2,564 | 4,179 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

| Group At 1 January 2012 | On demand or within one year | One to five years | Over five years | Total |
|---|---------------------------------|----------------------|--------------------|--------|
| Financial liabilities: | | | | |
| Trade and other payables | 2,069 | - | - | 2,069 |
| Loans and borrowings | 5,183 | 2,799 | 866 | 8,848 |
| Forward commodity contracts (settled gross) | | | | |
| - Gross payments | (392) | - | - | (392) |
| - Gross receipts | 78 | - | - | 78 |
| Total undiscounted financial liabilities | 6,938 | 2,799 | 866 | 10,603 |

Financial guarantees have not been included in the above maturity analysis as no default has occurred.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Corporation's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Corporation's exposure to interest rate risk arises primarily from their loans and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk whereas those issued at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, a change of 100 basis points ("bp") in interest rates would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | 31.12.2013 | Group 31.12.2012 Restated | 1.1.2012 Restated | Corporation 2013 | 2012 |
|-------------------------------------|------------|---------------------------------|----------------------|---------------------|-------|
| Interest rate | | | | | |
| - 100 bp increase in interest rates | 746 | 724 | 698 | 295 | 293 |
| - 100 bp decrease in interest rates | (746) | (724) | (698) | (295) | (293) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

38. 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. The foreign currencies in which these transactions are denominated are principally United States Dollars ("USD") and Papua New Guinea ("PNG") Kina.

It is not the Group's policy to hedge its transactional foreign currency risk exposure.

The Group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. It is not the Group's policy to hedge foreign currency translation risk. The Group maintains bank accounts denominated in foreign currencies, primarily in USD, as a natural hedge against foreign currency risk.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date was:

| | Group Denominated in USD |
|---|--------------------------------|
| At 31 December 2013 | |
| Trade receivables | 251 |
| Trade payables | 142 |
| Loans and borrowings | 898 |
| Derivative financial instruments | 14 |
| Net exposure in the statement of financial position | 1,305 |

| | Group Denominated in USD |
|---|--------------------------------|
| At 31 December 2012 | |
| Trade receivables | 378 |
| Trade payables | 154 |
| Loans and borrowings | 1,016 |
| Derivative financial instruments | 24 |
| Net exposure in the statement of financial position | 1,572 |

| | Group Denominated in USD |
|---|--------------------------------|
| At 1 January 2012 | |
| Trade receivables | 347 |
| Trade payables | (56) |
| Loans and borrowings | (1,000) |
| Derivative financial instruments | (2) |
| Net exposure in the statement of financial position | (711) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

| | Profit net of tax | | | Other comprehensive income net of tax | | |
|--|-------------------|------------|----------|---------------------------------------|------------|----------|
| | 31.12.2013 | 31.12.2012 | 1.1.2012 | 31.12.2013 | 31.12.2012 | 1.1.2012 |
| USD | | | | | | |
| - strengthened 5% (31.12.2012: 5%, 1.1.2012: 5%) | (3) | (9) | (160) | 13 | 4 | 318 |
| - weakened 5% (31.12.2012: 5%, 1.1.2012: 5%) | 3 | 9 | 160 | (13) | (4) | (318) |

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed in the Bursa Malaysia, whereas the quoted equity instruments outside Malaysia are substantially listed in the London Stock Exchange. These instruments are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

(f) Commodity price

The Group derives a significant proportion of its revenues from the sale of palm oil products. The Group uses derivative financial instruments (forward sales and purchases of Malaysian palm oil) to guarantee a minimum price for the sale of its own palm oil and to close out positions previously taken out. Cash flow hedge accounting is applied on such derivatives price risk.

At the reporting date, a 10% fluctuation on palm oil prices would have the following effect on the Group's hedge reserve within equity:

| Group | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated |
|---------------------------------|------------|------------------------|----------------------|
| 10% increase in palm oil prices | (9) | (6) | (16) |
| 10% decrease in palm oil prices | 9 | 6 | 16 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values:

| | Note |
|-----------------------------|------|
| Trade and other receivables | 23 |
| Loans and borrowings | 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 values of other-payables (non-current) and borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Derivatives

Fair values of forward commodity contracts are calculated by reference to forward rates quoted at the reporting date for contracts with similar maturity profiles.

Forward currency contracts and interest swap contracts are valued using a valuation technique with market observable input. The most frequently applied valuation technique include forward pricing and survey models, using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot, forward rates and interest rate curves.

Financial guarantees

The Group provides financial guarantees to banks for credit facilities granted to certain subsidiaries. The fair value of such guarantees is not expected to be material as the probability of the subsidiaries defaulting is remote.

Fair value hierarchy

As at 31 December 2013, the Group held the following financial instruments carried at fair value in the statements of financial position:

| Group At 31 December 2013 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Financial assets measured at fair value: | | | | |
| - Quoted shares | 32 | - | - | 32 |
| - Quoted warrant | 20 | - | - | 20 |
| - Fund investment | 13 | - | - | 13 |
| - Derivatives financial instruments | - | 16 | - | 16 |
| - Investment properties | 1,890 | 351 | 1,313 | 3,554 |
| | 1,955 | 367 | 1,313 | 3,635 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Fair value (continued)

| Group At 31 December 2012 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Financial assets measured at fair value: | | | | |
| - Quoted shares | 99 | - | - | 99 |
| - Quoted warrant | 87 | - | - | 87 |
| - Fund investment | 1 | - | - | 1 |
| - Derivatives financial instruments | - | 24 | - | 24 |
| - Investment properties | 2,852 | 447 | 419 | 3,718 |
| | 3,039 | 471 | 419 | 3,929 |

| Group At 1 January 2012 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Financial assets measured at fair value: | | | | |
| - Quoted shares | 89 | - | - | 89 |
| - Quoted warrant | 219 | - | - | 219 |
| - Fund investment | - | - | - | - |
| - Investment properties | 2,607 | 420 | 419 | 3,446 |
| | 2,915 | 420 | 419 | 3,754 |

| | | | | |
|---|---|---|---|---|
| Financial liabilities measured at fair value: | | | | |
| - Derivatives financial instruments | - | 2 | - | 2 |
| | - | 2 | - | 2 |

| Corporation At 31 December 2013 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Financial assets measured at fair value: | | | | |
| - Quoted shares | 33 | - | - | 33 |
| - Quoted warrant | 19 | - | - | 19 |
| - Investment properties | - | - | 1,108 | 1,108 |
| | 52 | - | 1,108 | 1,160 |

| Corporation At 31 December 2012 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Financial assets measured at fair value: | | | | |
| - Quoted shares | 31 | - | - | 31 |
| - Quoted warrant | 56 | - | - | 56 |
| - Investment properties | - | - | 259 | 259 |
| | 87 | - | 259 | 346 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

39. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain an optimal capital structure so as to comply with debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected cash flows, projected capital expenditures and projected strategic investment opportunities.

Management monitors capital based on a net gearing ratio. The gearing ratio is calculated as net debt divided by shareholders' equity. Net debt is calculated as borrowings less cash and cash equivalents.

| | 31.12.2013 | 31.12.2012 Restated | Group 1.1.2012 Restated |
|--|------------|------------------------|-------------------------------|
| Bank borrowings (Note 31) | 8,564 | 8,323 | 8,848 |
| Less: Cash and bank balances (Note 29) | (1,105) | (1,079) | (1,865) |
| Net debt | 7,459 | 7,244 | 6,983 |
| Total Equity | 6,723 | 7,683 | 7,245 |
| Debt-to-equity ratios | 1.11 | 0.95 | 0.97 |

There were no changes in the Group's approach to capital management during the financial year.

There is a capital requirement imposed by the Bank Negara Malaysia to an indirect subsidiary which involves in insurance brokering and consultancy.

40. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on an arm's length basis or negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and land use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

40. SEGMENT INFORMATION (CONTINUED)

Business segments

The Group comprises the following main business segments:

- Palm oil – Oil palm plantation, crude palm oil processing, plantation management services and consultancy
- Healthcare – Hospitals and health care services
- Property – Property development and housing development
- Intrapreneur ventures – Sea transportation, parking management, sales of wood-based products and bulk mailing and printing
- Quick service restaurant – Pizza Hut, Ayamas and Kentucky Fried Chicken outlets

Other operations of the Group mainly comprise operations which are not of sufficient size to be reported separately.

Geographical segments

The Group's business segments are managed on a worldwide basis, they operate in two main geographical areas:

- Malaysia – Mainly plantation operations, health care operations, quick service restaurant and investment activities
- Papua New Guinea – Mainly plantation operations

In presenting information on the basis of geographical segments, segments revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

40. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments

| Group As at 31 December 2013 | Palm oil | Healthcare | Property | Intrapreneur ventures | Quick service restaurant | Others | Group |
|--|----------|------------|----------|--------------------------|--------------------------------|--------|-------|
| External revenue | 2,683 | 1,763 | 998 | 204 | - | 393 | 6,041 |
| Inter-segment revenue | - | 533 | - | - | - | - | 533 |
| Total revenue | 2,683 | 2,296 | 998 | 204 | - | 393 | 6,574 |
| Results | | | | | | | |
| Segment results (external) | 292 | 116 | 468 | 47 | - | 623 | 1,546 |
| Unallocated income | | | | | | | 465 |
| Unallocated costs | | | | | | | (242) |
| Profit from operations | | | | | | | 1,769 |
| Finance costs | | | | | | | (438) |
| Share of results of associates | - | 7 | 4 | - | - | 20 | 31 |
| Share of results of joint venture | - | - | - | - | 4 | - | 4 |
| Profit before tax | | | | | | | 1,366 |
| Tax expenses | | | | | | | (215) |
| Profit after tax from continuing operation | | | | | | | 1,151 |
| Gain on sale of discontinued operation | | | | | | | 8 |
| Profit for the year | | | | | | | 1,159 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

40. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

| Group As at 31 December 2013 (continued) | Palm oil | Healthcare | Property | Intrapreneur ventures | Quick service restaurant | Others | Group |
|---|----------|------------|----------|--------------------------|--------------------------------|--------|--------|
| Other information | | | | | | | |
| Segment assets | 7,884 | 2,509 | 4,929 | 899 | - | 741 | 16,962 |
| Associates | - | 78 | 116 | - | - | 99 | 293 |
| Joint ventures | - | - | - | - | 1,272 | - | 1,272 |
| Unallocated assets | | | | | | | 166 |
| Consolidated total assets | 2,864 | 1,653 | 2,176 | 423 | - | 4,108 | 18,693 |
| Segment liabilities | | | | | | | 11,224 |
| Unallocated liabilities | | | | | | | 746 |
| Consolidated total liabilities | | | | | | | 11,970 |
| Capital expenditure | 490 | 297 | 66 | 103 | - | 127 | 1,083 |
| Depreciation and amortisation | 278 | 77 | 7 | 28 | - | 45 | 435 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

40. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

| Group As at 31 December 2012 | Palm oil | Healthcare | Property | Intrapreneur ventures | Quick service restaurant | Others | Group |
|--|----------|------------|----------|--------------------------|--------------------------------|--------|-------|
| External revenue | 2,951 | 2,120 | 742 | 168 | 3,619 | 370 | 9,970 |
| Inter-segment revenue | - | - | - | - | - | - | - |
| Total revenue | 2,951 | 2,120 | 742 | 168 | 3,619 | 370 | 9,970 |
| Results | | | | | | | |
| Segment results (external) | (112) | 190 | 479 | 37 | 262 | 218 | 1,074 |
| Unallocated income | | | | | | | 23 |
| Unallocated costs | | | | | | | (59) |
| Profit from operations | | | | | | | 1,038 |
| Finance costs | | | | | | | (442) |
| Share of results of associates | - | 5 | 6 | 1 | - | 9 | 21 |
| Profit before tax | | | | | | | 617 |
| Tax expenses | | | | | | | (227) |
| Profit after tax from continuing operation | | | | | | | 390 |
| Gain on sale of discontinued operation | | | | | | | 20 |
| Profit for the year | | | | | | | 410 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

40. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

| Group As at 31 December 2012 (continued) | Palm oil | Healthcare | Property | Intrapreneur ventures | Quick service restaurant | Others | Group |
|---|----------|------------|----------|--------------------------|--------------------------------|--------|--------|
| Other information | | | | | | | |
| Segment assets | 7,434 | 1,871 | 4,179 | 2,838 | 1,165 | 2,265 | 19,752 |
| Associates | 2 | (137) | 214 | - | - | 171 | 250 |
| Unallocated assets | | | | | | | 83 |
| Consolidated total assets | 4,012 | 1,132 | 2,276 | 1,070 | 115 | 3,786 | 20,085 |
| Segment liabilities | | | | | | | 12,391 |
| Unallocated liabilities | | | | | | | 11 |
| Consolidated total liabilities | | | | | | | 12,402 |
| Capital expenditure | 1,460 | 362 | - | 7 | 301 | 27 | 2,157 |
| Depreciation and amortisation | 286 | 79 | 7 | 9 | 160 | 83 | 624 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

40. SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format - Business segments (continued)

| Group As at 1 January 2012 | Palm oil | Healthcare | Property | Intrapreneur ventures | Quick service restaurant | Others | Group |
|--------------------------------|----------|------------|----------|--------------------------|--------------------------------|--------|--------|
| Other information | | | | | | | |
| Segment assets | 8,249 | 1,700 | 4,080 | 509 | 2,686 | 2,539 | 19,763 |
| Associates | 1 | 56 | 58 | 24 | - | 59 | 198 |
| Unallocated assets | | | | | | | (71) |
| Consolidated total assets | | | | | | | 19,890 |
| Segment liabilities | 2,959 | 950 | 2,454 | 440 | 1,034 | 4,854 | 12,692 |
| Unallocated liabilities | | | | | | | (47) |
| Consolidated total liabilities | | | | | | | 12,645 |
| Capital expenditure | 947 | - | - | 3 | 393 | 8 | 1,351 |
| Depreciation and amortisation | 268 | 71 | 6 | 22 | 136 | 47 | 550 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013
Amounts in RM Million Unless Otherwise Stated (Continued)

40. SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format - Business segments

| Group | Sales (External) | | Total Assets | | Capital Expenditure | | |
|--------------------|------------------|------------------|--------------|------------------------|---------------------|------------------------|----------------------|
| | 2013 | 2012 Restated | 31.12.2013 | 31.12.2012 Restated | 31.12.2013 | 31.12.2012 Restated | 1.1.2012 Restated |
| Malaysia | 4,646 | 7,742 | 12,468 | 14,809 | 774 | 1,077 | 697 |
| Indonesia | 48 | 53 | 138 | 120 | - | - | - |
| Papua New Guinea | 1,790 | 2,129 | 4,171 | 4,749 | 309 | 1,080 | 654 |
| United Kingdom | - | - | - | - | - | - | - |
| Other countries | 90 | 46 | 262 | 150 | - | - | - |
| | 6,574 | 9,970 | 17,039 | 19,828 | 1,083 | 2,157 | 1,351 |
| Associates | | | | | | | |
| Joint venture | | | 293 | 250 | | | 198 |
| Unallocated assets | | | 1,272 | - | | | - |
| | | | 89 | 7 | | | 9 |
| Total assets | | | 18,693 | 20,085 | | | 19,890 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END

1. Johor Corporation (“the Corporation”)

- (a) On 2 August 2012, the Corporation entered into Assets Acquisition Agreements (“the Agreements”) with its subsidiaries, Tanjung Langsat Port Sdn Bhd (“TLP”), Damansara Assets Sdn Bhd (“DASB”) and Johor City Development Sdn Bhd (“JCD”) to acquire the assets that located within Tanjung Langsat Port area. The Agreements were completed on 1 July 2013. The details of the acquired assets and their agreed purchase considerations are as follows:
- (i) TLP: A list of assets such as jetty, tanks, pipe, land, office and terminal building, plant and machineries, and other assets for a total consideration of RM597.7 million;
 - (ii) DASB: 125.49 acres of leasehold land for a total consideration of RM150.1 million; and
 - (iii) JCD: 425 acres of land for a total consideration of RM171.3 million.
- (b) On 2 August 2012, the Corporation entered into a Concession Agreement (“CA”) and Lease Agreement (“LA”) (collectively known as “the Agreements”) with its subsidiary, Tanjung Langsat Port Sdn Bhd (“TLP”). The Agreements were completed on 1 July 2013. The CA with TLP stated that the Corporation is the legal and beneficial owner of the port area and the assets, which are located at Tanjung Langsat Port.

The Corporation granted to TLP the right to promote, develop, operate, manage and maintain the provision of facilities and services for a period of 30 years. Annual concession payment agreed by both parties is RM22 million (2013 to 2014), which will be revised every 5 years.

In conjunction with the above, LA has been signed by both parties on the same date, stated that the Corporation (“lessor”) granted to TLP (“lessee”) the right to promote, develop, operate, manage and maintain the provision of facilities and services at the port for a period of 30 years. Annual lease rental agreed by both parties is RM1 (2013 to 2042) for the period as agreed in CA.

- (c) On 12 October 2012, the Corporation entered into a Development Right Agreement (“the Agreement”) with its subsidiary, TPM Technopark Sdn Bhd (“TPM”), whereas the Corporation as the beneficial owner of the land measuring 150.07 acres, has granted to TPM the sole and exclusive rights to develop the said lands. TPM agreed to develop the said lands and the Corporation agreed that TPM is entitled to sell the lots comprised in the development at such prices as TPM shall deem fit and further to demand, retain and collect the proceeds from the sale of said lands into the account of the Corporation. The Corporation is entitled to receive from TPM the amount of RM45.8 million as the Project Consideration. The Agreement was completed during the year upon fulfillment of the condition precedents stated in Agreement.
- (d) On 1 June 2013, the Corporation entered into a Development Right Agreement (“the Agreement”) with its subsidiary, TPM Technopark Sdn Bhd (“TPM”), whereas the Corporation as the beneficial owner of the land measuring 674,118 acres, has granted to TPM the sole and exclusive rights to develop the said lands. TPM agreed to develop the said lands and the Corporation agreed that TPM is entitled to sell the lots comprised in the development at such prices as TPM shall deem fit and further to demand, retain and collect the proceeds from the sale of said lands into the account of the Corporation. The Corporation is entitled to receive from TPM the followings:
- (i) The amount of RM202.2 million as the project consideration;
 - (ii) The profit sharing subject to actual prevailing selling price, said acreage and annual closing of sales account, payable at year end and subject to completion of sales collection.

The agreement was completed during the year upon fulfillment of the conditions precedent stated in the agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

1. Johor Corporation ("the Corporation") (continued)

- (e) On 5 April 2013, Syarikat Perumahan Negara Berhad ("SPNB"), the Corporation and Sri Gading Land Sdn Bhd ("Sri Gading") entered into Settlement Agreement ("the Agreement") in respect of proposed "joint venture" project between SPNB and the Corporation in developing Sri Gading's Land. This project has been delayed since year 2009 due to SPNB did not develop the land as it failed to pay in full the land purchase consideration to the Corporation ("the Vendor"). All the parties mutually agreed that the total settlement sum of the Agreement is RM38.6 million. Simultaneously, on the date of the Agreement was signed, the Corporation also entered into a Development Rights Agreement with its subsidiary, Johor Land Berhad ("JLand") as highlighted in Note 41(1)(f).
- (f) On 5 April 2013, a Development Right Agreement ("the Agreement") was entered between the Corporation and Johor Land Berhad ("JLand" or "the Developer"). The Corporation is the registered owner of the land measuring 160 acres, has granted to the Developer, the exclusive rights to develop the Project at the Developer's sale cost and expense and the Developer shall have the right of sale of the Premises developed on the said lands. The Corporation is entitled to receive from JLand the amount of RM43.5 million as the Project Consideration. The Agreement was completed with immediate effect as abovementioned date.

2. Johor Paper & Publishing Sdn Bhd ("JPP")

- (a) On 20 November 2013, Jedcon Engineering Survey Sdn Bhd ("JCS") had obtained short term loan facility of up to RM50 million ("the facility") from a licensed bank. The purpose is for advancement to the Corporation to finance their subscription of right shares entitlements, direct and indirect, under the proposed renounceable rights issue of up to 43,962,072 KPJ Healthcare Berhad ("KPJ") shares ("Rights Shares") on the basis of 1 rights share for every 15 KPJ shares held on the entitlement date together with up to 87,924,144 free detachable new warrants ("Warrants") on the basis of 2 warrants for every 1 rights share subscribed for ("the Proposed Right Issue"). The loan still not being disbursed at end of the year.
- (b) On 8 July 2013, Langsung Marine Base Sdn Bhd ("LMB") had entered into a joint venture cum shareholders agreement with its subsidiary company and another registered company. The joint venture is for the development, construction, operation and maintenance of a common user supply base at Tanjung Langsung Port. As a condition in the joint venture agreement, LMB had entered into a tenancy agreement with a concession company to grant a tenancy on agreed terms over the concession land during the concession period.
- (c) During the financial year, LMB had entered into a lease agreement with the Corporation for the lease of a concession land measuring approximately 50 acres in Mukim Sg. Tiram, Daerah Johor Bahru. The lease rental amounted RM120 million is to be paid in aggregate for the duration of the lease period.

3. Kulim (Malaysia) Berhad ("KMB")

- (a) Acquisition of plantation estates from the Corporation

On 16 August 2011, KMB announced the proposed acquisition of plantation assets from the Corporation by Mahamurni Plantations Sdn Bhd ("MPSB"), a wholly-owned subsidiary of KMB for a total cash consideration of RM700 million. The plantation assets comprise six (6) estates (together with all buildings and mills (including their plant and machineries erected thereon)) located in the state of Johor with a total land area measuring approximately 13,687 hectares.

The acquisition was completed via the following sales and purchase agreements ("SPA"):

- (i) The SPA between MPSB and the Corporation for the acquisition of the oil palm plantation land (together with all buildings erected thereon together with assets, equipments, appliances, and plant and machineries located within the oil palm plantation) known as "Sungai Papan Estate" for a total cash consideration of RM183,300,000 and SPA between MPSB and JCorp Hotels and Resorts Sdn Bhd ("JHRSB") (formerly known as Kumpulan Penambang (J) Sdn Bhd), a wholly-owned subsidiary of the Corporation, for the acquisition of the oil palm plantation land (together with all buildings erected thereon together with assets, equipments, appliances, and plant and machineries located within the oil palm land) known as "Part of Siang Estate" for a total cash consideration of RM191,600,000. Payments were effected on 31 December 2011;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

3. Kulim (Malaysia) Berhad ("KMB") (continued)

(a) Acquisition of plantation estates from the Corporation (continued)

The acquisition was completed via the following sales and purchase agreements ("SPA") (continued):

- (ii) The SPA between MPSB and Johor Foods Sdn Bhd ("JFSB"), a wholly-owned subsidiary of the Corporation, for the acquisition of the land currently planted with oil palm cultivation (together with all buildings and the palm oil mill ("Palong Mill") erected thereon (together with assets, equipments appliances, and plant and machineries located within the land and Palong Mill)) known as "Mungka, Kemedak and Palong Estate" for a total cash consideration of RM253,317,000. Payments were effected on 31 May 2012. This was the final transaction which marked the completion of the entire acquisition exercise.
- (iii) The SPA between MPSB and the Corporation for the acquisition of the land currently planted with oil palm cultivation (together with all buildings and the palm oil mill ("Pasir Panjang Mill")) erected thereon (together with assets, equipments, appliances, and plant and machineries located within the land and Pasir Panjang Mill)) known as "Part of Pasir Panjang Estate" for a total cash consideration of RM71,783,000. Payments were effected on 7 February 2013.

(b) Disposal of QSR Brands Berhad ("QSR") and its subsidiaries

On 14 December 2011, QSR announced that it received a letter of offer from Massive Equity Sdn Bhd ("MESB") in which MESB stated its intention to acquire substantially all businesses and undertakings of QSR, including substantially all the assets and liabilities of QSR, at an aggregate cash consideration equivalent to:

- (i) RM6.80 per ordinary share of RM1.00 each held in QSR ("QSR Share") multiplied by the total outstanding QSR Shares (less treasury shares, if any) at a date to be determined later; and
- (ii) RM3.79 per warrant of QSR ("QSR Warrant") multiplied by the total outstanding number of QSR Warrants in issue at a date to be determined later.

(herein after referred to as the "QSR Offer").

MESB had also on even date made an offer to acquire the entire businesses and undertakings of KFC Holdings (Malaysia) Bhd ("KFC"), including all of the assets and liabilities of KFC ("KFC Offer"). The QSR Offer and the KFC Offer are inter-conditional. On 18 May 2012, QSR Brands (M) Holdings Sdn Bhd (formerly known as Triple Platform Sdn Bhd) ("QSRB"), a wholly owned subsidiary of MESB, in place of MESB, entered into a Business Sale Agreement with QSR in relation to the QSR Offer ("QSR Transaction"). QSRB also entered into a Business Sale Agreement with KFC in relation to the KFC Offer ("KFC Transaction"). The QSR Transaction and the KFC Transaction are inter-conditional.

Both transactions were approved by the shareholders at Extraordinary General Meetings held on 5 and 6 November 2012 respectively and both transactions were completed on 21 January 2013. Following the completion of the transactions, both QSR and KFC ceased to be subsidiaries of the KMB Group and were delisted from the Main Board of Bursa Securities Berhad on 7 February 2013.

(c) Proposed acquisition of non-controlling interest in New Britain Palm Oil Limited ("NBPOL")

On 20 June 2013, the KMB Group announced its intention to make a partial offer for 30,009,621 ordinary shares in NBPOL representing 20% of NBPOL's issued and paid-up share capital not already owned by KMB ("Offer Share(s)") for GBP5.50 per Offer Share for a cash consideration of approximately GBP165.05 million (which is equivalent to approximately RM812.30 million) pursuant to the PNG Code ("Partial Offer"). The Partial Offer, if fully accepted, would increase Kulim's shareholdings in NBPOL from 48.97% to 68.97%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

3. Kulim (Malaysia) Berhad ("KMB") (continued)

- (c) Proposed acquisition of non-controlling interest in New Britain Palm Oil Limited ("NBPOL") (continued)

On 20 August 2013, the KMB Group announced that it had received orders vide a letter from the Securities Commission of Papua New Guinea ("PNG") restraining KMB from taking further actions to complete the Partial Offer ("Orders").

On 5 September 2013, the KMB Group announced that the Partial Offer had lapsed since its application to the National Court of PNG to uplift the Orders were not successful.

Due to the above, all acceptances received pursuant to the Partial Offer were automatically void and were returned to the respective shareholders of NBPOL.

- (d) Acquisition of Indonesian subsidiary, PT Wisesa Inspirasi Nusantara ("PT WIN")

On 3 October 2013, the KMB Group announced that it had entered into a Memorandum of Understanding with PT Graha Sumber Berkah ("PT GSB") to explore the possibility of collaborating in palm oil cultivation and upstream and downstream oil and gas businesses in Kalimantan, Indonesia. On the same date, the KMB Group also announced that it had entered into a Conditional Share Sale Agreement ("CSSA") with PT GSB in relation to the proposed acquisition of 75% equity interest in PT Wisesa Inspirasi Nusantara ("PT WIN") and its subsidiaries for a total consideration of up to USD43.44 million (approximately RM138.86 million). PT Win is the vehicle for the KMB Group's proposed venture into palm oil cultivation in Kalimantan, Indonesia.

On 17 February 2014, the KMB Group announced that it had obtained the necessary approvals from the relevant regulators in Indonesia on their proposed investment in PT WIN, subject to, amongst other conditions, that KMB shall hold 74% of the total issued and paid-up share capital of PT WIN with the remaining 26% held by PT GSB.

Pursuant to the other shareholding requirements imposed by the Indonesian regulators, KMB and PT GSB agreed to the following transactions:

- (i) the transfer of 3,326,338 PT WIN Shares from PT GSB and 1,000 PT WIN Shares from another party to KMB pursuant to a Deed of Sale and Purchase of Shares dated 10 January 2014, for a cash consideration of approximately USD17.14 million (equivalent to approximately RM56.98 million) ("Shares Transactions");
- (ii) the issuance of 4,991,007 new PT WIN Shares to be subscribed by Kulim at the nominal par value of IDR1,000 per PT WIN Share, for a cash consideration of IDR4.99 billion (equivalent to approximately RM1.37 million) ("Issuance of Shares") (the Shares Transactions and Issuance of Shares are collectively referred to as the "Acquisition"); and
- (iii) injection by KMB of approximately USD25.30 million (equivalent to approximately RM84.11 million) into PT WIN and/or its subsidiaries as working capital to acquire titles to plantation land in Kalimantan, Indonesia ("Further Investment").

The total investment under the Acquisition and Further Investment amount to approximately USD42.86 million (equivalent to approximately RM142.46 million).

Following the fulfillment of the conditions precedent of the CSSA and the execution of a Shareholders' Agreement between KMB and PT GSB, the transfer/subscription of PT WIN Shares was effected on 14 February 2014, thus rendering PT WIN a subsidiary of the KMB Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

4. Damansara Realty Berhad ("DBhd")

DBhd had on 6 March 2014 received the notification letter from the Corporation and a copy of a press notice dated 6 March 2014 ("Press Notice") from Seaview Holdings Sdn Bhd ("Seaview"), wherein DBhd was notified that Seaview and the Vendors had on 6 March 2014 entered into a conditional share sale agreement ("SSA") in respect of the proposed acquisition by Seaview of 157,780,000 ordinary shares of RM0.50 each in DBhd ("DBhd Share(s)") ("Sale Share(s)"), representing approximately 51.0% equity interest in DBhd, from the Vendors for a cash consideration of RM78,890,000 ("Purchase Consideration") or RM0.50 per Sale Share ("Proposed Acquisition").

The salient terms of the SSA are as follows:

(i) Agreement to sell the Sale Shares

The Proposed Acquisition is subject to the fulfilment of the conditions precedent contained in the SSA and on the terms and conditions therein. The Sale Shares shall be acquired, free from all liens, charges, pledges, equities, mortgages and any encumbrances whatsoever and, save as otherwise provided in the SSA, with all rights and advantages attaching thereto or accruing thereon including all dividends and distributions declared, paid or made in respect thereof on or after the Completion Date (as hereinafter defined).

(ii) Purchase Consideration

The Purchase Consideration shall be paid in the following manner:

- Ten per centum (10%) of the Purchase Consideration amounting to RM7,889,000 shall be paid in cash to the Vendors (the "1st Payment") upon signing of the SSA;
- Another ten per centum (10%) of the Purchase Consideration amounting to RM7,889,000 shall be paid in cash to the Vendors (the "2nd Payment") on the third (3rd) business day from the Effective Date (as defined below) or such other date to be mutually agreed upon ("Completion Date") (the "2nd Payment Date"); and
- The balance eighty per centum (80%) of the Purchase Consideration amounting to RM63,112,000 ("Balance Consideration") shall be paid in cash to the Vendors at or before the expiration of twelve (12) months from the date of the SSA (the last date of the 12 months' period shall be known as the "3 Payment Date"). The 3rd Payment Date shall be no later than 5 March 2015.

(iii) Conditions Precedent

The Proposed Acquisition is subject to and or conditional upon the fulfilment and or satisfaction of the following within one (1) month from the date of the SSA (the "Conditional Period") provided always that the Conditional Period may be extended by mutual agreement of the Vendors and the Purchaser:

- the satisfactory results in the reasonable opinion of the Purchaser of a limited due diligence exercise on the DBhd conducted by the Purchaser and the Purchaser's agents as per the scope as may be agreed between the Vendors and the Purchaser;
- the fulfilment of conditions precedent to the drawdown of the loan for the purposes of financing the mandatory general offer ("MGO") to be conducted by the Purchaser following the purchase of the Sale Shares;
- the approval by the board of directors and, if applicable, shareholders of the Purchaser, for the purchase of the Sale Shares by the Purchaser upon the terms of the SSA;
- the approval by the board of directors and shareholders (if applicable) of the Vendors, for the disposal of the Sale Shares by the Vendors upon terms of the SSA;
- the approvals or consents of the Minister of Finance and/or any other relevant governmental and/or regulatory authority or authorities as to the Proposed Acquisition;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

4. Damansara Realty Berhad (“DBhd”) (continued)

(iii) Conditions Precedent (continued)

- the approvals of or notification to the existing lenders of the Vendors as to the Proposed Acquisition, if applicable; and
- execution of the memorandum of charge over the Charged Shares (as defined below) by the Purchaser.

As at the date of this report, the disposal has not been completed.

5. Tanjung Langsat Port Sdn Bhd (“TLP”)

- (a) On 17 August 2008, a fire occurred at Tank 1 (T-1) located at Tanjung Langsat Port which is owned by TLP. The tank contained 17,800 cubic meters of Unleaded Gasoline. The fire spread to Tank 2 (T-2) which held 11,200 cubic meters of Naptha on the second day. The fire was finally put off on 20 August 2008.

During the financial year ended 31 December 2009, TLP submitted insurance claims to the insurer for the fire extinguishment exercise expenses, repair expenses on affected nearby facilities, tank reconstruction, refurbish of existing facilities and consequential losses.

TLP had appointed a contractor to rebuild T-1 and T-2. However, the construction of the storage tanks were delayed till the completion of the waste disposal and demolishing works, inspection by insurer and related authorities. The TLP’s management expected that part of the storage tanks operation will resume in June 2013.

TLP is in active discussion with the insurer and has appointed lawyers to follow up on their behalf. The matter has been referred to arbitration and is fixed for hearing from 21 to 23 May 2014 and 26 to 30 May 2014. Parties are currently in the midst of complying with the Tribunal’s procedural directions.

- (b) On 28 December 2011, the TLP’s Board of Directors was informed pertaining to the proposed acquisitions of certain property, plant and equipment by the Corporation.

The proposed acquisitions form part of a larger restructuring scheme as required by the relevant authorities. The scheme, among others, involves refinancing of TLP’s existing borrowing.

The completion of the proposed acquisitions as mentioned above is subject to the completion of the refinancing scheme. On 2 August 2012, TLP entered into Assets Acquisition Agreement and Concession Agreement with the Corporation in relation to the scheme proposed.

The proposed scheme was completed on 24 June 2013.

6. Larkin Sentral Management Sdn Bhd (“LSM”)

- (a) In 2004, the Group’s indirect subsidiary, LSM entered into a first tripartite agreement, renewable on an annual basis, with Pelaburan Johor Berhad (“PJB”) and Amanah Raya Berhad (“ARB”), the manager and trustee for both Amanah Saham Johor (“ASJ”) and Dana Johor (“DJ”) respectively for the implementation of a scheme for the unit holders of both ASJ and DJ. Under the scheme, the unit holders may request PJB to repurchase up to five hundred units or 10% of their present share holding in ASJ and DJ, whichever is higher, for a repurchase price of RM1 and RM0.50 for each unit of ASJ and DJ respectively. In this scheme, LSM’s role is to purchase from PJB new units of ASJ and DJ units which PJB is required to repurchase from unit holders of ASJ and DJ. The scheme also allows the unit holders to resell the unit at the aforesaid price to the maximum of 10% of the total unit-holding per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

6. Larkin Sentral Management Sdn Bhd (“LSM”) (continued)

- (a) In June 2008, the scheme for ASJ was terminated and from thereafter, ARB managed the unit trust.

Prior to 2012, LSM had entered into a tenth tripartite agreement with PJB and ARB for the repurchase of DJ. In 2012, LSM entered into another two tripartite agreement (the eleventh and twelfth) with PJB and ARB for the repurchase of DJ. Under this agreement, PJB shall offer to repurchase an agreed portion of the DJ units from the unit holders.

The twelfth and final agreement dated 26 June 2012 was amended whereby LSM agreed that all units of DJ are purchased by LSM during the period between 2 July 2012 to 1 July 2013 (hereinafter referred to as the “Said Units”) as the purchasing agent of the Corporation, at an agreed price of RM1.00 per unit and that LSM holds the Said Units on trust for the Corporation who is absolute beneficial owner of the said units. On 10 May 2013, the thirteenth agreement was entered whereby LSM, a subsidiary of the Corporation, agreed to extend the period related to the purchase of the said units which originally expired on 1 July 2013 to 31 December 2013. Other terms remain unchanged.

As at 31 December 2013, LSM is liable to the extent of the remaining units of DJ in circulation under the scheme. If all the remaining units of DJ as at financial year end were repurchased on the assumption that the prevailing market price of DJ per unit is nil, the maximum total repurchase amount is RM69,009,382 (2012: RM111,987,246). No provision for liability arising from the aforesaid scheme is made in the financial statements due to inherent key variables involved, such as prevailing market price at the date of repurchase and number of unit to be repurchased, which are not readily determinable.

7. Damansara Assets Sdn Bhd (“DASB”)

On 7 January 2009, DASB has entered into a Joint Venture Agreement (“JVA”) with its subsidiary, Bukit Damansara Development Sdn Bhd (“BDDSB”) and third party, Impian Ekspresi Sdn Bhd (“IESB”). Pursuant to the JVA, IESB should acquire and develop Pusat Bandar Damansara Complex (“PBD”) and a piece of land located nearby. As a consideration, BDDSB is entitled to receive a cash of RM500 million and;

- (a) 500,000 square feet of office space entitlement in the office building, which will be constructed in the proposed development of PBD and nearby land;
- (b) Office space entitlement with a market value of RM200 million if the proposed development is carried out on the PBD’s site only.

On 31 January 2011, DASB has entered into a Supplemental Agreement (“SA”) with IESB, to amend or add clauses to the JVA. Pursuant to the SA, all parties mutually agreed that the remaining Conditions Precedent that have not been fulfilled or satisfied as at 31 January 2011 were suspended and were made Conditions Subsequent to be satisfied no later than 28 February 2011.

One of the Conditions Subsequent is to execute Sale and Purchase Agreements (“SPAs”) with Kuan Choo Property Management Sdn Bhd (registered owner and developer of VSQI), Malton Berhad (registered owner of VSQII) and Pembinaan Gapadu Berhad (developer of VSQII) to dispose VSQI and VSQII in consideration for office space entitlement with a market value of RM200 million to DASB as provided in the JVA.

As all Conditions Subsequent were not fulfilled on or before the expiry of the SA on 28 February 2011, the SPAs are not executed and the disposal of investment properties was aborted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

7. Damansara Assets Sdn Bhd (“DASB”) (continued)

On 25 November 2012, IESB, Khuan Choo Property Management Sdn Bhd and Pembinaan Gapadu Berhad (“Plaintiffs”) initiated a specific performance suit against DASB and the subsidiary (“Defendants”) for alleged failure to fulfill the Conditions Precedent and Condition Subsequent pursuant to the JVA dated 7 January 2009 and the SA dated 31 January 2012. The Plaintiffs claimed for damages in the sum of RM67,633,528 in lieu or in addition to specific performance. This includes the deposit of RM50,000,000 paid by IESB to the subsidiary under the JVA. The Defendants filed their defence on 27 December 2012. The subsidiary was advised that it has a relatively equal chance of defending the suit and accordingly no provision is made for the claims.

On 10 May 2013, DASB and BDDSB has entered into a Sale and Purchase Agreement with IESB to dispose an investment property at Lot 54325, Pusat Bandar Damansara, Kuala Lumpur for these following consideration, totalling RM700 million:

- (a) Cash entitlement of RM500 million;
- (b) 2 office space entitlement totalling RM200 million;
 - (i) 1st office entitlement is a 20 storey office building at Petaling Jaya, value at RM140 million; and
 - (ii) 2nd office space entitlement is 80,000 square feet of office space in the redeveloped PBD complex.

The said disposal was completed on 29 November 2013.

On 11 December 2013, IESB has obtained an order from Kuala Lumpur High Court for the summary against DASB and BDDSB to be withdrawn with no order with as no cost as a result from the completion of the said disposal.

8. KPJ Healthcare Berhad (“KPJ”)

- (a) Proposed acquisition by Pahang Specialist Hospital Sdn Bhd (“PSHSB”) of leasehold land

On 22 June 2011, PSHSB, a wholly-owned subsidiary of Kumpulan Perubatan (Johor) Sdn Bhd (“KPJSB”), proposed to acquire a 3.12 acre leasehold land for a total consideration of RM3,756,750 to be satisfied via issuance of 3,756,750 ordinary shares of RM1.00 each in PSHSB.

The proposed acquisition was completed on 3 March 2013.

- (b) Proposed acquisition by KPJSB of 80% equity interest in PT Khidmat Perawatan Jasa Medika (“PT KPJ Medika”)

On 23 Mar 2012, KPJSB accepted the offer to acquire of up to 80% equity interest in PT KPJ Medika from the Corporation for a total cash consideration of RM15,840,000.

On 9 July 2012, KPJSB has entered into a conditional Sale of Shares Agreement (“SSA”) with the Corporation in relation to the proposed acquisition.

The proposed acquisition was completed on 7 March 2013.

- (c) Proposed acquisition by Pharmaserve Allicance Sdn Bhd (“PASB”) of a 3-storey office building with a single storey warehouse.

On 1 June 2012, PASB, a wholly-owned subsidiary of KPJSB, proposed to acquire a 3-storey office building together with a single storey warehouse from Lewre International Sdn Bhd (“LEWRE”) for a total purchase consideration of RM14,200,000.

The proposed acquisition was completed on 16 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

8. KPJ Healthcare Berhad ("KPJ") (continued)

- (d) Proposed disposal by Puteri Specialist Hospital (Johor) Sdn Bhd ("PSH") of two pieces of land

On 8 August 2012, PSH, a subsidiary of KPJ, proposed to dispose two (2) pieces of lands, both situated in the town of Johor Bahru, district of Johor Bahru, state of Johor to Al-'Aqar Healthcare REIT ("Al-'Aqar") for a total of consideration of RM3,590,000 to be fully satisfied in cash.

The proposed disposal is expected to be completed in the third quarter of 2014.

- (e) Proposed acquisition by Ipoh Specialist Hospital Sdn Bhd ("ISH") of 100% equity interest in Sri Manjung Specialist Centre ("SMSC")

On 12 September 2012, ISH, as subsidiary of KPJ, proposed to acquire 100% equity interest in SMSC equivalent to the total of 900,000 ordinary share of RM1.00 each for a total cash consideration of RM14,250,000.

The proposed acquisition was completed on 23 May 2013.

- (f) Proposed combination of new issue of securities KPJ

On 29 July 2013, Board of Directors of KPJ wishes to announce that KPJ proposes to under take the followings:

- (i) Admission to the Official List and the listing of and quotation for up to 87,937,732 new warrants to be issued pursuant to the Proposed Rights Issue;
- (ii) Listing of and quotation for up to 329,766,497 bonus shares to be issued pursuant to the proposed bonus issue;
- (iii) Listing of and quotation for up to 43,968,866 rights shares to be issued pursuant to the proposed rights issue;
- (iv) Listing of and quotation for up to 2,885,736 additional warrants to be issued pursuant to the adjustment made in accordance with the provisions of the Deed Poll 2009 as a result of the proposed bonus issue and proposed rights issue;
- (v) Listing of and quotation for up to 87,937,732 new KPJ shares to issued pursuant to the exercise of the new warrants and listing of ad quotation for up to 2,885,736 new KPJ shares to be issued pursuant to the exercise of the additional warrants;
- (vi) Proposed increase in the authorised share capital of KPJ from RM500,000,000 comprising 1,000,000,000 KPJ shares to RM750,000 comprising 1,500,000,000 KPJ shares; and
- (vii) Proposed amendments to the Memorandum and articles of association of KPJ.

The new shares issued arising from the Bonus Issue, Rights Issue and Free Warrants exercised shall upon issue and allotment, rank pari passu in all aspects.

The exercise of the Bonus Shares additional warrants consequential to Bonus Issue was completed on 27 December 2013.

The exercise of the Rights Shares and New Warrants as well as additional warrants consequential to the Rights Issue have been completed on 29 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)**8. KPJ Healthcare Berhad ("KPJ") (continued)**

- (g) Proposed acquisition by KPJSB of 100% equity in BDC Specialist Hospital Sdn Bhd ("BDC")

On 6 November 2013, KPJSB has entered into a conditional Share Sale Agreement with Usaha Cendera Sdn Bhd for the acquisition of 2 ordinary shares of RM1.00 each in BDC which is equivalent to 100% of the equity of BDC for a total cash consideration of RM16,516,144.

BDC is the registered owner of all that parcel of leasehold land described as Lot 18807 Block 11 Muara Tebas Land District located at Stampin, Kuching, Sarawak measuring approximately 1.918 hectare ("Land"). Henry Butcher in their valuation report dated 11 December 2012 has valued the Land based on the market value of RM16,590,000.

Upon the completion of the proposed acquisition, BDC will be a wholly-owned subsidiary of KPJSB.

The proposed acquisition is expected to be completed in the first quarter of 2014.

- (h) Proposed acquisition of multi-storey office building by KPJSB

KPJSB and Danaharta Hartanah Sdn Bhd ("DHSB") had entered into a tenancy agreement on 11 September 2012 ("Tenancy Agreement") whereby DHSB had granted upon KPJSB the option to purchase a multi-storey office building known as Menara 238 at No. 238 Jalan Tun Razak, Kuala Lumpur.

On 16 October 2013, KPJSB has exercised its option to purchase and therefore, entered into a conditional Sale and Purchase Agreement ("SPA") with DHSB for a total cash consideration of RM206,000,000.

The proposed acquisition was completed on 10 February 2014.

- (i) Proposed Deed Agreement entered into between KPJSB and Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust ("FNBSMR")

KPJSB on 18 November 2013 has entered into a Deed of Agreement with FNBSMR to lease a 250-bed hospital building known as "Sheikh Fazilatunnessa Mujib Memorial KPJ Specialist Hospital" erected on a piece of land located approximately 50 kilometres from Dhaka, Bangladesh. The hospital building was built at a cost of Tk2.15 billion (equivalent to RM87.5 million).

Pursuant to the agreement, KPJSB through its nominee company KPJ Healthcare (Bangladesh) Private Limited ("KPJHBPL"), a subsidiary of KPJSB in Bangladesh, will be the licensed operator of the said hospital. KPJHBPL will be incorporated upon the fulfilment of the Conditions Precedent.

The proposed acquisition is expected to be completed in the second quarter of 2014.

9. Al-'Aqar Healthcare REIT ("Al-'Aqar") and its subsidiaries

- (a) The Sukuk Ijarah - Islamic Medium Term Notes ("IMTNs") of RM268,500,000, which was first issued in 2008 by the fund's special purpose vehicle, Al-'Aqar Capital Sdn Bhd, was successfully redeemed on 6 February 2013. Subsequently, on 22 February 2013, Al-'Aqar Capital Sdn Bhd redeemed the Sukuk Ijarah - Islamic Commercial Paper of RM12,000,000. The redemption was made by a bridging loan of RM280,000,000 which was procured from a financial institution.

- (b) On 26 April 2013, at an Extraordinary General Meeting, the unit holders of the fund have approved the followings:

- (i) Proposed establishment of disposal fee of 0.5% of the disposal price of any investment property to be disposed direct or indirectly by the fund which is payable upon completion of the disposal; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Amounts in RM Million Unless Otherwise Stated (Continued)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END (CONTINUED)

9. Al-'Aqar Healthcare REIT ("Al-'Aqar") and its subsidiaries (continued)

- (b) On 26 April 2013, at an Extraordinary General Meeting, the unit holders of the fund have approved the followings (continued):
 - (ii) Proposed amendments and consolidation of the Trust Deed and Supplemental Trust Deeds into a Restated Trust Deed. The Restated Trust Deed was executed on 31 July 2013 and was lodged with the Securities Commission on 11 November 2013.

- (c) On 6 May 2013 and 5 August 2013, the Al-'Aqar Group through its subsidiary, Al-'Aqar Capital Sdn Bhd, issued RM374,000,000 and RM281,000,000 respectively in nominal value of Islamic Medium Term Notes under a new Sukuk Ijarah Programme of up to RM1,000,000,000. The said facility is secured by way of a third party legal charges against the investment properties of the fund.

42. AUTHORISATION OF FINANCIAL STATEMENT FOR ISSUE

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 6 March 2014.

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS | | | | |
| A PALM OIL | | | | |
| ACTIVE COMPANIES | | | | |
| Dami Australia Pty Ltd | Oil palm, coconut plantation and cattle breeding | Australia | 27.10 | 27.19 |
| EPA Management Sdn Bhd | Investment holding and provision of plantation management services and consultancy | Malaysia | 55.34 | 55.53 |
| Kula Palm Oil Limited | Oil palm cultivation and processing | Papua New Guinea | 21.68 | 21.75 |
| Kulim (Malaysia) Berhad # | Oil palm plantation, investment holding and property investment | Malaysia | 55.34 | 55.53 |
| Kulim Energy Sdn Bhd | Investment holding and oil palm plantation | Malaysia | 55.34 | 55.53 |
| Kulim Plantations (Malaysia) Sdn Bhd | Oil palm plantation | Malaysia | 55.34 | 55.53 |
| Kumpulan Bertam Plantations Berhad | Oil palm plantation | Malaysia | 52.29 | 52.47 |
| Mahamurni Plantations Sdn Bhd | Oil palm plantation | Malaysia | 55.34 | 55.53 |
| New Britain Nominees Limited | Operate as legal entity for New Britain Palm Oil Ltd share ownership plan | Papua New Guinea | 27.10 | 27.19 |
| New Britain Oils Limited | Refinery | United Kingdom | 27.10 | 27.19 |
| New Britain Palm Oil Limited \$ | Oil palm plantation | Papua New Guinea | 27.10 | 27.19 |
| New Britain Plantation Services Pte Ltd | Sale of germinated oil palm seeds | Singapore | 27.10 | 27.19 |
| Plantation Contracting Services Limited | Contractual earthworks and roadworks projects | Papua New Guinea | 27.10 | 27.19 |
| Poliamba Ltd | Oil palm cultivation | Papua New Guinea | 21.68 | 21.75 |
| Pristine Bay Sdn Bhd | Investment holding | Malaysia | 77.22 | 77.32 |
| PT Trimitra Kulim Agro Persada | Management service | Indonesia | 55.34 | 55.53 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| A PALM OIL (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Ramu Agri-Industries Limited | Oil palm, cultivation of sugar cane and other agriculture produce products | Papua New Guinea | 27.10 | 27.19 |
| Guadalcanal Plains Palm Oil Limited | Operate as legal entity for New Britain Palm Oil Ltd | Solomon Islands | 21.68 | 21.75 |
| Kulim Livestock Sdn Bhd | Breeding and sales of cattle | Malaysia | 55.34 | 55.53 |
| JTP Montel Sdn Bhd | Cultivation of bananas | Malaysia | 55.34 | 55.53 |
| JTP Trading Sdn Bhd | Trading of tropical fruits | Malaysia | 55.34 | 55.53 |
| KCW Electrical Sdn Bhd | Electrical installation services | Malaysia | 41.51 | 41.65 |
| KCW Hardware Sdn Bhd | Hardware supplier | Malaysia | 41.51 | 41.65 |
| KCW Kulim Marine Services Sdn Bhd | Marine maintenance | Malaysia | 41.51 | 41.65 |
| Kulim Topplant Sdn Bhd | Production of oil palm clones | Malaysia | 33.20 | 33.32 |
| Selai Sdn Bhd | Oil palm plantation | Malaysia | 55.34 | 55.53 |
| SIM Manufacturing Sdn Bhd | Manufacturers and dealers in rubber products of all kinds and articles made from rubber | Malaysia | 49.81 | 49.98 |
| The Secret of Secret Garden Sdn Bhd | Trading and marketing of personal care products | Malaysia | 55.34 | 55.53 |
| Ulu Tiram Manufacturing Company (Malaysia) Sdn Bhd | Oil palm plantation | Malaysia | 55.34 | 55.53 |
| United Malayan Agricultural Corporation Berhad | Oil palm plantation | Malaysia | 55.34 | 55.53 |
| Cita Tani Sdn Bhd | Cultivation of sugar cane | Malaysia | 55.34 | 55.53 |
| Kulim Safety Training and Services Sdn Bhd | OSHA training and services | Malaysia | 55.34 | 55.53 |
| Nexol (Malaysia) Sdn Bhd | Active | Malaysia | 55.34 | 55.53 |
| Panquest Ventures Limited | Active | British Virgin Island | 55.34 | 55.53 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| A PALM OIL (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Pembangunan Mahamurni Sdn Bhd | Investment holding | Malaysia | 55.34 | 55.53 |
| Danamin (M) Sdn Bhd | Active | Malaysia | 33.20 | - |
| DQ In Sdn Bhd | Active | Malaysia | 33.20 | - |
| XCot Tech Sdn Bhd | Active | Malaysia | 33.20 | - |
| DORMANT COMPANIES | | | | |
| Dumpu Limited | Landholding | Papua New Guinea | 27.10 | 27.19 |
| EPA Futures Sdn Bhd | Dormant | Malaysia | 55.34 | 55.53 |
| KCW Roadworks Sdn Bhd | Dormant | Malaysia | 41.51 | 41.65 |
| Skellerup Foam Products (Malaysia) Sdn Bhd | Dormant | Malaysia | 55.34 | 55.53 |
| Skellerup Industries (Malaysia) Sdn Bhd | Holding company and manufacturing of management | Malaysia | 55.34 | 55.53 |
| Skellerup Latex Products (M) Sdn Bhd | Dormant | Malaysia | 55.34 | 55.53 |
| QSR Brands Bhd | Investment holding & provision of management services | Malaysia | 55.34 | 31.86 |
| QSR Ventures Sdn Bhd | Investment holding | Malaysia | 55.34 | 31.86 |
| Exquisite Livestock Sdn Bhd | Commercial cattle farming | Malaysia | 55.34 | 55.53 |
| B PROPERTY | | | | |
| ACTIVE COMPANIES | | | | |
| Advance Development Sdn Bhd | Property developer | Malaysia | 100.00 | 100.00 |
| Damansara Realty Berhad # | Investment holding, construction and project management | Malaysia | 60.40 | 60.08 |
| Damansara Realty (Johor) Sdn Bhd | Property development | Malaysia | 60.40 | 60.08 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| B PROPERTY (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Damansara Realty (Pahang) Sdn Bhd | Property holding and development | Malaysia | 36.24 | 36.05 |
| DHealthcare Centre Sdn Bhd | Healthcare service provider | Malaysia | 79.80 | 79.64 |
| Johor Land Berhad | Property development | Malaysia | 100.00 | 100.00 |
| Synthomer Sdn Bhd | Processing of rubber and chemical product | Malaysia | 30.07 | 30.07 |
| Pembinaan Prefab Sdn Bhd | Active | Malaysia | 100.00 | 100.00 |
| Metro Equipment Systems (M) Sdn Bhd | Trading of parking and other related equipment | Malaysia | 60.40 | 60.08 |
| Metro Parking (B) Sdn Bhd | Parking operator and other transport related services | Brunei | 45.30 | 45.06 |
| Metro Parking (HK) Ltd | Parking operator and other transport related services | Hong Kong | 33.22 | 33.04 |
| Metro Parking (M) Sdn Bhd | Parking operations and the provision of related consultancy services | Malaysia | 60.40 | 60.08 |
| Metro Parking (S) Pte Ltd | Parking operator and consultancy services | Singapore | 42.28 | 42.06 |
| Metro Parking (Sabah) Sdn Bhd | Parking operator and other transport related services | Malaysia | 60.40 | 60.08 |
| Metro Parking Management (Philippines) Inc. | Parking operator and other transport related | Philiphine | 45.30 | 45.06 |
| Metro Parking Services (India) Private Limited | Parking operator and consultancy services | India | 60.40 | 60.08 |
| Smart Parking Management Systems Sdn Bhd | Trading of parking and other related services | Malaysia | 60.40 | 60.08 |
| Bertam Properties Sdn Bhd | Estate management | Malaysia | 20.00 | 20.00 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| B PROPERTY (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| BP Plantations Sdn Bhd | Plantation | Malaysia | 20.00 | 20.00 |
| Penang Golf Resort Bhd | Management of golf course | Malaysia | 20.00 | 20.00 |
| DORMANT COMPANIES | | | | |
| Armada Tjjarah Sdn Bhd | Sand extraction and trading | Malaysia | 60.40 | 60.08 |
| Beta Series (M) Sdn Bhd | Management services | Malaysia | 60.40 | 60.08 |
| Bertam Golf Management and Services Sdn Bhd | Nursery Operation | Malaysia | 20.00 | 20.00 |
| Damansara Realty (Selangor) Sdn Bhd | Property development and construction works | Malaysia | 60.40 | 60.08 |
| Damansara Realty Management (Timber Operations) Sdn Bhd | Timber operations and its related activities | Malaysia | 60.40 | 60.08 |
| Insan Kualiti Sdn Bhd | General trading | Malaysia | 60.40 | 60.08 |
| Kesang Construction and Engineering Sdn Bhd | The business of general contracting | Malaysia | 60.40 | 60.08 |
| Kesang Equipment Hire Sdn Bhd | Buying, selling and renting of machinery | Malaysia | 60.40 | 60.08 |
| Kesang Industries Sdn Bhd | Investment holding | Malaysia | 60.40 | 60.08 |
| Kesang Kastory Enterprise Sdn Bhd | Importation and distribution of food stuffs | Malaysia | 57.38 | 57.08 |
| Kesang Leasing Sdn Bhd | Lease, hire purchase and loan financing | Malaysia | 60.40 | 60.08 |
| Kesang Mining Corporation Philippines | Gold mining | Philippine | 24.16 | 24.03 |
| Kesang Pharmaceuticals Sdn Bhd | Manufacturing, whole selling and trading pharmaceutical products | Malaysia | 60.40 | 60.08 |
| Kesang Processing and Management Corporation | Gold mining and provision of management services to KMC | Philippine | 24.16 | 24.03 |
| Kesang Quarry Sdn Bhd | Quarrying | Malaysia | 42.28 | 42.06 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| B PROPERTY (CONTINUED) | | | | |
| DORMANT COMPANIES (CONTINUED) | | | | |
| Kesang Trading Sdn Bhd | Property development and trading of office equipment | Malaysia | 60.40 | 60.08 |
| Pedas Quarry Sdn Bhd | Quarrying | Malaysia | 33.22 | 33.04 |
| Mutiara Golf Properties Sdn Bhd | Dormant | Malaysia | 20.00 | 20.00 |
| Damansara Realty (Terengganu) Sdn Bhd | Property development | Malaysia | 60.40 | 60.08 |
| Damansara Realty Management Services Sdn Bhd | Management services and general insurance business | Malaysia | 60.40 | 60.08 |
| DRP Construction Sdn Bhd | Construction, property development and investment (inactive) | Malaysia | 60.40 | 60.08 |
| Istiwa Sdn Bhd | Property development and advertising | Malaysia | 60.40 | 60.08 |
| JOLS Construction Sdn Bhd | Construction, refurbishment, inspection and sanitization service | Malaysia | 60.40 | 60.08 |
| Kesang Properties Sdn Bhd | Property development | Malaysia | 60.40 | 60.08 |
| Tebing Aur Sdn Bhd | Contract management and construction | Malaysia | 60.40 | 60.08 |
| Damansara Forest Product (Malaysia) Sdn Bhd | Quarrying | Malaysia | 60.40 | 60.08 |
| COMPANIES ON WINDING UP PROCESS (UNDER MEMBERS' VOLUNTARY LIQUIDATION) | | | | |
| Chendering Motel Sdn Bhd | Inactive | Malaysia | 60.40 | 60.08 |
| Damansara Forest Products (PNG) Ltd | Timber operations | Papua New Guinea | 60.40 | 60.08 |
| Damansara-Batai (PNG) Ltd | Inactive | Papua New Guinea | 51.34 | 51.07 |
| Damansara-Pai (PNG) Ltd | Development of oil palm plantation | Papua New Guinea | 51.34 | 51.07 |
| Damansara-Siau (PNG) Ltd | Inactive | Papua New Guinea | 51.34 | 51.07 |
| Kesang Associates Sdn Bhd | Investment holding | Malaysia | 60.40 | 60.08 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| B PROPERTY (CONTINUED) | | | | |
| COMPANIES ON WINDING UP PROCESS (UNDER MEMBERS' VOLUNTARY LIQUIDATION) (CONTINUED) | | | | |
| Kesang Land Sdn Bhd | Inactive | Malaysia | 60.40 | 60.08 |
| Kesang Resort & Hotels Sdn Bhd | Investment holding | Malaysia | 60.40 | 60.08 |
| Pembinaan Nadzri Sdn Bhd | Construction | Malaysia | 21.74 | 21.63 |
| Syarikat Timor Jaya Plantation Sdn Bhd | Investment holding | Malaysia | 60.40 | 60.08 |
| C RESTAURANT/FOOD | | | | |
| ACTIVE COMPANIES | | | | |
| Ayamas Shoppe Sdn Bhd | Active | Malaysia | Joint-controlled entity | - |
| Ayamas Food Corporation Sdn Bhd | Poultry processing plant | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Integrated Poultry Industry Sdn Bhd | Breeder and broiler farms/hatchery, feedmill and investment holdings | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Shoppe (Sabah) Sdn Bhd | Convenience food store | Malaysia | Joint-controlled entity | 10.88 |
| Ayamazz Sdn Bhd | Push-cart selling food and refreshment | Malaysia | Joint-controlled entity | 12.56 |
| Business Chronicles Sdn Bhd | Investment holding | Malaysia | Joint-controlled entity | 100.00 |
| Massive Equity Sdn Bhd | Investment holding | Malaysia | Joint-controlled entity | 51.00 |
| QSR Brands (M) Holdings Sdn Bhd (formerly known as Triple Platform Sdn Bhd) | Investment holding and provision of management services | Malaysia | Joint-controlled entity | 51.00 |
| Efinite Value Sdn Bhd | Customer service call centre | Malaysia | Joint-controlled entity | 31.86 |
| Felda Ayamas Ventures Sdn Bhd | Investment holding | Malaysia | Joint-controlled entity | 16.74 |
| Integrated Poultry Industry Sdn Bhd | Poultry processing plant | Malaysia | Joint-controlled entity | 16.74 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| C RESTAURANT/FOOD (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Kampuchea Food Corporation Limited | Quick service restaurants | Cambodia | Joint-controlled entity | 17.52 |
| Kentucky Fried Chicken (Malaysia) Sendirian Berhad | Restaurants | Malaysia | Joint-controlled entity | 16.74 |
| Kentucky Fried Chicken Management Pte Ltd | Restaurants | Singapore | Joint-controlled entity | 16.74 |
| KFC (B) Sdn Bhd | Restaurants | Brunei | Joint-controlled entity | 7.69 |
| KFC (Peninsular Malaysia) Sdn Bhd | Restaurants, commissary, investment holding | Malaysia | Joint-controlled entity | 16.74 |
| KFC (Sabah) Sdn Bhd | Restaurants | Malaysia | Joint-controlled entity | 15.07 |
| KFC (Sarawak) Sdn Bhd | Restaurants | Malaysia | Joint-controlled entity | 16.74 |
| KFC Events Sdn Bhd | Sales of food products, vouchers | Malaysia | Joint-controlled entity | 16.74 |
| KFC Holdings (Malaysia) Bhd # | Investment holding | Malaysia | Joint-controlled entity | 16.74 |
| KFCIC Assets Sdn Bhd | Management of college/learning institution | Malaysia | Joint-controlled entity | 16.74 |
| KFC India Holdings Sdn Bhd | Investment holding | Malaysia | Joint-controlled entity | 16.74 |
| QSR Manufacturing Sdn Bhd (formerly known as KFC Manufacturing Sdn Bhd) | Bakery, trading in consumables, investment | Malaysia | Joint-controlled entity | 16.74 |
| QSR Trading Sdn Bhd (formerly known as QSR Marketing Sdn Bhd) | Sales and marketing of food products | Malaysia | Joint-controlled entity | 16.74 |
| KFCH Education (M) Sdn Bhd | Management of college/learning institution | Malaysia | Joint-controlled entity | 16.74 |
| Ladang Ternakan Putihekar (N.S.) Sdn Bhd | Breeder farms | Malaysia | Joint-controlled entity | 16.74 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| C RESTAURANT/FOOD (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Mauritius Food Corporation Pvt Ltd | Investment holding | Mauritius | Joint-controlled entity | 16.74 |
| MH Integrated Farm Berhad | Property holding | Malaysia | Joint-controlled entity | 16.74 |
| Multibrand QSR Holdings Pte Ltd | Investment holding | Singapore | Joint-controlled entity | 31.86 |
| KFCH Restaurants Private Limited | Restaurants | India | Joint-controlled entity | 16.74 |
| Pintas Tiara Sdn Bhd | Property holding | Malaysia | Joint-controlled entity | 16.74 |
| PHD Delivery Sdn Bhd | Delivery of pizzas | Malaysia | Joint-controlled entity | 31.86 |
| Pizza Hut Restaurants Sdn Bhd | Quick service restaurants | Malaysia | Joint-controlled entity | 31.86 |
| Pizza Hut Singapore Pte Ltd | Quick service restaurants | Singapore | Joint-controlled entity | 31.86 |
| Rasamas BC Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Holding Sdn Bhd | Restaurants | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Sdn Bhd (Brunei Darussalam) | Restaurants | Brunei | Joint-controlled entity | 7.69 |
| Rasamas Wangsa Maju Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Region Food Industries Sdn Bhd | Sauce manufacturing plant | Malaysia | Joint-controlled entity | 16.74 |
| Roaster's Chicken Sdn Bhd | Investment holding | Malaysia | Joint-controlled entity | 16.74 |
| SPM Restaurants Sdn Bhd | Meals on wheels, property holding | Malaysia | Joint-controlled entity | 16.74 |
| Usahawan Bistari Ayamas Sdn Bhd | Ayamas Corner | Malaysia | Joint-controlled entity | 16.74 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--------------------------------------|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| C RESTAURANT/FOOD (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| WQSR Holdings (S) Pte Ltd | Investment holding | Singapore | Joint-controlled entity | 16.74 |
| Ayamas Shoppe (Brunei) Sdn Bhd | Active | Brunei | Joint-controlled entity | 7.69 |
| Pizza (Kampuchea) Private Limited | Operator of Pizza Hut Restaurants | Cambodia | Joint-controlled entity | 17.52 |
| QSR Captive Insurance Limited | Insurance | Singapore | Joint-controlled entity | 31.86 |
| DORMANT COMPANIES | | | | |
| Agrotech Farm Solutions Sdn Bhd | Broiler farm (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Asbury's (Malaysia) Sdn Bhd | Property holding | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Contract Farming Sdn Bhd | Dormant | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Food Corporation (S) Pte Ltd | Dormant | Singapore | Joint-controlled entity | 16.74 |
| Ayamas Franchise Sdn Bhd | Dormant | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Marketing (M) Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Selatan Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Shoppe (S) Pte Ltd | Dormant | Singapore | Joint-controlled entity | 16.74 |
| Cilik Bistari Sdn Bhd | Selling/distributor of board game | Malaysia | Joint-controlled entity | 16.74 |
| Bakers' Street Sdn Bhd | Restaurants | Malaysia | Joint-controlled entity | 16.74 |
| Cemerlang Sinergi Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| C RESTAURANT/FOOD (CONTINUED) | | | | |
| DORMANT COMPANIES (CONTINUED) | | | | |
| Chippendales (M) Sdn Bhd | Dormant | Malaysia | Joint-controlled entity | 16.74 |
| Efinite Revenue Sdn Bhd | Biodiesel | Malaysia | Joint-controlled entity | 16.74 |
| Gratings Solar Sdn Bhd | Dormant | Malaysia | Joint-controlled entity | 16.74 |
| Hiei Food Industries Sdn Bhd | Dormant | Malaysia | Joint-controlled entity | 13.56 |
| Integrated Poultry Industry (Kampuchea) Private Limited | Broiler & processing production (in the process of winding up) | Cambodia | Joint-controlled entity | 31.86 |
| KFC (East Malaysia) Sdn Bhd | Investment holding | Malaysia | Joint-controlled entity | 16.74 |
| KFC Restaurant Holdings Sdn Bhd | Investment holding (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| PH Property Holdings Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 31.86 |
| Pizza Hut Holdings (Malaysia) Sdn Bhd | Investment holding | Malaysia | Joint-controlled entity | 31.86 |
| Pizza Hut Delco Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 31.86 |
| Rangeview Sdn Bhd | Dormant | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Bangi Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Batu Caves Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Bukit Tinggi Sdn Bhd | Operator of Rasamas restaurant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Butterworth Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| C RESTAURANT/FOOD (CONTINUED) | | | | |
| DORMANT COMPANIES (CONTINUED) | | | | |
| Rasamas Endah Parade Sdn Bhd | Operator of Rasamas restaurant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Kota Bahru Sdn Bhd | Operator of Rasamas restaurant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Larkin Sdn Bhd | Operator of Rasamas restaurant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Melaka Sdn Bhd | Operator of Rasamas restaurant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Mergong Sdn Bhd | Operator of Rasamas restaurant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Nilai Sdn Bhd | Operator of Rasamas restaurant (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Terminal Larkin Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 14.93 |
| Restoran Keluarga Sdn Bhd | Operator of KFC Restaurant | Malaysia | Joint-controlled entity | 16.74 |
| Restoran Sabang Sdn Bhd | Restaurants | Malaysia | Joint-controlled entity | 16.74 |
| SBC Coffee Holdings Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 31.86 |
| Seattle's Best Coffee Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Signature Chef Dining Services Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Signature Chef Foodservice and Catering Sdn Bhd | Restaurants | Malaysia | Joint-controlled entity | 16.74 |
| Sterling Distinction Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 31.86 |
| Wangsa Progresi Sdn Bhd | Property holding | Malaysia | Joint-controlled entity | 16.74 |
| WP Properties Holdings Sdn Bhd | Investment holding activities | Malaysia | Joint-controlled entity | 16.74 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| C RESTAURANT/FOOD (CONTINUED) | | | | |
| DORMANT COMPANIES (CONTINUED) | | | | |
| Yayasan Amal Bistari | Corporate Social Responsibilities | Malaysia | Limited by Guarantee | 21.28 |
| Yes Gelato Sdn Bhd | Dormant (in the process of winding up) | Malaysia | Joint-controlled entity | 13.39 |
| Ayamas Farms & Hatchery Sdn Bhd | Broiler farm (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Ayamas Feedmill Sdn Bhd | Broiler farm (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Subang Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Rasamas Taman Universiti Sdn Bhd | Restaurants (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Semangat Juara Sdn Bhd | Broiler farm (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Southern Poultry Farming Sdn Bhd | Broiler farm (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Ventures Poultry Farm Sdn Bhd | Poultry broiler farm (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| Synergy Poultry Farming Sdn Bhd | Poultry broiler farm (in the process of winding up) | Malaysia | Joint-controlled entity | 16.74 |
| D HEALTHCARE | | | | |
| ACTIVE COMPANIES | | | | |
| Ampang Puteri Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Bandar Baru Klang Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Bima Galeksi Sdn Bhd | Specialist hospital | Malaysia | 26.48 | 26.49 |
| Bukit Mertajam Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Damansara Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| D HEALTHCARE (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Diaper Technology Industries Sdn Bhd | Providing IT services and rental of software | Malaysia | 35.47 | 35.48 |
| Energy Excellent Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| FP Marketing (S) Pte Ltd | Distributor of pharmaceutical products | Singapore | 37.83 | 37.84 |
| Hospital Penawar Sdn Bhd | Specialist hospital | Malaysia | 11.35 | 11.35 |
| Hospital Pusrawi SMC Sdn Bhd | Specialist hospital | Malaysia | 11.80 | 11.80 |
| Ipoh Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.24 | 37.25 |
| Jeta Gardens (Qld) Pty Ltd | Retirement Home | Australia | 21.62 | 21.63 |
| Johor Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Kajang Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Kedah Medical Centre Sdn Bhd | Specialist hospital | Malaysia | 17.27 | 17.27 |
| Kota Kinabalu Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 36.70 | 36.70 |
| KPJ Education Services Sdn Bhd | College | Malaysia | 37.83 | 37.84 |
| Advanced Health Care Solutions Sdn Bhd | IT system | Malaysia | 37.83 | 37.84 |
| KPJ Healthcare Berhad # | Investment holding | Malaysia | 37.83 | 37.84 |
| Kuantan Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 29.33 | 29.34 |
| Kuching Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 26.48 | 26.49 |
| Kumpulan Perubatan (Johor) Sdn Bhd | Investment holding and specialist hospital management | Malaysia | 37.83 | 37.84 |
| Lablink (M) Sdn Bhd | Lab and pathology services | Malaysia | 37.83 | 37.84 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| D HEALTHCARE (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Maharani Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Medical Supplies (Sarawak) Sdn Bhd | Pharmaceutical dealer and outlets | Malaysia | 28.37 | 28.38 |
| Open Access Sdn Bhd | Pharmacy operator | Malaysia | 37.83 | 37.84 |
| Pahang Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 26.48 | 37.84 |
| Pasir Gudang Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Penang Specialist Hospital Sdn Bhd | Development, education and general trading | Malaysia | 37.83 | 37.84 |
| Perdana Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 22.91 | 22.92 |
| Perlis Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 22.70 | 37.84 |
| Pharmacare Sdn Bhd | Trading and chain of pharmacy | Malaysia | 37.83 | 37.84 |
| Pharmaserve Alliances Sdn Bhd | Distributor of pharmaceutical products | Malaysia | 37.83 | 37.84 |
| Point Zone (M) Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| PT Khasanah Putera Jakarta Medical | Specialist hospital | Indonesia | 28.37 | 28.38 |
| PT Khidmat Perawatan Jasa Medika | Specialist hospital | Indonesia | 30.26 | 80.00 |
| Pusat Pakar Kluang Utama Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Pusat Pakar Tawakal Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Puteri Nursing College Sdn Bhd | Nursing college | Malaysia | 37.83 | 37.84 |
| Puteri Specialist Hospital (Johor) Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|-----------------------------------|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| D HEALTHCARE (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Selangor Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 22.70 | 22.70 |
| Sentosa Medical Centre Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Seremban Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Sibu Geriatric Health & Nursing Center Sdn Bhd | Geriatric health & nursing centre | Malaysia | 37.83 | 37.84 |
| Sibu Medical Centre Corporation Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| SMC Healthcare Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Sri Kota Refractive and Eye Centre Sdn Bhd | Eye medical centre | Malaysia | 37.83 | 30.27 |
| Sterile Services Sdn Bhd | Sterile services | Malaysia | 37.83 | 24.60 |
| Taipng Medical Centre Sdn Bhd | Specialist hospital | Malaysia | 37.83 | 37.84 |
| Tawakal Holdings Sdn Bhd | Investment holding | Malaysia | 37.83 | 37.84 |
| Bandar Dato Onn Specialist Hospital Sdn Bhd (formerly known as Renalcare Perubatan (M) Sdn Bhd) | Haemodialysis services | Malaysia | 37.83 | 37.84 |
| Massive Hybrid Sdn Bhd | Active | Malaysia | 37.83 | - |
| Sri Manjung Specialist Centre Sdn Bhd | Specialist hospital | Malaysia | 37.24 | - |
| Rawang Specialist Hospital Sdn Bhd | Specialist hospital | Malaysia | 37.83 | - |
| Vejthani Public Company Limited | Active | Bangladesh | 8.84 | - |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| D HEALTHCARE (CONTINUED) | | | | |
| DORMANT COMPANIES | | | | |
| Amity Development Sdn Bhd | Dormant | Malaysia | 37.84 | 37.83 |
| Bayan Baru Specialist Hospital Sdn Bhd | Specialist Hospital | Malaysia | 20.81 | 20.80 |
| Freewell Sdn Bhd | Ladies sanitary napkin manufacturer | Malaysia | 30.26 | 30.27 |
| KPJ Mediktv Sdn Bhd | Dormant | Malaysia | 37.83 | 37.84 |
| Malaysian Institute of Healthcare Management Sdn Bhd | Institute of healthcare management | Malaysia | 28.37 | 28.38 |
| Pharmacare Surgical Technologies (M) Sdn Bhd | Manufacturing of surgical thread | Malaysia | 37.83 | 37.84 |
| Renal Link Sentosa Sdn Bhd | Dormant | Malaysia | 37.83 | 37.84 |
| E TIMBER/INTRAPRENEUR VENTURE | | | | |
| ACTIVE COMPANIES | | | | |
| E.A. Technique (M) Sdn Bhd | Provision of sea transportation and related services | Malaysia | 28.22 | 28.32 |
| Epasa Shipping Agency Sdn Bhd | Shipping and forwarding agent services | Malaysia | 55.34 | 55.53 |
| General Access Sdn Bhd | Field clearing, earthwork, road construction and resurfacing | Malaysia | 39.84 | 39.97 |
| Granulab (M) Sdn Bhd | Trading granular synthetic bone graft | Malaysia | 49.81 | 49.98 |
| Granulab Marketing Sdn Bhd | Active | Malaysia | 49.81 | - |
| Jejak Juara Sdn Bhd | Rubber plantation | Malaysia | 40.36 | 40.49 |
| Johor Shipyard and Engineering Sdn Bhd | Ship building, fabrication of steel structures, engineering services and consultancy | Malaysia | 28.22 | 28.32 |
| Microwell Trading Sdn Bhd (formerly known as Julang Sempurna Sdn Bhd) | Trading in Biochemical Fertilizer | Malaysia | 33.20 | 33.32 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 1 CORE BUSINESS (CONTINUED) | | | | |
| E TIMBER/INTRAPRENEUR VENTURE (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Microwell Bio Solutions Sdn Bhd | Business in agriculture and natural products, water treatment, biotechnology research and development | Malaysia | 33.20 | 33.32 |
| MIT Insurance Brokers Sdn Bhd | Insurance brokers | Malaysia | 49.81 | 49.98 |
| MM Vitaols Sdn Bhd | Producer and wholesale of palm oil and other edible oil and fats | Malaysia | 19.37 | 19.44 |
| Sindora Berhad # | Intrapreneur venture business, oil palm plantation and investment holding | Malaysia | 55.34 | 55.53 |
| Sindora Development Sdn Bhd | Property development | Malaysia | 55.34 | 55.53 |
| Sindora Timber Sdn Bhd | Timber logging, processing and sale of sawn timber, timber doors, laminated timber scantling and trading of wood products | Malaysia | 45.40 | 45.55 |
| Sindora Wood Products Sdn Bhd | Property letting | Malaysia | 55.34 | 55.53 |
| DORMANT COMPANIES | | | | |
| Sindora Timber Products Sdn Bhd | Dormant | Malaysia | 55.34 | 55.53 |
| Sindora Trading Sdn Bhd | Dormant | Malaysia | 55.34 | 55.53 |
| Tiram Fresh Sdn Bhd | Mushroom cultivation business | Malaysia | 45.40 | 45.55 |
| 2 INTRAPRENEUR | | | | |
| A SME | | | | |
| ACTIVE COMPANIES | | | | |
| Akli Resources Sdn Bhd | Provider of in-house and external training programme | Malaysia | 52.57 | 52.75 |
| Edaran Badang Sdn Bhd | Dealer in agricultural parts | Malaysia | 41.51 | 41.65 |
| Fabricare Laundry Sdn Bhd | Laundry services | Malaysia | 35.94 | 37.84 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| A SME (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Extreme Edge Sdn Bhd | Computer equipment supplier and services | Malaysia | 41.51 | 41.65 |
| HC Duraclean Sdn Bhd | Franchisor of cleaning services | Malaysia | 55.71 | 55.47 |
| Healthcare IT Solutions Sdn Bhd | IT services | Malaysia | 32.75 | 32.75 |
| Healthcare Technical Services Sdn Bhd ~ | Project management and engineering maintenance services | Malaysia | 53.63 | 53.41 |
| IPPJ Sdn Bhd | Entrepreneurial training programmes and seminars | Malaysia | 79.00 | 79.00 |
| Johor Skills Development Centre Sdn Bhd | Industrial training centre | Malaysia | 75.00 | 75.00 |
| Kulim Civilworks Sdn Bhd | Facilities management | Malaysia | 41.51 | 41.65 |
| Kulim Nursery Sdn Bhd | Oil palm nursery and other related services | Malaysia | 41.51 | 41.65 |
| M.N. Koll (M) Sdn Bhd | Commercial cleaning and landscape | Malaysia | 44.85 | 44.63 |
| Maruah Emas Sdn Bhd | Islamic pawnshop | Malaysia | 91.19 | 91.19 |
| Optimum Status Sdn Bhd | Mill maintenance and fabrication | Malaysia | 31.13 | 41.65 |
| Perfect Synergy Trading Sdn Bhd | Fertilizer supplier | Malaysia | 31.13 | 37.49 |
| Pinnacle Platform Sdn Bhd | Software maintenance and supplier | Malaysia | 52.57 | 52.75 |
| Pro Biz Solution Sdn Bhd ^ | Business centre | Malaysia | 85.00 | 85.00 |
| Rajaudang Aquaculture Sdn Bhd | Management services and breeding of tiger prawns | Malaysia | 75.00 | 75.00 |
| Rasamas Tebrau Sdn Bhd | Restaurants | Malaysia | 45.49 | 14.93 |
| Renown Value Sdn Bhd | Cultivation of pineapples and other agricultural | Malaysia | 41.51 | 41.65 |
| Skop Yakin (M) Sdn Bhd | Active | Malaysia | 33.58 | 36.54 |
| Sovereign Multimedia Resources Sdn Bhd | Trading of computer hardware and software | Malaysia | 75.00 | 75.00 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| A SME (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Special Appearance Sdn Bhd | Production house and event management | Malaysia | 49.81 | 49.98 |
| Superior Harbour Sdn Bhd | Aquaculture operations for food consumption | Malaysia | 43.17 | 43.31 |
| Syarikat Pengangkutan Maju Berhad | Investment holding and bus services | Malaysia | 90.01 | 90.01 |
| Tepak Marketing Sdn Bhd | Contract packing | Malaysia | 54.11 | 42.70 |
| Teraju Farma Sdn Bhd | Supplier of pharmaceutical products | Malaysia | 28.37 | 28.38 |
| Teraju Fokus Sdn Bhd | Security services | Malaysia | 30.00 | 30.00 |
| TMR Urusharta (M) Sdn Bhd | Facilities management | Malaysia | 49.83 | 49.59 |
| Rajaudang Trading Sdn Bhd | Wholesale activities | Malaysia | 69.46 | 69.46 |
| B NON-SME | | | | |
| ACTIVE COMPANIES | | | | |
| Advanced Global Corporate Resources Sdn Bhd ^ | Providing management services | Malaysia | 100.00 | 100.00 |
| Akademi JCorp Sdn Bhd | Operator of Strategic Business School and Corporate Training Programmes | Malaysia | 100.00 | 100.00 |
| Akademi Mutawwif Sdn Bhd | Training of mutawwif | Malaysia | 100.00 | 100.00 |
| Aquabuilt Sdn Bhd ^ | Rental of tiger prawns hatchery | Malaysia | 100.00 | 100.00 |
| Asia Logistics Council Sdn Bhd | GHELS & GCEL systems for Asia Pacific Region | Malaysia | 42.00 | 74.00 |
| Bukit Damansara Development Sdn Bhd | Investment holding, ownership of buildings | Malaysia | 100.00 | 100.00 |
| Ihsan Permata Sdn Bhd | Providing consultancy and management services for cattle breeding | Malaysia | 100.00 | 100.00 |
| Effective Corporate Resources Sdn Bhd | Advisors and consultants in company management, administration and finance | Malaysia | 100.00 | 100.00 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| B NON-SME (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| JCIA Services Sdn Bhd | Corporate assurance and consulting | Malaysia | 100.00 | 100.00 |
| Convenue Marketing Sdn Bhd | Marketing of convention centre | Malaysia | 79.00 | 79.00 |
| Damansara Assets Sdn Bhd | Property management | Malaysia | 100.00 | 100.00 |
| Damansara REIT Managers Sdn Bhd | REITs management company | Malaysia | 100.00 | 100.00 |
| Dusun Damai Sdn Bhd | Marketing and managing orchards | Malaysia | 100.00 | 100.00 |
| Harta Facilities Management Sdn Bhd | Facilities management | Malaysia | 49.83 | 49.59 |
| Hotel Selesa (JB) Sdn Bhd | Hotel operations | Malaysia | 100.00 | 100.00 |
| Hotel Selesa Sdn Bhd | Hotel operations | Malaysia | 100.00 | 100.00 |
| Intrapreneur Development Capital Sdn Bhd ^ | Investment holding | Malaysia | 100.00 | 100.00 |
| Intrapreneur Development Sdn Bhd | Investment holding | Malaysia | 100.00 | 100.00 |
| JCorp Hotels and Resorts Sdn Bhd | Investment holding | Malaysia | 100.00 | 100.00 |
| Johor Capital Holdings Sdn Bhd | Investment holding | Malaysia | 100.00 | 100.00 |
| Johor Foods Sdn Bhd | Investment holding and oil palm plantation | Malaysia | 100.00 | 100.00 |
| Johor Franchise Development Sdn Bhd | Investment holding | Malaysia | 100.00 | 100.00 |
| Pro Corporate Management Services Sdn Bhd | Corporate secretarial services and share registrar | Malaysia | 100.00 | 100.00 |
| Johor Logistics Sdn Bhd ^ | Warehousing | Malaysia | 100.00 | 100.00 |
| Johor Silica Industries Sdn Bhd | Silica sand quarrying | Malaysia | 100.00 | 100.00 |
| Johor Ventures Sdn Bhd ^ | Investment holding | Malaysia | 100.00 | 100.00 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|-------------------------------------|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| B NON-SME (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Kumpulan Perbadanan Johor Sdn Bhd | Management services | Malaysia | 100.00 | 100.00 |
| Langsat Marine Base Sdn Bhd | Provision of marine base engineering services | Malaysia | 100.00 | 100.00 |
| MC-JTP Concept Sdn Bhd | Rental and warehouse owner | Malaysia | 100.00 | 100.00 |
| Pacific Forest Industries Sdn Bhd | Timber activities | Malaysia | 10.28 | 10.28 |
| Panca Pesona Sdn Bhd | Industrial land and property developer | Malaysia | 40.00 | 40.00 |
| Pelaburan Johor Berhad | Management of unit trust | Malaysia | 100.00 | 100.00 |
| Penawar Express Line Berhad ^ | Express bus services | Malaysia | 90.01 | 90.01 |
| Permodalan Teras Sdn Bhd | Investment holding | Malaysia | 100.00 | 100.00 |
| Premier Revenue Sdn Bhd | Insurance agent | Malaysia | 100.00 | 100.00 |
| PT Padang Industrial Park | Industrial land development | Indonesia | 55.00 | 55.00 |
| Puteri Hotels Sdn Bhd | Hotel operations | Malaysia | 100.00 | 100.00 |
| Rajaudang Sdn Bhd ^ | Investment holding and rental of ponds for breeding of tiger prawns | Malaysia | 100.00 | 100.00 |
| Sibu Island Resorts Sdn Bhd | Island resorts operator | Malaysia | 100.00 | 100.00 |
| SPMB Holdings Sdn Bhd ^ | Investment holding | Malaysia | 100.00 | 100.00 |
| Sri Gading Land Sdn Bhd | Industrial land development | Malaysia | 51.00 | 51.00 |
| Tanjung Langsat Port Sdn Bhd | Development of industrial land and provider of port services | Malaysia | 100.00 | 100.00 |
| Tanjung Tuan Hotel Sdn Bhd | Hotel operations | Malaysia | 100.00 | 100.00 |
| Techno SCP Sdn Bhd | Industrial land development | Malaysia | 60.00 | 60.00 |
| Tenaga Utama (Johor) Bhd | Investment holding | Malaysia | 69.76 | 69.76 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| B NON-SME (CONTINUED) | | | | |
| ACTIVE COMPANIES (CONTINUED) | | | | |
| Tg. Langsung Development Sdn Bhd | Industrial land development | Malaysia | 100.00 | 100.00 |
| TMR ACMV Services Sdn Bhd | Maintenance of commercial air-conditioning and mechanical and ventilation services | Malaysia | 49.83 | 49.59 |
| TMR Koll Sdn Bhd | Provide engineering consultancy services | Malaysia | 49.83 | 49.59 |
| Total Project Management Sdn Bhd | Property management | Malaysia | 100.00 | 100.00 |
| Larkin Sentral Property Sdn Bhd (formerly known as TPM Management Sdn Bhd) | Provider of technical services | Malaysia | 39.00 | 39.00 |
| TPM Technopark Sdn Bhd | Industrial land development | Malaysia | 100.00 | 100.00 |
| Yakin Tea Sdn Bhd ^ | Rental of plantation | Malaysia | 62.24 | 62.24 |
| Johor City Development Sdn Bhd ^ | New township development | Malaysia | 100.00 | 100.00 |
| Pagoh Highland Resorts Sdn Bhd | Active | Malaysia | 60.00 | 60.00 |
| Bistari Young Entrepreneur Sdn Bhd | Producing, promoting and marketing Catur Bistari and services related | Malaysia | 100.00 | 75.00 |
| Langsat Marine Terminal Sdn Bhd | Active | Malaysia | 100.00 | - |
| Langsat OSC Sdn Bhd | Active | Malaysia | 51.00 | - |
| Intrapreneur Value Creation Sdn Bhd | Active | Malaysia | 100.00 | - |
| Efinite Structure Sdn Bhd | Active | Malaysia | 100.00 | - |
| BDO Assets Management Sdn Bhd | Active | Malaysia | 100.00 | - |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| B NON-SME (CONTINUED) | | | | |
| DORMANT COMPANIES | | | | |
| AB Theme Park Sdn Bhd | Dormant | Malaysia | 100.00 | - |
| Johor Land Property Management Sdn Bhd | Dormant | Malaysia | 100.00 | - |
| Super Heritage Brand Sdn Bhd | Dormant | Malaysia | 100.00 | - |
| Tanjung Langsat Oilfield Supply Centre Sdn Bhd | Dormant | Malaysia | 100.00 | - |
| Amiza Publishing Sdn Bhd ^ | Book publishing and distributor | Malaysia | 96.15 | 96.15 |
| Asia Pacific Food Traders Sdn Bhd | Imports & exports of wholesale meat and related products | Malaysia | 51.00 | 51.00 |
| Bandar Baru Majidee Development Sdn Bhd | Property development | Malaysia | 100.00 | 100.00 |
| Harta Consult Sendirian Berhad | Property management | Malaysia | 100.00 | 100.00 |
| Evolve Global Sdn Bhd | Dormant | Malaysia | 100.00 | 100.00 |
| Rentak Alam Sdn Bhd | Agriculture | Malaysia | 100.00 | 100.00 |
| Amazing Cuisine Sdn Bhd | Cold-cuts and sausages production | Malaysia | 90.00 | 90.00 |
| Century Nexus (M) Sdn Bhd | Management of Khairat Insurance | Malaysia | 100.00 | 100.00 |
| DPIM Consult Sdn Bhd | Management consultant | Malaysia | 100.00 | 100.00 |
| Tunjuk Laut Resort Sdn Bhd | Rental of ponds for tiger prawns breeding | Malaysia | 100.00 | 100.00 |
| Great Allied Engineering Sdn Bhd | Autoblasting & painting | Malaysia | 100.00 | 100.00 |
| JKING Sdn Bhd ^ | Producer of sports attire | Malaysia | 98.75 | 98.75 |
| The World of Secret Garden Sdn Bhd ^ | Personal care products | Malaysia | 100.00 | 100.00 |
| Jedcon Engineering Survey Sdn Bhd ^ | Land survey services | Malaysia | 100.00 | 100.00 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--------------------------------------|--------------------------------------|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| B NON-SME (CONTINUED) | | | | |
| DORMANT COMPANIES (CONTINUED) | | | | |
| Johor Concrete Products Sdn Bhd | Trading in construction material | Malaysia | 51.00 | 51.00 |
| Johor Heavy Industries Sdn Bhd ^ | Investment holding | Malaysia | 100.00 | 100.00 |
| Johor Hotels International Sdn Bhd | Holding company | Malaysia | 100.00 | 100.00 |
| Johor Land (H) Sdn Bhd | Holding company | Malaysia | 100.00 | 100.00 |
| Johor Paper & Publishing Sdn Bhd ^ | Investment holding | Malaysia | 100.00 | 100.00 |
| Johor Tea Sdn Bhd | Tea plantation | Malaysia | 100.00 | 100.00 |
| Johor Toys Sdn Bhd | Dormant | Malaysia | 86.24 | 86.24 |
| JSEDC Properties Sdn Bhd | Investment holding | Malaysia | 100.00 | 100.00 |
| Kilang Airbatu Perintis Sdn Bhd | Rental of land and coldroom services | Malaysia | 88.22 | 88.22 |
| LY Technologies (M) Sdn Bhd | Distributor of bus and body-parts | Malaysia | 51.00 | 51.00 |
| Marenban Limited | Dormant | Papua New Guinea | 100.00 | 100.00 |
| Meatpackers Sdn Bhd | Marketing of meat products | Malaysia | 99.00 | 99.00 |
| Orion Tours Pte Ltd | Ceased operation | Singapore | 100.00 | 100.00 |
| Palley Investments Limited | Investment holding | British Virgin Island | 100.00 | 100.00 |
| Paper Automation Sdn Bhd ^ | Trading in paper products | Malaysia | 93.58 | 93.58 |
| Persada Antarabangsa (Johor) Sdn Bhd | Convention centre management | Malaysia | 100.00 | 100.00 |
| Larkin Sentral Management Sdn Bhd ^ | Property management | Malaysia | 100.00 | 100.00 |
| Larkin Sentral Sdn Bhd ^ | Property contractor and developer | Malaysia | 100.00 | 100.00 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|---|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| B NON-SME (CONTINUED) | | | | |
| DORMANT COMPANIES (CONTINUED) | | | | |
| Union Industries Sdn Bhd | Manufacturing of window frames and wheel barrows | Malaysia | 23.09 | 23.09 |
| PJB Capital Sdn Bhd | Portfolio management | Malaysia | 100.00 | 100.00 |
| Pro Office Services Sdn Bhd | Dormant | Malaysia | 100.00 | 100.00 |
| Sergam Berhad ^ | Trading of steel bars and building materials | Malaysia | 96.78 | 96.78 |
| Tanjung Leman Theme Park Sdn Bhd | Dormant | Malaysia | 100.00 | 100.00 |
| Technical Edge Sdn Bhd | Trading of motor vehicle spare parts | Malaysia | 74.00 | 74.00 |
| Tiram Air Sdn Bhd ^ | Chartered aircraft services | Malaysia | 70.00 | 70.00 |
| Tiram Tours (S) Pte Ltd ^ | Ceased operation | Singapore | 100.00 | 100.00 |
| Trapezoid Web Profile Sdn Bhd ^ | Provision of project management & consultancy services and manufacturer of steel products | Malaysia | 81.74 | 81.74 |
| Tropika Landskap Sdn Bhd | Property development | Malaysia | 100.00 | 100.00 |
| Westbury Tubular (M) Sdn Bhd ^ | Building and construction work using tubular steel | Malaysia | 41.69 | 41.69 |
| Warren Plantation (Mt.Hagen) Limited | Dormant | Papua New Guinea | 100.00 | 100.00 |
| Tanjung Leman Resorts Development Sdn Bhd | Dormant | Malaysia | 100.00 | 100.00 |
| COMPANIES IN WINDING UP PROCESS | | | | |
| Asia Pacific Seafoods Pte Ltd ! | Marketing of seafood products | Singapore | 100.00 | 100.00 |
| Australian Gold Field N.L. | Dormant | Australia | 27.73 | 27.73 |
| Buat Niaga Sdn Bhd | Investment holding | Malaysia | 100.00 | 100.00 |
| Johor Aluminium Processing Sdn Bhd | Aluminium products | Malaysia | 35.00 | 35.00 |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 2 INTRAPRENEUR (CONTINUED) | | | | |
| B NON-SME (CONTINUED) | | | | |
| COMPANIES IN WINDING UP PROCESS (CONTINUED) | | | | |
| PJB Pacific Advisory Services Sdn Bhd | Dormant | Malaysia | 75.00 | 75.00 |
| Victoria Gold Mines | Dormant | Australia | 27.73 | 27.73 |
| Rely-On-Us (M) Sdn Bhd | Franchisor of business centre operations | Malaysia | 40.00 | 40.00 |
| COMPANY IN THE PROCESS OF STRIKING OFF | | | | |
| Pharmacare (S) Pte Ltd | Pharmaceutical dealer and outlets | Singapore | 100.00 | 100.00 |
| COMPANY UNDER RECEIVERSHIP | | | | |
| Kok Lian Marketing Sdn Bhd | Book publisher | Malaysia | 51.19 | 51.19 |
| 3 LIST OF NON-GOVERNMENT ORGANIZATIONS | | | | |
| Incorporate under Companies Act, 1965, managed by the Corporation: | | | | |
| ACTIVE COMPANIES | | | | |
| Waqaf An-Nur Corporation Berhad | Trustees and manager of waqaf | Malaysia | @ | @ |
| Bistari Johor Berhad | Entrepreneurship club | Malaysia | @ | @ |
| Capaian Aspirasi Sdn Bhd | Islamic insurance agent and Amil Corporate Zakat | Malaysia | * | * |
| JCorp Intrapreneur (M) Bhd | Intrapreneurship club | Malaysia | @ | @ |
| Khairat Keluarga Perbadanan Johor Berhad | Employees deceased scheme | Malaysia | @ | @ |
| Makmuran Veneer & Plywood Sdn Bhd | Processing and trading of sawn timber | Malaysia | @ | @ |
| Tiram Travel Sdn Bhd | Sale of flight tickets and package for umrah, hajj and tourism | Malaysia | * | * |
| Yayasan Johor Corporation | Manage and administer funds for education and charitable purposes | Malaysia | @ | @ |
| Sindora Ventures Sdn Bhd | Investment holding | Malaysia | & | & |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|--|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 3 LIST OF NON-GOVERNMENT ORGANIZATIONS (CONTINUED) | | | | |
| Incorporate under Companies Act, 1965, managed by the Corporation (continued): | | | | |
| DORMANT COMPANIES | | | | |
| Johor Land Constructions Sdn Bhd | Dormant | Malaysia | & | & |
| Mengkibol Holdings Sdn Bhd | Investment holding | Malaysia | & | & |
| Sports Communications Sdn Bhd ^ | Promotion of motor sports | Malaysia | & | & |
| Tajasukan Sdn Bhd ^ | Investment holding | Malaysia | & | & |
| Waqaf An-Nur Berhad | Dormant | Malaysia | @ | @ |
| COMPANIES IN WINDING UP PROCESS | | | | |
| D.I.M.A. Sdn Bhd | Logging transportation services | Malaysia | & | & |
| East Asian Marine Foods Sdn Bhd | Processing and marketing of marine products | Malaysia | & | & |
| Excellent Relations Sdn Bhd ^ | To provide IT and other related services | Malaysia | & | & |
| Johor Deer Farm Sdn Bhd | Deer farming | Malaysia | & | & |
| Johor Land Manufacturing Sdn Bhd | Dormant | Malaysia | & | & |
| Johor Tropical Products Sdn Bhd ^ | Dormant | Malaysia | & | & |
| Johorcraft Sdn Bhd ^ | Ceramic production and handicraft marketing | Malaysia | & | & |
| Kiras Sdn Bhd | Timber operation | Malaysia | & | & |
| Mahin Sdn Bhd | Processing of swan timber | Malaysia | & | & |
| Malaysia Pharmacy (Retail) Sdn Bhd ^ | Distributor and marketing of pharmaceutical products | Malaysia | & | & |
| PharmaCare Medicine Shoppe Sdn Bhd ^ | Pharmacy franchise | Malaysia | & | & |
| Quality Heights Sdn Bhd ^ | Distributor and marketing of pharmaceutical products | Malaysia | & | & |

LIST OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(CONTINUED)

| Name of Company | Principal Activities | Country of Incorporation | Group Effective Interest | |
|--|---|--------------------------|--------------------------|--------|
| | | | 2013 % | 2012 % |
| 3 LIST OF NON-GOVERNMENT ORGANIZATIONS (CONTINUED) | | | | |
| Incorporate under Companies Act, 1965, managed by the Corporation (continued): | | | | |
| COMPANIES IN WINDING UP PROCESS (CONTINUED) | | | | |
| Saujana Jaya Sdn Bhd | Coconut milk processing | Malaysia | & | & |
| STPA Trading Sdn Bhd ^ | Distribution of steel bars and building materials | Malaysia | & | & |
| T.T. Nusa Sdn Bhd ^ | Holding company | Malaysia | & | & |
| Vibrant Hectares Sdn Bhd | Processing of palm oil kernel | Malaysia | & | & |
| Vision Possible Berhad ^ | Investment holding | Malaysia | & | & |
| Tiram Tours Sdn Bhd | Dormant | Malaysia | & | & |

Listed on the Main Board of Bursa Malaysia Securities Berhad

\$ Listed on Port Moresby Stock Exchange ("POMSOX") and London Stock Exchange

@ Limited by Guarantee

! Qualified opinion - going concern

^ Emphasis of Matter on Going Concern Basis on preparation of Financial Statements

* Subsidiaries of Waqaf An-Nur Corporation Berhad

& Subsidiaries of Waqaf An-Nur Berhad

~ Liquidated during the current year