

GROUP CORPORATE STRUCTURE

as at 31 December 2016


KWSP
EPF

Employees Provident Fund Board

REAL ESTATE

100%	KWASA Properties Sdn Bhd
100%	KWASA Land Sdn Bhd
100%	Affordable Homes Sdn Bhd
100%	Naungan Sentosa Sdn Bhd
100%	KWASA Logistics Sdn Bhd
100%	Symphony Insight Sdn Bhd
100%	Common Icon Sdn Bhd
95%	KWASA Utama Sdn Bhd
85%	PPNK - Harta Sdn Bhd
81%	YTR Harta Sdn Bhd
100%	Tanjung Wibawa Sdn Bhd*
40%	Nusa Gapurna Development Sdn Bhd
34%	Bandar Eco-Setia Sdn Bhd
30%	Jelas Puri Sdn Bhd
30%	Panca Pesona Sdn Bhd
29.33%	Iskandar Capital Sdn Bhd*
20%	Iskandar Investment Berhad
20%	Sunway South Quay Sdn Bhd

INFRASTRUCTURE/MANUFACTURING

100%	Pinggiran Ventures Sdn Bhd
100%	Ekuiti Merdu Sdn Bhd
49%	PLUS Malaysia Berhad

FINANCIAL INSTITUTIONS

98.33%	Rashid Hussain Berhad^
65.40%	Malaysia Building Society Berhad
41.69%	RHB Capital Berhad^
40.84%	RHB Bank Berhad*
20%	HSBC Amanah Takaful (M) Berhad

HEALTHCARE

29.72%	Columbia Asia Sdn Bhd
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CONSTRUCTION

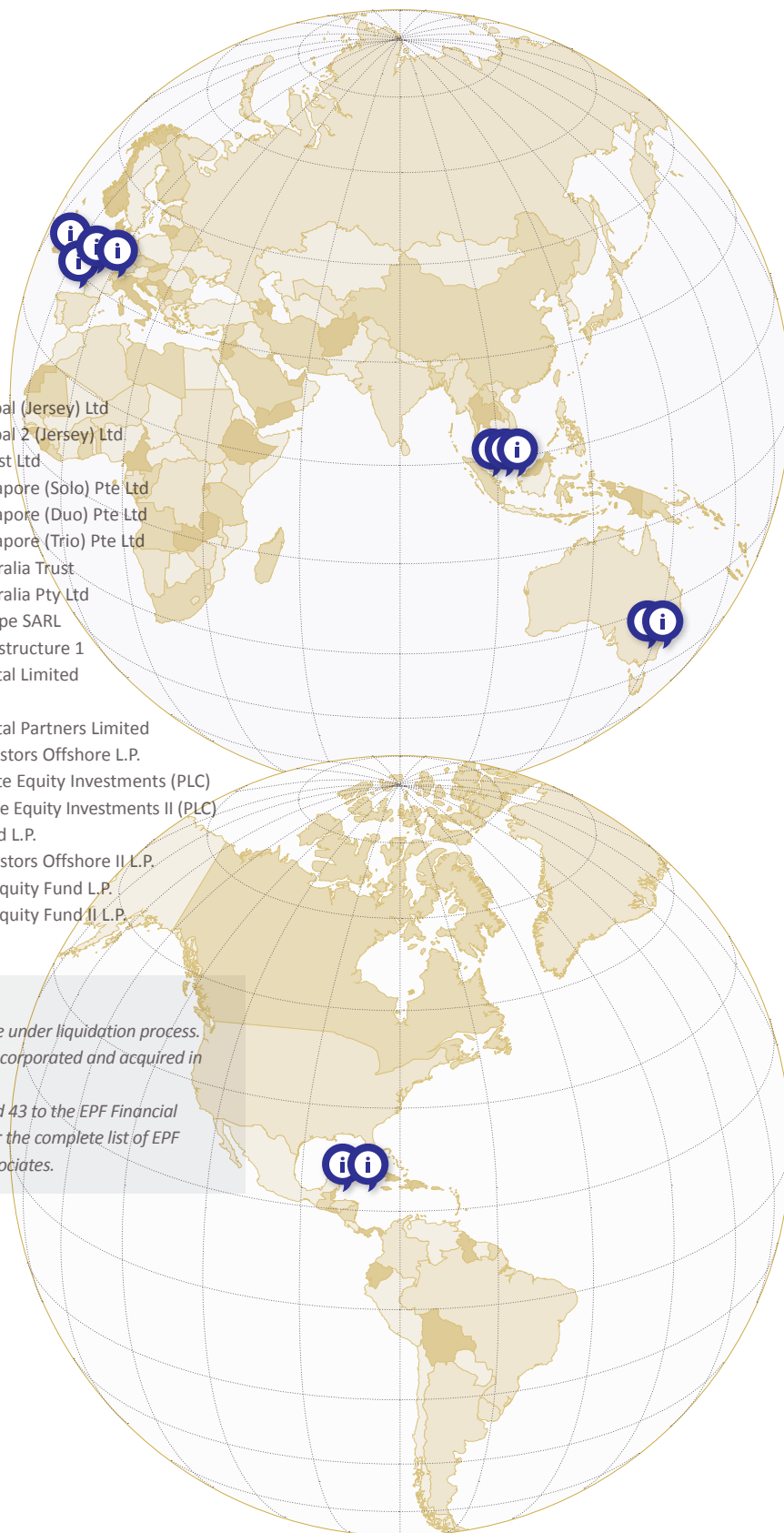
34%	Malaysian Resources Corporation Berhad
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GLOBAL

100%	KWASA Global (Jersey) Ltd
100%	KWASA Global 2 (Jersey) Ltd
100%	KWASA Invest Ltd
100%	KWASA Singapore (Solo) Pte Ltd
100%	KWASA Singapore (Duo) Pte Ltd
100%	KWASA Singapore (Trio) Pte Ltd
100%	KWASA Australia Trust
100%	KWASA Australia Pty Ltd
100%	KWASA Europe SARL
100%	KWASA Infrastructure 1
100%	KWASA Capital Limited
100%	KWASA Asia
100%	KWASA Capital Partners Limited
99.5%	Merbau Investors Offshore L.P.
99.5%	Cengal Private Equity Investments (PLC)
99.34%	Cengal Private Equity Investments II (PLC)
99.25%	Meranti Fund L.P.
99%	Merbau Investors Offshore II L.P.
99%	Jati Private Equity Fund L.P.
99%	Jati Private Equity Fund II L.P.

Notes:

1. ^ The companies are under liquidation process.
2. * New companies incorporated and acquired in 2016.
3. Refer to Note 42 and 43 to the EPF Financial Statements 2016 for the complete list of EPF subsidiaries and associates.



FINANCIAL OVERVIEW AND ANALYSIS

FINANCIAL RESULTS

Gross Investment Income

The EPF recorded gross investment income of RM46.56 billion, RM2.33 billion or 5.25 per cent higher than RM44.23 billion posted in 2015. Out of this amount, Capital Gain from Trading of Investment contributed RM15.21 billion or 32.7 per cent, an increase of almost one-third compared with the amount recorded in 2015. The amount attributed to internal managers was RM11.89 billion while external managers' realised profit amounted to RM3.32 billion during the year, compared with RM6.94 billion and RM4.45 billion respectively for last year. This represented a significant increase of 71.4 per cent for the internally-managed portfolio, while the externally-managed portfolio recorded a decline of 25.4 per cent. The higher capital gain recorded by internal managers can be attributed to both the Equity and MGS & Equivalents portfolios. While the equity market performed relatively better compared with 2015, the decrease in yield in 2Q 2016 has allowed for more sales of fixed income securities that led to the increase in capital gain. It is also worthy to note that Capital Gain from Trading contributed almost one-third of the total gross investment income compared to just 25.8 per cent in 2015.

Dividend on Investments, meanwhile, showed a marginal growth year-on-year; increasing by 0.39 per cent or RM34.49 million to RM8.93 billion in 2016. Dividend income by Internal Managers recorded a decrease of 0.44 per cent to RM7.37 billion while External Managers dividend income grew by 4.51 per cent to RM1.56 billion in 2016. In total, Dividend on Investments contributed 19.2 per cent to the total Gross Investment Income.

Returns from Interest and Profit from Investments recorded RM12.63 billion, a growth of RM1.49 billion or 13.4 per cent compared to the previous year. This amount is equivalent to 27.1 per cent of the total income, and is an important source for the EPF as a retirement saving fund that prioritises the capital preservation of members' savings.

During the year under review, major foreign currencies, including the USD had strengthened against Malaysian Ringgit and this had a significant impact on the Gross Investment Income through the Net Gain on Foreign Exchange, both realised and unrealised. Realised gain recorded RM7.57 billion while the unrealised portion recorded RM1.60 billion. Combined, the total amount is RM9.17 billion and this represents 19.7 per cent out of the total Gross Investment Income recorded in 2016. While Foreign Exchange Gain contributed significantly to the Gross Investment Income in 2016, the contribution from this source is highly dependent on the movement of currencies which provides uncertainties.

Other Income

Other Income decreased by 15 per cent to RM196.31 million from RM231.71 million in 2015. The decrease was mainly due to higher Gain on Disposal of EPF's properties in 2015 compared to the current year. The drop has been partially offset by the Dividend and Interest collected from employers on late Contribution payment, which increased by RM9.75 million and RM5.39 million respectively. In addition, service fees charged to Fund Manager Institutions also contributed to a higher income of RM3.24 million, in line with the growth of the investment size managed by Fund Manager Institutions at RM2.13 billion.

Operating Expenditure

In 2016, EPF's Operating Expenditure decreased by 0.27 per cent to RM1,189.89 million, compared with RM1,193.11 million in 2015. The decrease was primarily due to Staff Costs which dropped RM30.30 million, mainly due to payments for the Career Transition Plan (CTP) totaling RM74.02 million in 2015. Meanwhile, the rise in Employee Benefits by RM23.07 million was due to the revision on provision for medical and gratuity to retirees for CTP in 2015 which partially offset such decrease.

Salaries, Allowances and Staff Costs

Staff costs decreased by 3.30 per cent to RM885.47 million, compared with RM915.77 million in 2015 due to the Career Transition Plan (CTP) payment made to 176 staff in 2015. The decrease were offset by the increase in annual salary increment, training cost as well as medical expenses.

Depreciation and Amortisation Charges

Depreciation and amortisation charges comprise depreciation on property, plant and equipment, investment properties as well as amortisation of intangible assets and prepaid land lease. For the financial year ended 31 December 2016, depreciation and amortisation charges decreased by 20.06 per cent to RM69.47 million, compared with RM86.91 million in the preceding year. This was due to fully depreciated assets in 2015 besides a write back on impairment done previously for few properties amounting to RM10.95 million.

Maintenance Costs

Maintenance costs include the maintenance of computer equipment and buildings, cleaning costs as well as utility charges. For the financial year ending 31 December 2016, maintenance charges increased by 9.4 per cent to RM79.69 million, compared with RM72.84 million in the preceding year. Such rise was primarily due to higher maintenance cost on computer equipment by RM2.45 million, which was partially offset by the drop in electricity bills for owned and rented premises by RM0.67 million.

Statutory Charges

Statutory charges consist of payment of Death Benefits and Incapacitation Benefits to beneficiaries and members under Sections 58(1) and 58(2) respectively as well as Invocation Cost under Section 50(3) of the EPF Act, 1991, which was recognised during the year.

FINANCIAL OVERVIEW AND ANALYSIS

FINANCIAL POSITION

Investment Assets

Total investment assets grew by RM46.58 billion or 6.8 per cent from RM684.53 billion as at end 2015 to RM731.11 billion in 2016 which are in line with the net contribution and income received, thus resulting in the increase of Deposits with Financial Institution by RM22.72 billion or 131.4 per cent year-on-year. The growth in Deposits with Financial Institution was contributed by lower amount of money deployed to the international market, following the foreign exchange constraint on overseas investment. As at December 2016, the values of Deposits with Financial Institution assets stood at RM40.02 billion or 5.5 per cent of the total investment assets.

On the EPF's exposure to low-risk and steady income-generating assets, assets in Held To Maturity (HTM) and Loans, Advances and Financing stood at RM228.07 billion (31.2 per cent) and RM70.56 billion (9.7 per cent) respectively. There was a -6.3 per cent or RM4.72 billion drop in investments for Loans, Advance and Financing while HTM assets showed an increase of RM7.65 billion or 3.5 per cent combined, these investment assets increased by RM2.93 billion or 1.0 per cent compared to the previous year.

In 2016, additional investments were also made into our subsidiaries and associated companies, particularly into the foreign inflation-linked asset class. Cumulatively, the holdings in both subsidiaries and associated companies stood at RM31.81 billion or 4.4 per cent of the total investments, an increase of RM2.68 billion or 9.2 per cent from RM29.13 billion in 2015.

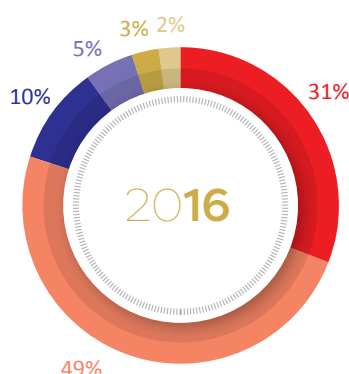
Liabilities

Total liabilities decreased by 32.45 per cent to RM5.28 billion from RM7.82 billion in 2015, primarily due to lower accruals on the purchase of investment instruments in 2016.

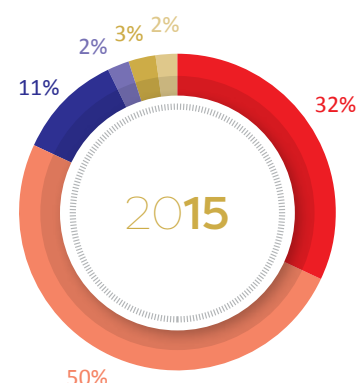
Total Investment Assets

■ Held To Maturity Investment Assets	■ Loans, Advances and Financing	■ Investment in Subsidiaries
■ Available-For-Sale Financial Assets	■ Deposit with Financial Institutions	■ Investment in Associates

Financial Assets at Fair Value Through Profit/Loss



Financial Assets at Fair Value Through Profit/Loss



Payables and Accrued Liabilities

As at 31 December 2016, the EPF's payables and accrued liabilities of RM2.10 billion was lower by 61.9 per cent compared with RM5.51 billion as of 31 December 2015. Such decrease was mainly due to lower purchases of both global and domestic equities close to year end.

Contributions

Cumulative contributions stood at RM704.27 billion as at 31 December 2016, indicating a growth of 7.94 per cent, or RM51.80 billion, from the closing balance of RM652.47 billion as of 2015. Members' cumulative savings in the Contribution Account, as reflected in the Statement of Financial Position, grew as employers' contributions exceeded the total paid in withdrawals to members and beneficiaries, resulting in a consistent net cash inflow throughout the year.

Collection During the Year

In 2016, a total of RM59.77 billion was collected from employers, as opposed to RM58.24 billion in the preceding year. This represented an increase of RM1.53 billion, or 2.63 per cent, consistent with higher wages as well as growth in the number of active members. On average, approximately RM4.98 billion was collected per month in 2016.

Withdrawals and Refunds During the Year

Total withdrawals and refunds in 2016 amounted to RM46.80 billion, compared with RM44.25 billion in the previous year. This represent an increase of RM2.55 billion, or 5.78 per cent mainly from Age 55 withdrawals. Details of withdrawals are provided in the Statistics section of this Annual Report. On average, approximately RM3.90 billion was paid to members and beneficiaries every month in the current year.

Other Members Fund

Other Members Fund stood at RM32.78 billion as at 31 December 2016, comprising RM1.81 billion in Accumulated Surplus (distributable reserves) and RM30.97 billion in Available-For-Sale (AFS) Financial Asset Reserves (non-distributable reserves). This marked a decrease of RM3.04 billion, or 8.49 per cent, from the Other Members Fund of RM35.82 billion in 2015, in line with the declining balance in respect of AFS Reserves as at 31 December 2016, due to the down trend in stock market performance and the active trading of listed equities.

FINANCIAL STATEMENTS

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**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
EMPLOYEES PROVIDENT FUND
FOR THE YEAR ENDED 31 DECEMBER 2016**

Report on the Financial Statements

I have audited the accompanying financial statements of Employees Provident Fund and the Group, which comprise the Statements of Financial Position as at 31 December 2016 and Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Members' Fund and Statements of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with approved financial reporting standards in Malaysia and the Employees Provident Fund Act 1991 (Act 452). The Board is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing in Malaysia. Those standards require that I comply with ethical requirements and 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are

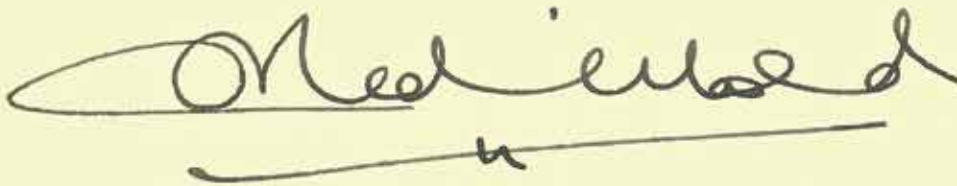
appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that 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 Employees Provident Fund and the Group as at 31 December 2016 and their financial performance as well as cash flows for the year then ended in accordance with approved financial reporting standards in Malaysia.

I have considered the financial statements and the auditors' reports of the subsidiary companies 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 subsidiary companies that have been consolidated with Employees Provident Fund's financial statements are in appropriate form and content for the purposes in the preparation of the financial statements. I have received satisfactory information and explanations required for those purposes. The auditors' reports on the financial statements of the subsidiary companies were not subjected to any observations that could affect the financial statements.



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

PUTRAJAYA
10 MARCH 2017



STATEMENT BY CHAIRMAN AND A BOARD MEMBER AS TRUSTEES

We, **TAN SRI SAMSUDIN BIN OSMAN** and **DATUK THOMAS GEORGE A/L M.S. GEORGE** as the Chairman and a member of the Board, as representatives of the Trustee of the **EMPLOYEES PROVIDENT FUND**, do hereby state that, in the opinion of the Board, the accompanying Financial Statements which includes the Statements Of Financial Position, Statements Of Profit Or Loss, Statements Of Comprehensive Income, Statements Of Changes In Members' Fund and Statements Of Cash Flows, as follows together with the Notes To The Financial Statements are drawn up so as to give a true and fair view of the state of affairs of the **EMPLOYEES PROVIDENT FUND** as at 31 December 2016, the results of its operations and its cash flows for the year ended on that date.

On behalf of the Board,



NAME : TAN SRI SAMSUDIN BIN OSMAN
TITLE : CHAIRMAN OF EPF
DATE : 1 MARCH 2017
PLACE : KUALA LUMPUR

On behalf of the Board,



NAME : DATUK THOMAS GEORGE A/L M.S. GEORGE
TITLE : A BOARD MEMBER OF EPF
DATE : 1 MARCH 2017
PLACE : KUALA LUMPUR

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT EMPLOYEES PROVIDENT FUND

I, **NOR AZIAN BINTI MOHD NOOR**, as a representative of the Trustee and an officer primarily responsible for the financial management of the **EMPLOYEES PROVIDENT FUND** do solemnly and sincerely declare that the accompanying Financial Statements which includes the Statements Of Financial Position, Statements Of Profit Or Loss, Statements Of Comprehensive Income, Statements Of Changes In Members' Fund and Statements of Cash Flows, in the following financial position together with the Notes To The Financial Statements to the best of my knowledge and belief, 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 in]
KUALA LUMPUR]
on 1 MARCH 2017]



Nor Azian
NOR AZIAN BINTI MOHD NOOR
Before me,

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

COMMISSIONER FOR OATHS
Lot 1.08, Tingkat 1,
Bangunan KWSP,
Jalan Raja Laut,
50350 Kuala Lumpur.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

		GROUP		EPF	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Note					
UTILISATION OF MEMBERS' FUND					
ASSETS					
Deferred Tax Assets	3	379,307	532,585	-	-
Property, Plant And Equipment	4	412,695	399,206	259,061	243,158
Investment Properties	5	23,919,729	22,276,698	1,047,229	1,070,980
Intangible Assets	6	22,848	38,877	7,433	10,198
Prepaid Land Lease	7	55,987	56,651	50,403	50,905
Assets Held For Sale	8	1,959	904,567	1,674	53,078
Property Development Costs	9	1,575,741	1,586,213	-	-
Investment In Subsidiaries	10	-	-	20,611,913	18,114,177
Investment In Associates	11	15,126,936	14,513,517	11,195,443	11,013,041
Investment In Joint Ventures	12	2,892,872	2,310,632	-	-
Investment Assets Held-To-Maturity	13	228,069,529	220,415,350	228,069,529	220,415,350
Financial Assets Available-For-Sale	14	362,738,041	342,599,812	359,498,067	341,352,504
Financial Assets At Fair Value Through Profit Or Loss	15	9,070,929	6,814,815	340,188	185,223
Loans, Advances And Financing	16	93,106,169	100,838,678	70,556,704	75,245,438
Inventories	17	211,404	103,396	-	-
Receivables, Deposits And Prepayments	18	4,633,668	7,166,950	2,283,495	6,092,800
Deposits With Financial Institutions	19	41,314,711	17,795,374	40,017,385	17,296,539
Bank And Cash Balances		17,509,239	14,309,104	8,385,955	4,970,094
Total Assets		801,041,764	752,662,425	742,324,479	696,113,485
LIABILITIES					
Deferred Tax Liabilities	3	37,624	22,554	-	-
Employee Benefits	20	317,451	293,495	317,451	293,495
Provision For Taxation		40,906	30,237	-	-
Loans And Overdrafts	21	17,336,898	17,560,225	-	-
Contribution Withdrawal Payables		15,618	27,661	15,618	27,661
Financial Liabilities At Fair Value Through Profit Or Loss	15	2,943,870	1,925,967	2,657,723	1,794,058
Deposits And Advances	22	30,859,097	28,829,456	186,764	195,806
Payables And Accrued Liabilities	23	5,683,367	7,635,312	2,098,529	5,507,916
Total Liabilities		57,234,831	56,324,907	5,276,085	7,818,936
TOTAL NET ASSETS		743,806,933	696,337,518	737,048,394	688,294,549
MEMBERS' FUND					
Contributions	24	704,266,295	652,469,572	704,266,295	652,469,572
Reserves	25	33,393,716	36,346,867	30,974,450	33,313,721
Retained Profit	26	3,034,565	4,996,070	1,807,649	2,511,256
		740,694,576	693,812,509	737,048,394	688,294,549
Non-Controlling Interests	27	3,112,357	2,525,009	-	-
		743,806,933	696,337,518	737,048,394	688,294,549

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENTS OF PROFIT OR LOSS

for the year ended 31 December 2016

	Note	GROUP		EPF	
		2016	2015	2016	2015
		(RM'000)	Restated (RM'000)	(RM'000)	(RM'000)
INCOME					
Gross Investment Income	28	50,009,379	47,533,164	46,557,216	44,234,034
Investment Expenditures	29	(3,026,601)	(2,552,078)	(465,380)	(460,265)
Net Impairment Loss On Financial Investment Assets	30	(8,909,099)	(3,970,111)	(8,141,424)	(3,393,729)
Net (Impairment Loss)/Reversal Of Impairment Loss On Investment In Subsidiaries And Associates	31	-	-	(33,325)	321,208
Net Investment Income		38,073,679	41,010,975	37,917,087	40,701,248
Other Income	32	453,412	631,576	196,308	231,709
		38,527,091	41,642,551	38,113,395	40,932,957
Operating Expenditures	33	(2,718,559)	(2,373,783)	(1,189,884)	(1,193,110)
Statutory Charges	34	(58,379)	(52,773)	(58,379)	(52,773)
Total Expenditures		(2,776,938)	(2,426,556)	(1,248,263)	(1,245,883)
Net Profit		35,750,153	39,215,995	36,865,132	39,687,074
Share Of Results From Associates		888,590	1,203,666	-	-
Net Profit Before Tax And Zakat		36,638,743	40,419,661	36,865,132	39,687,074
Taxation And Zakat	35	(197,578)	(121,229)	-	-
Net Profit After Tax And Zakat		36,441,165	40,298,432	36,865,132	39,687,074
Attributable To:					
Contributors Of EPF		35,958,493	39,827,879		
Non-Controlling Interests	27	482,672	470,553		
		36,441,165	40,298,432		

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Net Profit After Tax And Zakat		36,441,165	40,298,432	36,865,132	39,687,074
Other Comprehensive Income/(Loss):					
<u>Items That Will Not Be Reclassified Subsequently To Statements Of Profit Or Loss</u>					
Gain From Actuarial Valuation On Employee Benefits Plan	20	-	65,249		65,249
		-	65,249	-	65,249
<u>Items That May Be Reclassified Subsequently To Statements Of Profit Or Loss</u>					
Net Unrealised Gain/(Loss) On Fair Value Revaluation On Financial Assets Available-For-Sale		(2,317,483)	(6,872,565)	(2,339,271)	(6,870,825)
Foreign Currency Translation Differences		(811,354)	2,359,361	-	-
Net Changes On Cash Flow Hedging Derivatives		(158,070)	20,680	-	-
Share Of Other Comprehensive Income Of Associates		427,452	-	-	-
		(2,859,455)	(4,492,524)	(2,339,271)	(6,870,825)
Total Other Comprehensive Loss		(2,859,455)	(4,427,275)	(2,339,271)	(6,805,576)
Total Comprehensive Income		33,581,710	35,871,157	34,525,861	32,881,498
Attributable To:					
Contributors Of EPF		33,003,521	35,449,193	34,525,861	32,881,498
Non-Controlling Interests		578,189	421,964	-	-
Total Comprehensive Income		33,581,710	35,871,157	34,525,861	32,881,498

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENT OF CHANGES IN MEMBERS' FUND

for the year ended 31 December 2016

GROUP	Non-Distributable					Distributable		Total	Non-Controlling Interests	Total
	Contribution	Financial Assets Reserve Available-For-Sale	Cash Flow Hedging Reserve	Other Reserves	Foreign Exchange Reserve	Retained Profit				
	(Note 24)	(Note 25)	(Note 25)	(Note 25)	(Note 25)	(Note 26)			(Note 27)	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)		(RM'000)	(RM'000)
At 31 December 2015	652,469,572	33,311,981	(52,759)	20,428	3,067,217	4,996,070	693,812,509		2,525,009	696,337,518
Add:										
Net Profit For The Financial Year	-	-	-	-	-	35,958,493	35,958,493		482,672	36,441,165
Net Unrealised Gain On Revaluation During The Financial Year	-	14,548,882	-	-	-	-	14,548,882		-	14,548,882
Reclassification Adjustments For Gain Recognised In Statements Of Profit Or Loss	-	(16,866,365)	-	-	-	-	(16,866,365)		-	(16,866,365)
Unrealised Loss On Cash Flow Hedging Derivatives	-	-	(158,070)	-	-	-	(158,070)		-	(158,070)
Foreign Currency Translation Differences	-	-	-	-	(898,327)	-	(898,327)		86,973	(811,354)
Share Of Other Comprehensive Income Of Associates	-	3,173	-	44,794	370,941	-	418,908		8,544	427,452
Total Comprehensive Income	-	(2,314,310)	(158,070)	44,794	(527,386)	35,958,493	33,003,521		578,189	33,581,710
Share Of Capital Contributions In Joint Venture By Subsidiaries	-	-	-	1,821	-	-	1,821		-	1,821
Net Acquisition Of Non-Controlling Interests By Subsidiaries	-	-	-	-	-	(351,259)	(351,259)		487,723	136,464
Contributions Received And Adjustments During The Financial Year	61,594,291	-	-	-	-	-	61,594,291		-	61,594,291
2016 Dividend Credited To Members' Accounts - 5.70%	37,076,322	-	-	-	-	-	37,076,322		-	37,076,322
Adjustments On Dividend For Previous Year	10,259	-	-	-	-	-	10,259		-	10,259
	751,150,444	30,997,671	(210,829)	67,043	2,539,831	40,603,304	825,147,464		3,590,921	828,738,385
Less:										
Contribution Withdrawals And Refunds	(46,804,684)	-	-	-	-	-	(46,804,684)		-	(46,804,684)
2016 Dividend Credited To Members' Account - 5.70%	-	-	-	-	-	(37,076,322)	(37,076,322)		-	(37,076,322)
2016 Dividend Credited To Non-Controlling Interest	-	-	-	-	-	-	-		(478,564)	(478,564)
Dividend On Contribution Withdrawals	-	-	-	-	-	(482,158)	(482,158)		-	(482,158)
Adjustments Of Contributions With Incomplete Information (CTML) And Reject Cases To Statements Of Profit Or Loss And Retained Profit	(79,465)	-	-	-	-	-	(79,465)		-	(79,465)
Adjustments On Dividend For Previous Year	-	-	-	-	-	(10,259)	(10,259)		-	(10,259)
As At 31 December 2016	704,266,295	30,997,671	(210,829)	67,043	2,539,831	3,034,565	740,694,576		3,112,357	743,806,933

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENT OF CHANGES IN MEMBERS' FUND

for the year ended 31 December 2016

GROUP	Non-Distributable					Distributable		Total	Non-Controlling Interests	Total
	Contribution	Financial Assets Reserve Available-For-Sale	Cash Flow Hedging Reserve	Other Reserves	Foreign Exchange Reserve	Retained Profit				
	(Note 24)	(Note 25)	(Note 25)	(Note 25)	(Note 25)	(Note 26)				
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)		(Note 27) (RM'000)	(RM'000)
At 31 December 2014	598,572,279	40,184,546	(73,439)	25,133	659,309	3,646,145	643,013,973		2,751,684	645,765,657
Adjustment For Previous Year	-	-	-	(7,909)	(42)	148,462	140,511		(267,323)	(126,812)
At 31 December 2014 (Restated)	598,572,279	40,184,546	(73,439)	17,224	659,267	3,794,607	643,154,484		2,484,361	645,638,845
Add:										
Net Profit For The Financial Year	-	-	-	-	-	39,827,879	39,827,879		470,553	40,298,432
Adjustments On Employee Benefits During The Financial Year	-	-	-	-	-	65,249	65,249		-	65,249
Net Unrealised Loss On Revaluation During The Financial Year	-	(676,690)	-	-	-	-	(676,690)		-	(676,690)
Reclassification Adjustments For Gain Recognised In Statements Of Profit Or Loss	-	(6,195,875)	-	-	-	-	(6,195,875)		-	(6,195,875)
Unrealised Gain On Cash Flow Hedging Derivatives	-	-	20,680	-	-	-	20,680		-	20,680
Foreign Currency Translation Differences	-	-	-	-	2,407,950	-	2,407,950		(48,589)	2,359,361
Total Comprehensive Income	-	(6,872,565)	20,680	-	2,407,950	39,893,128	35,449,193		421,964	35,871,157
Share Of Capital Contributions In Joint Venture By Subsidiaries	-	-	-	3,204	-	-	3,204		-	3,204
Net Acquisition Of Non-Controlling Interests By Subsidiaries	-	-	-	-	-	-	-		(302,597)	(302,597)
Contributions Received And Adjustments During The Financial Year	59,977,632	-	-	-	-	-	59,977,632		-	59,977,632
2015 Dividend Credited To Members' Accounts - 6.40%	38,243,403	-	-	-	-	-	38,243,403		-	38,243,403
Adjustments On Dividend For Previous Year	6,135	-	-	-	-	-	6,135		-	6,135
	696,799,449	33,311,981	(52,759)	20,428	3,067,217	43,687,735	776,834,051		2,603,728	779,437,779
Less:										
Contribution Withdrawals And Refunds	(44,248,107)	-	-	-	-	-	(44,248,107)		-	(44,248,107)
2015 Dividend Credited To Members' Account - 6.40%	-	-	-	-	-	(38,243,403)	(38,243,403)		-	(38,243,403)
2015 Dividend Credited To Non-Controlling Interest	-	-	-	-	-	-	-		(78,719)	(78,719)
Dividend On Contribution Withdrawals	-	-	-	-	-	(442,127)	(442,127)		-	(442,127)
Adjustments Of Contributions With Incomplete Information (CTML) And Reject Cases To Statements Of Profit Or Loss And Retained Profit	(81,770)	-	-	-	-	-	(81,770)		-	(81,770)
Adjustments On Dividend For Previous Year	-	-	-	-	-	(6,135)	(6,135)		-	(6,135)
As At 31 December 2015	652,469,572	33,311,981	(52,759)	20,428	3,067,217	4,996,070	693,812,509		2,525,009	696,337,518

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENT OF CHANGES IN MEMBERS' FUND

for the year ended 31 December 2016

EPF	Note	Non-Distributable		Distributable	Total
		Contribution	Financial Assets Reserve Available-For-Sale	Retained Profit	
		(Note 24) (RM'000)	(Note 25) (RM'000)	(Note 26) (RM'000)	(RM'000)
At 1 January 2016		652,469,572	33,313,721	2,511,256	688,294,549
Add:					
Net Profit For The Financial Year		-	-	36,865,132	36,865,132
Net Unrealised Gain On Revaluation During The Financial Year		-	14,527,094	-	14,527,094
Reclassification Adjustments For Gain Recognised In Statements Of Profit Or Loss		-	(16,866,365)	-	(16,866,365)
Total Comprehensive Income		-	(2,339,271)	36,865,132	34,525,861
Contributions Received And Adjustments During The Financial Year		61,594,291	-	-	61,594,291
2016 Dividend Credited To Members' Accounts - 5.70%		37,076,322	-	-	37,076,322
Adjustments On Dividend For Previous Year		10,259	-	-	10,259
		751,150,444	30,974,450	39,376,388	821,501,282
Less:					
Contribution Withdrawals And Refunds		(46,804,684)	-	-	(46,804,684)
2016 Dividend Credited To Members' Accounts - 5.70%		-	-	(37,076,322)	(37,076,322)
Dividend On Contribution Withdrawal		-	-	(482,158)	(482,158)
Adjustments Of Contribution With Incomplete Information (CTML) And Reject Cases To Statements Of Profit Or Loss And Retained Profit		(79,465)	-	-	(79,465)
Adjustments On Dividend For Previous Year		-	-	(10,259)	(10,259)
As At 31 December 2016		704,266,295	30,974,450	1,807,649	737,048,394
At 1 January 2015		598,572,279	40,184,546	1,450,598	640,207,423
Add:					
Net Profit For The Financial Year		-	-	39,687,074	39,687,074
Net Unrealised Loss On Revaluation During The Financial Year		-	(674,950)	-	(674,950)
Reclassification Adjustments For Gain Recognised In Statements Of Profit Or Loss		-	(6,195,875)	-	(6,195,875)
Adjustments On Employee Benefits During The Financial Year	20	-	-	65,249	65,249
Total Comprehensive Income		-	(6,870,825)	39,752,323	32,881,498
Contributions Received And Adjustments During The Financial Year		59,977,632	-	-	59,977,632
2015 Dividend Credited To Members' Accounts - 6.40%		38,243,403	-	-	38,243,403
Adjustments On Dividend For Previous Year		6,135	-	-	6,135
		696,799,449	33,313,721	41,202,921	771,316,091
Less:					
Contribution Withdrawals And Refunds		(44,248,107)	-	-	(44,248,107)
2015 Dividend Credited To Members' Accounts - 6.40%		-	-	(38,243,403)	(38,243,403)
Dividend On Contribution Withdrawals		-	-	(442,127)	(442,127)
Adjustments Of Contributions With Incomplete Information (CTML) And Reject Cases To Statements Of Profit Or Loss And Retained Profit		(81,770)	-	-	(81,770)
Adjustments On Dividend For Previous Year		-	-	(6,135)	(6,135)
As At 31 December 2015		652,469,572	33,313,721	2,511,256	688,294,549

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

		GROUP		EPF	
		2016	2015	2016	2015
	Note	(RM'000)	(RM'000)	(RM'000)	(RM'000)
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Taxation And Zakat		36,638,743	40,419,661	36,865,132	39,687,074
Adjustments For:					
Share Of Results From Associates		(116,242)	(205,302)	-	-
Unrealised Gain On Foreign Currency Exchange	28	(346,855)	(2,470,256)	(1,596,069)	(2,470,223)
Net Unrealised Loss On Financial Assets At Fair Value Through Profit Or Loss	28	1,339,409	1,621,224	2,334,507	1,703,763
Net Impairment Loss On Investment Assets Held-To-Maturity	30	(1,822)	(3,133)	(1,822)	(3,133)
Net Impairment Loss On Financial Assets Available-For-Sale	30	8,135,604	3,364,740	8,135,604	3,364,740
Net Impairment Loss On Loans, Advances And Financing	30	767,956	605,318	(9,309)	(11,601)
Net Impairment Loss On Rent Receivables	30	7,361	3,186	7,361	3,186
Net Impairment Loss On Investments In Subsidiaries And Associates	31	-	-	33,325	(321,208)
(Gain)/Loss On Disposal Of Property, Plant And Equipment	32	(90)	(43)	-	8
Gain On Disposal Of Assets Held For Sale	32	(17,700)	(72,951)	(17,700)	(72,951)
Gain On Disposal Of Investment Property	32	(197,305)	(220)	-	-
Employee Benefits	20, 33	31,171	8,100	31,171	8,100
Depreciation Of Property, Plant And Equipment	4, 33	62,023	67,575	42,446	47,076
Depreciation Of Investment Properties	5, 33	585,638	587,741	23,751	34,556
Amortisation Of Intangible Assets	6, 33	16,265	18,124	2,765	4,713
Amortisation Of Prepaid Land Lease	7, 33	664	728	502	566
Impairment Loss On Receivables From Subsidiaries	30	-	-	9,590	40,537
Impairment Loss On Other Receivables	33	41,742	34,654	3,682	6
Write-Off/Net Losses	33	66	18	32	18
		46,946,628	43,979,164	45,864,968	42,015,227

The notes as set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

Note	GROUP		EPF	
	2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
<u>(Increase)/Decrease In Operating Assets:</u>				
Purchase Of Investment Assets Held-To-Maturity	(235,018,309)	(52,307,165)	(235,018,309)	(52,307,165)
Sales Of Investment Assets Held-To-Maturity	227,365,952	31,612,375	227,365,952	31,612,375
Purchase Of Financial Assets Available-For-Sale	(690,461,487)	(503,037,280)	(690,161,275)	(501,500,375)
Sales Of Financial Assets Available-For-Sale	663,136,907	449,951,188	663,136,907	449,951,188
Financial Assets At Fair Value Through Profit Or Loss	(3,192,154)	(2,444,222)	(2,489,472)	(1,764,985)
Deposits With Financial Institutions	(23,415,130)	14,013,992	(22,742,289)	13,277,143
Loans, Advances And Financing	9,623,098	11,882,047	4,698,000	6,072,929
Inventories	109,404	453	-	-
Receivables, Deposits And Prepayments	3,276,845	1,131,131	3,788,682	(982,608)
Interest Received On Loans	40,959	54,214	-	-
Tax Receivable	-	(12)	-	-
Accrued Interest/Dividend	44,815	38,684	-	-
Other Receivables	(126,577)	(73,990)	-	-
	(48,615,677)	(49,178,585)	(51,421,804)	(55,641,498)
<u>Increase/(Decrease) In Operating Liabilities:</u>				
Employee Benefits	(7,215)	(6,000)	(7,215)	(6,000)
Contribution Withdrawal Payables	142,003	(11,475)	(12,043)	(11,482)
Financial Liabilities At Fair Value Through Profit Or Loss	863,666	861,127	863,666	861,127
Deposits And Advances	2,016,910	29,359	(9,042)	29,453
Payables And Accrued Liabilities	(6,047,648)	(6,330,012)	(3,409,387)	513,155
	(3,032,284)	(5,457,001)	(2,574,021)	1,386,253
Tax And Zakat Paid	(287,652)	(299,453)	-	-
Tax Received	196	(3,564)	-	-
Net Cash From Operating Activities	(4,988,789)	(10,959,439)	(8,130,857)	(12,240,018)

The notes as set out form an integral part of, and should be read in conjunction with, these Statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

		GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Note					
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase Of Property, Plant And Equipment	4	(76,927)	(57,708)	(58,365)	(42,048)
Purchase Of Investment Properties	5	(4,113,857)	(4,197,753)	-	(3,496)
Purchase Of Intangible Assets	6	(236)	(8,434)	-	(2,473)
Property Development Costs		50,110	56,639	-	-
Proceeds From Disposal Of Property, Plant And Equipment		292	328	16	174
Proceeds From Disposal Of Investment Properties		906,847	25,023	-	-
Proceeds From Disposal Of Asset Held For Sale		69,105	254,402	69,105	254,402
Investments In Subsidiaries		(59,085,056)	(3,700,942)	(61,838,885)	(7,630,666)
Capital Return From Investment In Subsidiaries		59,343,816	5,613,751	59,293,348	4,741,859
Investment In Associates		(18,948,537)	(3,989,859)	(18,691,370)	(3,290,902)
Capital Return From Investment In Associates		18,088,640	3,434,765	18,523,443	3,434,765
Disposal Of Subsidiaries		(63,888)	(332,199)	-	-
Purchase Of Investments		(2,843,666)	(128,829)	-	-
Net Cash Used In Investing Activities		(6,673,357)	(3,030,816)	(2,702,708)	(2,538,385)
CASH FLOW FROM FINANCING ACTIVITIES					
Net Contribution		14,710,142	15,647,755	14,710,142	15,647,755
Share Capital		(2,540,341)	(1,882,841)	-	-
Proceeds From Issuance Of Shares		3,057,713	1,867,236	-	-
Other Loans		2,042,372	1,256,300	-	-
Recourse Obligations On Loans Sold To Cagamas		(347,067)	2,072,034	-	-
Dividend Paid To Ordinary Shares		(764,141)	(852,678)	-	-
Dividend Paid To Non-Controlling Interests		(482,158)	(102,711)	-	-
Dividend On Withdrawals/Dividend Adjustments		(541,711)	(785,246)	(482,158)	(442,127)
Net Cash Generated From Financing Activities		15,134,809	17,219,849	14,227,984	15,205,628
Net Increase In Cash And Cash Equivalents		3,472,663	3,229,594	3,394,419	427,225
Adjustments Of Foreign Currency Translation Differences		(169,942)	106,062	-	-
Cash And Cash Equivalents At 1 January	36	14,499,545	11,163,889	5,082,277	4,655,052
Cash And Cash Equivalents As At 31 December	36	17,802,266	14,499,545	8,476,696	5,082,277

The notes as set out form an integral part of, and should be read in conjunction with, these Statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. CORPORATE INFORMATION

The EPF was established under the EPF Ordinance 1951 in which later was amended to the EPF Act 1991 to act as the trustee of the Employees Provident Fund, which is a Defined Contribution Scheme.

The principal activities of the EPF are to receive and to collect contributions, to meet all withdrawals of savings and other benefits to members or their beneficiaries upon satisfaction of any condition for withdrawals and to invest its monies for the benefits of its members. The principal activities of the subsidiaries and associates are as stated in Notes 42 and 43 to the Financial Statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The EPF headquarters is situated in EPF Building, Jalan Raja Laut, 50350 Kuala Lumpur. As at 31 December 2016, the EPF operates 67 branches located at the main cities all over Malaysia.

The Financial Statements of the Group and the EPF for the financial year ended 31 December 2016 have been accepted and approved by the Board on 1 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Financial Statements.

2.1 Accounting Basis

a. Statement Of Compliance

The Financial Statements of the Group and EPF have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), EPF Act 1991 and the requirements of the Companies Act 1965 in Malaysia.

b. Changes In Accounting Policies

The accounting policies adopted by the Group and EPF are consistent with those adopted in previous financial year except for the adoption of new Amendments to Malaysian Financial Reporting Standards as follows:

On 1 January 2016, the Group and EPF adopted the following new and amended Accounting Standard MFRS, Amendments and Interpretation to the accounting standard effective from the financial period beginning on or after 1 January 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Accounting Basis (Cont'd.)

b. Changes In Accounting Policies (Cont'd.)

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101 Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

The amendments to MFRS 101 aim to improve the presentation and disclosure in the Financial Statements and are designed to encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their Financial Statements. The adoption of these amendments resulted in changes to other comprehensive income disclosure. Since the amendments only affect disclosures, the adoption of these amendments did not have any financial impact on the Group and EPF.

The application of other amendments and new accounting standard disclosed above have no material impact on the disclosures or the amounts recognised in the Group's Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Accounting Basis (Cont'd.)

b. Changes In Accounting Policies (Cont'd.)

The nature and impact of the new and amended MFRSs and IC Interpretation are described below: (Cont'd.)

Annual Improvements To MFRSs 2012 - 2014 Cycle

The Annual Improvements to MFRSs 2012 - 2014 Cycle include a number of amendments to various MFRSs, which are summarised below:

Standards	Descriptions
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	<p>The amendment to MFRS 5 clarifies that changing from one disposal method to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.</p> <p>The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is applied prospectively.</p>
MFRS 7 Financial Instruments: Disclosures	<p>The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.</p> <p>In addition, the amendment also clarifies that the disclosure in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.</p>
MFRS 119 Employee Benefits	<p>The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bonds rates must be used. This amendment is applied prospectively.</p>
MFRS 134 Interim Financial Reporting	<p>The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendments is applied retrospectively.</p>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Accounting Basis (Cont'd.)

c. 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 EPF's Financial Statements are disclosed below. The Group and EPF intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107: Disclosures Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses	1 January 2017
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the Financial Statements of the Group and EPF except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods or services.

The adoption of MFRS 15 is not expected to have any material impact on the Financial Statements of the Group and EPF.

MFRS 16 Leases

MFRS 16 states principles of recognition, measurement, presentation and disclosure of leases. MFRS 16 introduces a single accounting model for a lessee and required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value. Upon adoption of MFRS 16, the Group and EPF are required to account for major part of their operating leases in the balance sheet by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group and of the EPF.

The financial effects arising from the adoption of this standards are still being assessed by the Group.

MFRS 9 Financial Instruments

MASB issued the final version of MFRS 9 Financial Instruments in November 2014 in which reflects all phases of the Financial Instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

The Group is currently assessing the financial impact of adopting MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.1 Accounting Basis (Cont'd.)****d. Basis Of Measurement**

The Financial Statements of the Group and EPF have been prepared on the historical cost basis other than as disclosed in Note 2.

e. Functional And Presentation Currency

These Financial Statements are presented in Ringgit Malaysia ("RM"), which is the EPF's functional currency. All financial information is presented in ("RM") and has been rounded to the nearest thousand, unless otherwise stated.

f. Significant Accounting Judgements, Estimates And Assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

i. Impairment Of Investment In Subsidiaries, Interest In Associates And Investment In Joint Ventures

The Group and EPF assess whether there is any indication that an investment in subsidiaries and interest in associates and joint ventures may be impaired at each reporting date.

The Group determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observe changes in the economic environment.

ii. Impairment Of Investment Assets Held-To-Maturity And Financial Assets Available-For-Sale

The Group and EPF review their Investment Assets Held-To-Maturity and Financial Assets Available-For-Sale at each reporting date to assess whether there are any objective evidence that these investments are impaired. If there are indicators or objective evidence, these investments are subject to impairment review. In carrying out the impairment review, the following Group and EPF's judgements are required. Determination whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.

iii. Impairment Loss On Loans, Advance And Financing

The Group and EPF review their Loans, Advances and Financing individually at each reporting date to assess whether an impairment loss should be recorded in the Statements of Profit or Loss. The judgment required include considerations of factors such as credit quality, level of arrears, credit utilisation, loans to collateral ratios, the value of collateral, etc.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Accounting Basis (Cont'd.)

f. Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

Judgements (Cont'd.)

iv. Recognition Of Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and extent of future taxable profits, together with future tax planning strategies.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Consolidated Financial Statements were prepared by the Group based on assumptions and estimates on available parameter. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Impairment Of Investment In Subsidiaries, Investment In Associates And Investment In Joint Ventures

Should indicators exist, these assets are subject to impairment review. The impairment review comprises a comparison between the carrying amount of the investment and the investment's estimated recoverable amounts.

Depending on their nature and the location in which the investments relate to, the Group and EPF will select suitable valuation technique such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions. Once a suitable valuation technique is selected, the Group and EPF will make certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other uncertain key sources of estimation at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investments, assumptions made by the Group and EPF may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purpose of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trend. Due to high sensitivity to changes in assumptions, the Group and EPF believe that no reasonably expected possible changes in the key assumptions described above would cause the carrying amount of the investments to materially exceed their recoverable amounts.

ii. Impairment Of Investment Assets Held-To-Maturity And Financial Assets Available-For-Sale

Impairment Of Investment Assets Held-To-Maturity

In estimating the impairment loss on Financial Assets Held-To-Maturity, the Group and EPF assess whether objective evidence of impairment exist as a result of one or more events that occurred and that loss event has an impact on the estimated future cash flows of the financial investments.

When there is objective evidence of impairment, an impairment loss is recognised as the difference between the acquisition cost and the present value of the estimated future cash flows, less any impairment loss previously recognised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.1 Accounting Basis (Cont'd.)****f. Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)****Estimates and Assumptions (Cont'd.)****ii. Impairment Of Investment Assets Held-To-Maturity And Financial Assets Available-For-Sale (Cont'd.)****Impairment Of Financial Assets Available-For-Sale****Impairment Of Debt Securities**

A debt security is impaired if there is an indication that a loss event has occurred since the initial recognition. This normally has a negative impact on the estimated future cash flows in relation to the repayment of the securities.

Impairment Of Equity Securities

For equity investment, impairment is not identified based on analysis of projected cash flows similar to debt instrument above. It rises due to establishment of significant decline in fair value of the securities below original cost or prolonged decline in fair value of the securities below original cost.

iii. Impairment Of Financial Assets In Loans, Advances And Financing

In estimating the impairment loss on loans, advances and financing, the Group and EPF are required to estimate the amount and timing of future cash flows. In estimating these cash flows, the Group and EPF make judgement about the borrower's or the customer's financial situation and the net realisable value of collateral.

iv. Valuation Of Investment Properties

The measurement of the fair value for Investment Properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent valuers who hold a recognised and relevant professional qualification and recent experience in the locations and category of properties being valued.

v. Deferred Tax And Income Taxes

The Group and EPF is subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until sometime later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Accounting Basis (Cont'd.)

f. Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

Estimates and Assumptions (Cont'd.)

vi. Post-Retirement Medical Benefit Obligations

The present value of Post-Retirement Medical Benefit Obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. The assumptions used in determining the net cost for post-retirement medical include the discount rate and the expected medical cost rate. Any changes in these assumptions will impact the carrying amount of Post-Retirement Medical Benefit Obligation.

The Group determines appropriate discount rate at every three years when the actuarial valuation is performed. The recent actuarial valuation done in year 2015. This interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the Post-Retirement Medical Benefit Obligation.

In determining appropriate discount rate, the Group considers the interest rates of high quality Corporate Bonds that are denominated in the currency in which the benefits will be paid, and that have term to maturity approximating the terms of the related liability.

The medical cost rate is based on the average historical cost incurred by the EPF.

vii. Post-Retirement Gratuity Benefit Obligation

The present value of Post-Retirement Gratuity Benefit Obligation depends on a number of factors that are determined on actuarial basis using a number of assumptions. The assumptions used in determining total amount of gratuities include the discount rate, expected annual salary increment and salary revision rate. Any changes in these assumptions will impact the carrying amount of Post-Retirement Gratuity Benefit Obligation.

The Group determines appropriate discount rate at every three years when the actuarial valuation is performed. The recent actuarial valuation done in year 2015. This interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the Post-Retirement Gratuity Benefit Obligation.

In determining appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have term to maturity approximating the terms of the related liability.

Annual salary increment rate is based on the average of previous year salary increment incurred by the EPF.

2.2 Basis Of Consolidation

The Consolidated Financial Statements comprise of the Financial Statements of the EPF and its subsidiaries which have been prepared as at the financial year end. The Financial Statements of the subsidiaries are prepared for the same reporting date as the EPF, using consistent accounting policies for transaction and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the EPF obtains control and continue to be consolidated until the date such control effectively ceased. All intra group balances, income and expenses and unrealised gain and losses resulting from intra group transactions are eliminated in full.

Unrealised gains arising from intra-group transactions and joint ventures are eliminated to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Investment In Subsidiaries

Subsidiaries are all entities (inclusive those incorporated for special purpose) of which the Group has the power to control. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of the subsidiaries are included in the Consolidated Financial Statements from the date the control is transferred to the Group until the date that control ceases.

The quoted and unquoted investment in subsidiaries are stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.15.

Purchase method is used in accounting for the consolidation of subsidiaries. Under the purchase method, subsidiaries are consolidated from the date of which control is transferred to the Group and are de-consolidated from the date that control ceases. Acquisition cost is measured at fair value of the assets received, equity instruments issued and the existing outstanding liabilities or assumed at the date of exchange.

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any Non-Controlling Interest. The excess of acquisition cost over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill as per Note 2.10(b). If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statements of Profit or Loss.

Non-Controlling Interests represents the minority portion of the profit or loss and net assets of a subsidiary attributable to the equity interests that are not owned directly or indirectly by the parent.

Non-Controlling Interests is measured in respect of its minority share of the subsidiaries identifiable assets and liabilities at fair value as at the acquisition date and the minority share on changes in equity of the subsidiaries from this date.

Intragroup transactions, balances and unrealised gains on transactions between companies of the Group are eliminated. Unrealised losses are also eliminated but is considered as impairment indicator on the assets transferred.

Gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any foreign exchange differences that relate to the subsidiary is recognised in the Consolidated Statements of Profit or Loss.

Upon the loss of control, joint control or significant influence by the Group, such remaining interest in the Group is derecognised at fair value and the differences to the carrying amount is recognised in the Statements of Profit or Loss. This fair value is the initial fair value as financial assets in accordance with MFRS 139. Any amount which has been recognised in the past in the Statements of Comprehensive Income with regard to the particular entity will be treated as if the Group has disposed its assets or liabilities directly. Due to this, it will be accounted as investment based on equity or financial assets available-for-sale depending on the quantum of interest retained.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Investment In Associates

Associates are entities in which Group has significant influence in the financial and operating policy decisions. Significant influence is the power to participate in the financial and operation of the associates but not in control or joint control over those policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence over another entity.

Investment in associates is accounted for using the equity method of accounting and are initially stated at cost. The Group's investment in associates includes Goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of profits or losses in associates, are shown in the Consolidated Statements of Profit or Loss and the Group's interest in associates are stated at cost with adjustments to show changes of the Group's share of net assets in associates.

The quoted and unquoted investment in associates are stated at cost and thereafter adjusted to its recoverable value which take into consideration the impairment loss in the said year, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.15.

2.5 Investment In Joint Ventures

Joint Arrangement under is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure and legal form. There are two types of joint arrangements:

i. Joint Operations

Joint operations arise when the joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses.

ii. Joint Ventures

Joint ventures arise when the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportionate consolidation of joint ventures is no longer allowed.

Investment in Joint Ventures is stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. Policy for the recognition and measurement of impairment loss is in accordance with Note 2.15.

2.6 Foreign Currency

i. Foreign Currency Transactions And Balances

Transactions in foreign currencies are measured in the respective functional currencies of 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 retranslated at the closing 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 actual exchange rates as at the date of the initial transaction. 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 from the settlement of monetary items or on translating monetary items at the reporting date are recognised in the Statements of 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 the Statements of Financial Position. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the Statements of Profit or Loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in the Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.6 Foreign Currency (Cont'd.)****ii. Foreign Operations**

The results and financial position of foreign operations that have functional currency different from the presentation currency of Ringgit Malaysia (RM) of the Consolidated Financial Statements are translated into RM as follows:

- i. Assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- ii. Income and expenses for each Statements of Profit or Loss are translated at the average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- iii. All resulting exchange differences are taken directly to Statements of Profit or Loss and Other Comprehensive Income through the Foreign Currency Reserve.

2.7 Financial Instruments**i. Initial Recognition And Measurement**

A financial asset or financial liability is recognised in the Statements of Financial Position when, and only when, the Group or EPF becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through Statements of Profit or Loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii. Financial Instruments Categories And Subsequent Measurements

The Group and EPF categorise financial instruments as follows:

Financial Assets

The classification of financial assets based on MFRS 139 depends on the intention of each financial assets is invested by the Group and EPF. Group and EPF determines the classification of financial assets at initial recognition. Financial assets besides from the category of Loans, Advances and Financing and Deposits with Financial Institution are shown separately in the Statements of Financial Position.

Recognition and initial measurement of the financial assets are as follows:

- i. Purchase and sales of financial assets are recognised on the trade date, the date of which the Group and EPF commits to purchase or sell the assets.
- ii. Financial assets are initially recognised at fair value plus related transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Financial Instruments (Cont'd.)

ii. Financial Instruments Categories And Subsequent Measurements (Cont'd.)

Financial Assets (Cont'd.)

The accounting policies in respect of investment financial assets are as follows:

a. Investment Assets Held-To-Maturity

Investment Assets Held-To-Maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that Group and EPF have the positive intention and ability to hold these investment assets to maturity. If the instruments of investment assets to be sold at insignificant amount, the whole category of this financial assets would be tainted and reclassified as Financial Assets Available-For-Sale.

Investment instruments which have been classified as Investment Assets Held-To-Maturity are Fixed Income Investment Instruments such as Malaysian Government Securities, Government Investment Issues, Bonds and Private Debt Securities.

Financial assets categorised as held to maturity investments are subsequently measured at amortised cost using the effective interest method.

b. Financial Assets Available-For-Sale

Financial Assets Available-For-Sale are non-derivative financial assets in which the Group has designated to classify investment instrument in this category upon initial recognition which the financial asset is or not classified in any of the other categories of the financial assets under MFRS 139.

Investment instruments which have been classified as Financial Assets Available-For-Sale are domestic and global equity investment instruments that include Quoted and Unquoted Equities regardless whether they are managed internally or through External Fund Managers and domestic as well as global fixed income investment instruments.

Financial Assets Available-For-Sale are subsequently measured at fair value. Changes in the fair value as well as changes in foreign currency exchange rates for the global investment instruments are recognised in the Financial Assets Available-For-Sale Reserve except for impairment loss.

However, the foreign exchange gain or losses arising upon revaluation of global fixed income investment instruments are recognised in the Statements of Profit or Loss.

c. Financial Assets At Fair Value Through Profit Or Loss

Financial Assets at Fair Value Through Profit or Loss are financial assets held for trading. A financial asset is classified in this category if it is acquired for trading purposes or repurchasing in the near term. Derivative financial assets are also classified as Financial Assets at Fair Value Through Profit or Loss.

Investment instruments which have been classified as Financial Assets At Fair Value Through Profit or Loss are Fixed Income Investment Instruments designated as trading portfolio and derivative instruments which are purchased directly or embedded in the contracts that the EPF has entered into as at the Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.7 Financial Instruments (Cont'd.)****ii. Financial Instruments Categories And Subsequent Measurements (Cont'd.)****Financial Assets (Cont'd.)**

The accounting policies in respect of investment financial assets are as follows: (Cont'd.)

d. Loans, Advances And Financing

Loans, Advances and Financing are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans, Advances and Financing are recognised on the trade date in which the Group commits to give out loans plus related transaction costs, if any. The subsequent measurement of this financial asset is at amortised cost using the effective yield method.

Included in Loans, Advances and Financing are Staff Loans financial assets and Capital Advances to subsidiaries.

Staff Loans

There is no significant impact to state Staff Loan at fair value in the subsequent measurement. There are three (3) types of loan schemes offered to the EPF's staffs at the interest rate approved by the Board based on the terms and conditions of service as follows:

- i. Housing Loan Scheme;
- ii. Vehicle Loan Scheme; and
- iii. Personal Loan Scheme.

The fund used to finance staff loans for the abovementioned three schemes is subject to the limit approved by the Board.

e. Receivables

Receivable are carried at invoice amount less allowance for impairment loss. There is no significant impact to state Receivable at fair value in the subsequent measurement. Allowance for impairment loss is made when there is a objective evidence that the Group will not be able to collect all amount due according to the original terms of Receivables as disclosed in Note 2.15.

All financial assets, except for those measured at fair value through Profit or Loss, are subject to review for impairment as per Note 2.15.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract) contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have quoted price in an active market for identical instrument whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at fair values with the gain or loss recognised in the Statements of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Financial Instruments (Cont'd.)

ii. Financial Instruments Categories And Subsequent Measurements (Cont'd.)

Financial Liabilities (Cont'd.)

i. Hedge Instruments

Fair Value Hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in the Statements of Profit or Loss.

Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss.

The effective portion of gain or losses on derivatives used to manage cash flow interest rate risk are recognised in the Statements of Other Comprehensive Income and accumulated for in the cash flow hedge reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in Statement of Other Comprehensive Income are frozen and reclassified from the cash flow hedging reserves to the statements of profit or loss using the effective interest method. The ineffective portion of gain and losses on derivatives used to manage cash flow interest rate risk are recognised in the Statements of Profit or Loss.

ii. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in the Statement of Financial Position is recognised in the Statements of Profit or Loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statements of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.8 Property, Plant And Equipment And Depreciation**

Property, Plant and Equipment are stated at cost after deducting of accumulated depreciation and accumulated impairment loss. Costs include expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statements of Profit or Loss during the financial year in which they are incurred.

Freehold Land and Work-In-Progress are not depreciated. All other Property, Plant and Equipment are depreciated using straight line method based on the following estimated useful life:

Buildings	30 years - 50 years
Building, Plant And Machinery	5 years - 10 years
Office/Building Renovation	5 years - 10 years
Furniture, Fixtures And Fittings	5 years
Motor Vehicles	5 years
Office Equipment	5 years
Computer Software And Hardware	3 years - 5 years

Furniture, Fixtures and Fittings and Office Equipment which costs below RM1,000 per unit is fully depreciated in the year of acquisition.

Office/Building Renovation valued at RM100,000 and above is capitalised. For renovation of which the project cost is less than RM100,000, such renovation cost is charged to current year expenses.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each Statements of Financial Position date. At each Statements of Financial Position date, the Group assesses whether there is any indication of impairment. Valuation on properties is made once every five (5) years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment loss is recognised if the carrying amount exceeds the recoverable amount as disclosed in Note 2.15.

The depreciation on the purchase of completed building of which the cost of land and building could not be specifically identified at the acquisition stage will follow the depreciation method based on estimated useful life of a building which is 30 to 50 years.

Upon the disposal of Property, Plant and Equipment, the difference between net disposal proceeds and carrying amount is recognised in the Statements of Profit or Loss. If changes occurred on the intention of utilisation of owned used property to investment property, such property will be revalued based on fair value and thereafter reclassified as Investment Property.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Investment Properties

Investment Properties comprise Land and Buildings, are held for long term rental yields or for capital appreciation or both, and are not fully or insignificantly occupied by the Group. Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses. Investment Properties are depreciated on a straight line basis to write-off the cost of the assets to their residual values over their estimated useful life of 40 to 50 years. On disposal of an Investment Property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be eliminated from the Statements of Financial Position.

The difference between the net disposal proceeds and the carrying amount is recognised in the Statements of Profit or Loss in the period of the retirement or disposal.

The depreciation rate for building which has been classified as Investment Property is at useful life 30 - 50 years as stated in Note 2.8. At each date of Statements of Financial Position, the Group assesses whether there is any indication of impairment. Revaluation on Investment Properties is made once every five (5) years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment loss is recognised if the carrying amount exceeds the recoverable amount as disclosed in Note 2.15.

2.10 Intangible Assets

a. Licence And Information Technology Software

The expenditure arising from the specific Licence and Information Technology software is measured at cost. After initial recognition, the Intangible Asset's are measured at cost after deduction of accumulated amortisation and accumulated impairment loss. Intangible Assets are amortised on a straight line basis over the estimated economic useful life for five (5) years and assessed for impairment whenever there is an indication that the Intangible Assets may be impaired.

b. Goodwill

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 the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the Statements of Profit or Loss. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment loss on Goodwill will not be written back. Policy associated with recognition and measurement of impairment loss is in accordance with Note 2.15.

2.11 Prepaid Land Lease

Prepaid Land Lease is stated at cost less any accumulated amortisation and accumulated impairment loss. Prepaid Land Lease is amortised on straight line basis to write off the cost of the assets to its residual value over the lease period.

The difference between the net disposal proceeds and the carrying amount is recognised in the Statements of Profit or Loss in the period of disposal. At each date of Statements of Financial Position, the Group assesses whether there is any indication of impairment. Revaluation on Prepaid Land Lease is made once every five (5) years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment loss is provided if the carrying amount exceeds the recoverable amount as disclosed in Note 2.15.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.12 Assets Held For Sale

Non-current assets or disposal of Group comprising assets and liabilities are classified as Assets Held For Sale, are measured at the lower of their carrying amount and fair value less costs of sale, thereafter, if their carrying amounts are expected to be recovered primarily through sale rather than continuing use.

Once classified as an assets held for sale non-current assets are not amortised or depreciated. Such assets will no longer be recognised upon disposal and the differences between net sale proceeds and the carrying amount is recognised as realised gain or losses in the period in which the assets being disposed.

Assets which no longer classified as non-current assets held for sale are measured at the lower of their carrying amount before being reclassified as non-current assets held for sale, adjusted for depreciation or revaluation that may have been recognised should such assets are not reclassified as non-current assets held for sale and the recoverable amount at the date when decision not to sell is made.

2.13 Property Development Costs

Property Development Costs comprise of all costs that are directly attributable to development activities or that can be allocated on reasonable basis to such activities. Property Development Costs of the Group are stated at the cost or net realisable value which ever is lower.

2.14 Cash And Cash Equivalent

Cash and Cash Equivalents consist of cash in hand, balances with banks (including those managed by External Fund Managers), deposits with financial institutions and highly liquid investment which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and EPF in the management of their short term commitments.

2.15 Impairment

Non-Financial Assets

Non-financial assets that have indefinite useful life are not subject to amortisation and are assessed annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recovered.

Impairment loss is recognised when the carrying amount of non-financial assets exceed its recoverable amount. The recoverable amount is the higher of fair value of non-financial assets less costs to sell or value in use.

For the purposes of assessing impairment, non-financial assets are grouped at the lowest level for which cash flows (cash-generating units) can be separately identified. Non-financial assets other than Goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting year.

Impairment loss is charged to the Statements of Profit or Loss. In respect of other non-financial assets, any subsequent increase in the recoverable amount is recognised in the Statements of Profit or Loss except for the reversal of an impairment loss on a revalued non-financial assets in which it is accounted for in the Revaluation Surplus Account.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Impairment (Cont'd.)

Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss) assessed at each reporting date for any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial assets is estimated.

The accounting policies in relation to recognition of impairment loss on financial assets during subsequent measurement are as follows:

i. Investment Assets Held-To-Maturity

The Group assesses whether there is any objective evidence that Investment Assets Held-To-Maturity are impaired on specific interval basis. This financial asset is considered impaired when there is an objective evidence resulting from several triggers that occurred after the initial recognition of the financial asset is made which has an impact to the estimated future cash flows of the financial assets that can be reasonably estimated.

The criteria used by the Group to determine whether there is an objective evidence of impairment has occurred for Investment Assets Held-To-Maturity include the following triggers:

- a. Decline in investment grade rating below the acceptable investment grade as at the Statements of Financial Position date;
- b. Default in paying principal/interest according to the repayment schedule;
- c. Cease business operations/bankruptcy (upon filing of the case);
- d. Winding up order on business operations;
- e. Company invested has been classified as PN17;
- f. Material fraud with publicised news/upon appointment of financial advisor; and
- g. Company invested received a Qualified Audit Certificate.

The amount of impairment loss is measured as the difference between the carrying amount of the Investment Assets Held-To-Maturity and the present value of estimated future cash flows discounted at the financial asset's original effective yield method. The carrying value of the Investment Assets Held-To-Maturity is reduced and the amount of the impairment loss is recognised in the Statements of Profit or Loss.

If the revaluation made in the subsequent period reveals that the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of impairment loss is recognised in the Statements of Profit or Loss.

When the Investment Assets Held-To-Maturity is uncollectable, it is written off against the allowance for impairment loss account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.15 Impairment (Cont'd.)****Financial Assets (Cont'd.)****ii. Financial Assets Available-For-Sale**

The Group assesses whether there is an objective evidence that Financial Assets Available-For-Sale are impaired on specific interval basis. The assessment method used by the Group depends on the type of investment instrument which has been classified as Financial Assets Available-For-Sale as follows:

a. Equity Investment Instruments

Impairment loss is recognised when there is significant or prolonged decline in the fair value as compared to the original cost as at the Statements of Financial Position date. If any such evidence exists, the cumulative unrealised loss that had been recognised directly in the Financial Assets Available-For-Sale Reserves is removed and the impairment loss is recognised in the Statements of Profit or Loss. The amount of impairment loss recognised in the Statements of Profit or Loss is the difference between the acquisition cost and the current fair value less any impairment loss that has been previously recognised in the Statements of Profit or Loss. Any impairment loss recognised in the Statements of Profit or Loss in the previous period with regard to equity investment instruments classified as Financial Assets Available-For-Sale are not reversed through the Statements of Profit or Loss in the current period.

b. Fixed Income Investment Instruments

Impairment loss assessment on the Fixed Income Investment instruments classified as Financial Assets Available-For-Sale is consistent with the method used for financial assets classified as Investment Assets Held-To-Maturity. The consistent criteria was also used by the EPF to determine whether there is an objective evidence of impairment loss that has occurred as per the following triggers:

- i. Decline in investment grade rating below the acceptable investment grade as at the Statements of Financial Position date;
- ii. Default in paying principal/interest according to the repayment schedule;
- iii. Cease of business operations/bankruptcy (upon filing of the case);
- iv. Company invested has been classified as PN17;
- v. Material fraud with publicised news/upon appointment of financial advisor; and
- vi. Company invested received a Qualified Audit Certificate.

The amount of impairment loss for Fixed Income Investment Instrument which has been classified as Financial Assets Available-For-Sale is measured as the difference between the carrying amount as at the Statements of Financial Position Date and the present value of estimated future cash flows discounted at the financial asset's original effective yield method. The carrying amount of this financial asset is reduced and the amount of the impairment loss is recognised in the Statements of Profit or Loss. If the revaluation made in the subsequent period reveals that the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the impairment loss is recognised in the Statements of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Impairment (Cont'd.)

Financial Assets (Cont'd.)

iii. Loans, Advances And Financing

The Group and EPF has assessed whether there is an objective evidence that Loans, Advances and Financing are impaired on specific interval basis. This financial assets is considered impaired when there is an objective evidence resulting from several triggers that occurred after the initial recognition of the financial assets is made which has an impact to the estimated future cash flows of the financial assets that can be reasonably estimated.

The criteria used by the Group to determine whether there is an objective evidence of impairment loss has occurred for Loans, Advances and Financing include the following triggers:

- a. Decline in investment grade rating below the acceptable investment grade as at the Statements of Financial Position date;
- b. Default in paying principal/interest according to the repayment schedule;
- c. Borrower ceased business operations/bankruptcy (upon filing of the case);
- d. Borrower received winding up order on business operations;
- e. Material fraud with publicised news/upon appointment of financial advisor; and
- f. Borrower received a Qualified Audit Certificate.

The amount of impairment loss is measured as the difference between the carrying amount of the Loans, Advances and Financing and the present value of estimated future cash flows discounted at the financial asset's original effective yield method. The carrying amount of the Loans, Advances and Financing is reduced through the use of an allowance account and the amount of the impairment loss is recognised in the Statements of Profit or Loss.

If the revaluation made in the subsequent period reveals that the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Statements of Profit or Loss.

When the Loans, Advances and Financing is uncollectable, it is written off against the allowance for impairment loss account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Allowance for impairment loss on Staff Loan is made when there is an objective evidence that the Group is unable to collect all outstanding debts pursuant to the term and conditions of Staff Loan in accordance to impairment policy.

iv. Receivables

Impairment loss on receivables is recognised when there is an objective evidence that the Group is unable to collect all outstanding debts pursuant to the approved procedures.

If the revaluation made in the subsequent period reveals that the amount of impairment loss decrease and the decrease can be related objectively, the impairment loss on receivables is write back in the Statements of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.16 Inventories

Inventories of the Group comprise completed properties and hotel inventories which are measured at the lower of cost and net realisable value.

The cost of inventories of completed properties is determined on specific identification basis. The cost include costs associated with the acquisition of land, direct cost and appropriate development overheads.

The cost of hotel inventories is calculated using the first-in first-out method and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location.

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

2.17 Taxation And Zakat

a. Taxation

The EPF is exempted from income tax on its income under paragraph 20 - Schedule 6, Part 1, Income Tax Act, 1967.

Income tax of the subsidiaries on the profit or loss for the year comprises of current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the Statements of Financial Position date.

Deferred tax is provided for, using the liability method, on the temporary differences between the tax bases of assets and liabilities and their carrying amounts at the Statements of Financial Position date. Principally, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against of which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the Statements of Financial Position date. Deferred tax is recognised in the Statements of Profit or Loss, except when it arises from a transaction which is recognised directly in the Statement of Financial Position, in which case the deferred tax is also charged or credited directly in the Statement of Financial Position, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting Goodwill or Negative Goodwill.

b. Zakat

This represent business zakat payable by a subsidiary in compliance with Shariah principles and as approved by the Shariah Advisory Committee. The zakat is computed based on working capital method at a rate of 2.5%.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.18 Employee Benefits

a. Short Term Benefits

Wages, salaries, bonuses, social security contributions and gratuity paid to contract staff are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees whereas short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

b. Defined Contribution Plans

Contribution is made to the EPF for employees who have elected to receive the EPF benefits.

c. Long Term Benefits

Gain or loss on the actuarial valuation is fully recognised in Other Comprehensive Income in the financial period which they occur.

Payment of long term benefits after retirement and/or after the expiry of the contract, is recognised as an accrual basis in the current year of Statements of Profit or Loss as employee benefits expenses, whereas in the Statements of Financial Position, such amount is recognised as liability known as Employee Benefits. Types of long term benefits which will be recognised as an accrual basis are as follows:

- i. Post-retirement medical benefit;
- ii. Gratuity to retirees; and
- iii. Cash award in lieu of annual leave (inclusive of the employer share on contributions for such payments).

The computation of post-retirement medical benefits and gratuity liability to retirees are determined by an actuarial valuation is made once every three (3) years.

The computation of gratuity liability to contract staffs and cash award in lieu of annual leave to retiree is based on actual information available at the Statements of Financial Position date and the eligibility is based on the term and condition of service. The current salary rate is used to compute these liabilities.

d. Termination Benefits

Termination benefits are payable whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises Termination Benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the intention to withdraw the plan.

e. Equity Compensation Benefits

The Share Option Scheme (ESOS) allows the staffs (including executive directors) other than employees in subsidiaries which are dormant, to acquire ordinary shares of the subsidiary. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**2.19 Loans And Overdraft**

Loans are initially recognised at fair value less transaction costs. Subsequently, loans are stated at amortised cost using the effective interest method. The difference between collectable amount (less transaction costs) and redeemable value is recognised in the Statements of Profit or Loss across the tenure of the loans. Interest, dividend, losses and gains relating to the financial instruments or its component, classified as liability is reported as an investment expenses in the Statements of Profit or Loss.

Loans are classified as current liabilities except if the Group has unconditional rights to postpone the settlement of the liabilities to the minimum of 12 months after the date of Statements of Financial Position.

Fees incurred in obtaining the loan facility are recognised as transaction costs to the extent of partial or entire loan facility that may have been granted.

2.20 Provision For Liabilities

Provision For Liabilities are recognised when the Group has present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each Statements of Financial Position date and adjusted to reflect the current best estimation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expected expenditure to be required to settle the obligation.

2.21 Liability On Invocation Cost Under Section 50(3)

Liability On Invocation Cost Under Section 50(3), EPF Act, 1991 is for the purpose of financing employee share of contribution as well as dividend attributable on the said contribution for deduction that has been made on the employee salary should the employer fails to pay the share of such contributions, is disclosed as Statutory Charges in the EPF's Statements of Profit or Loss and under Payables And Accrued Liabilities in the Statements of Financial Position.

2.22 Contingent Assets And Liabilities

Contingent Asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence of one (1) or more uncertain future events beyond the control of the Group. The Group does not recognise Contingent Assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

The Group does not recognise Contingent Liability but discloses its existence in the Financial Statements. Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of one (1) or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that outflow of resources will be required to settle the obligation.

Contingent Liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

2.23 Members' Contribution Account

Contributions are credited to members' account following the contribution month based on cash received basis except for cases of which crediting is based on Invocation of Section 50(3), EPF Act, 1991 is in accordance with Note 2.21.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Dividend Credited/Paid To Members

Annual dividend is calculated on the opening balance as at 1 January (less withdrawals) and plus contribution following contribution month and credited to the members' account at the end of the financial year. Dividend on withdrawals is calculated from the beginning of the year in which the withdrawal is made until the date the contribution account is debited. Income received in the current year is distributed to EPF members to the maximum after taking into account all expenditures incurred, based on the EPF accounting policies approved by the Board.

2.25 Financial Assets Available-For-Sale Reserve

Financial Assets Available-For-Sale Reserve has been established to account for the movement in change of fair value of financial asset which is classified as Financial Assets Available-For-Sale. The Financial Assets Available-For-Sale Reserve account is credited when there is a positive change in the fair value of Financial Assets Available-For-Sale. On the contrary, this reserve account is debited when there is a negative change in the fair value of Financial Assets Available-For-Sale or when there is a disposal of Financial Assets Available-For-Sale. When impairment loss occurred to any item classified as Financial Assets Available-For-Sale, the whole balance which exists in the Financial Assets Available-For-Sale Reserve of the related items will be recycled where the impairment loss is recognised in full in the Statements of Profit or Loss.

2.26 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities. Revenue is recognised as net value after tax, refunds, rebates and discounts and after eliminating sales within intra-Group.

Revenue is recognised when the amount can be measured reliably, and when it is probable that future economic benefits will flow into the entity and specific criteria have been met for each of the Group's activities as described below.

The amount can only be measured reliably after taking into all considerations with regards sales. Estimation is done as the basis of past events, customer classifications, types and specifications of transactions.

i. Interest, Financing And Profit Income And Expenditure

Interest on income and expenses for all financial instruments are measured at amortised cost and for financial assets that generate income are classified as Financial Assets Available-For-Sale and Financial Assets At Fair Value Through Profit or Loss is recognised as interest income and interest expenditure in Statements of Profit or Loss using the effective interest rate.

Interest income on granting of loans and financing are recognised on accrual basis. When an account is classified as non-performing, the interest is suspended with retrospective adjustments made to the date of first default until it is realised on cash basis. Customer account is classified as non-performing where repayments are in arrears for six (6) months or more.

Loan arrangement fees and commissions are recognised as income based on contractual arrangements.

ii. Dividend Income

Dividend Income is recognised in Statements of Profit or Loss on accrual basis when the Group's right to receive the dividend is established. Dividend from quoted equity the recognition is on the ex-dividend date.

iii. Capital Gain

Capital Gain arising from sales of investment instruments is also recognised on accrual basis and takes into account the effects of foreign currency exchange for the global investment instruments. Capital Gain is recognised when the risks and rewards of ownership of the investment instruments have been significantly transferred to the buyers.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.26 Revenue Recognition (Cont'd.)

iv. Rental Income

Rental Income from investment property is recognised on accrual basis.

v. Recognition Of Income On Sale Of Properties

Revenue from sale of completed properties is recognised upon transfer of significant risks and rewards of ownership to the buyer.

vi. Interest And Dividend On Contributions Paid Late

Interest And Dividend On Contributions Paid Late are accounted in the Statements of Profit or Loss on cash received basis.

2.27 Leases

a. Leases - Where The Group Is A Lessee (Operating Lease)

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating lease (net of any incentives received from the lessor) are charged to the Statements of Profit or Loss on a straight line basis over the period of the lease.

Up front payments made for leasehold land represent prepaid lease rentals and are amortised on straight line basis over the lease term.

Where an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognised as expenses in the period when termination takes place.

b. Leases - Where The Group Is A Lessor (Operating Lease)

When assets are leased out under operating lease, the assets are included in the Statements of Financial Position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight line basis.

2.28 Financial Risk Management Objectives And Policies

The EPF's overall Financial Risk Management Policy is to optimise value creation for members while minimising the potential adverse impact arising from fluctuation of the interest rates and the unpredictability of the financial markets.

The EPF is required to ensure that its investment activities are balanced between the targeted annual dividend and various financial risks.

The EPF's overall risk management framework seeks to minimise potential adverse effects on its financial performance. The EPF investments based on broad asset allocation strategy which determines the long term and strategically optimal allocation of funds across asset classes. The Strategic Asset Allocation or SAA is typically based on the risk/return profile of a benchmark for each asset class. Varying the potential asset allocations will result in different magnitudes of risk. Based on the returns and risks for each potential asset allocation, the Investment Panel will be able to adjust the allocations until the strategically optimal allocation for the EPF is achieved.

The SAA is the highest level of investment decision-making and is the most important step in the investment process as it determines the majority of the risk of its investments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.28 Financial Risk Management Objectives and Policies (Cont'd.)

The SAA decision is subject to the EPF's Risk Appetite Statements as follows:

- i. The EPF will not tolerate a greater than 10% chance of the dividend falling below 2.50% in any year over the next 10 years.
- ii. The EPF will not tolerate a greater than one third chance of the annualised dividend falling below inflation +2% over any rolling three (3) years period.
- iii. The EPF will not tolerate a greater than 10% chance of there being a negative value of Financial Assets Available-For-Sale at the end of any year that is greater than 5% of the book value of assets.

Another decision in the investment process is the Tactical Asset Allocation (TAA), would allow the EPF to vary each asset class allocation from the strategic allocation determined in the SAA and prevent excessive deviation from the SAA.

In order for the EPF to achieve its mission, it has to manage the various risks posed by ever changing business environment. These risks include operational risk and financial risk.

2.28.1 Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed of internal processes, people or systems, or from external events.

Operational Risk Management (ORM) is used to support and enhance its activities in all operational areas. ORM is an integral part of the EPF's decision making process and corporate culture.

The Corporate Risk Scorecard (CRS) methodology, a risk management approach consistent with the MS ISO 31000:2010 Risk Management - Principles and Guidelines, has been adopted in the implementation of operational risk management in the EPF. One of the key elements in the CRS methodology is the Risk And Control Self-Assessment (RCSA) module which allows the EPF staff to self-assess and update their risk profiles.

2.28.2 Financial Risk

Financial Risks are risks associated with various changes in economic aspects which give impact to the EPF financial stability. There are three (3) types of financial risks faced by the EPF as follows:

- i. Market Risk (which comprises of price risk, interest rate risk and foreign currency exchange risk);
- ii. Liquidity Risk; and
- iii. Credit Risks.

Detailed policies pertaining to each type of financial risks as listed above are disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

3. DEFERRED TAX

	Note	GROUP	
		2016 (RM'000)	2015 (RM'000)
At 1 January		(510,031)	29,445
Adjustments As At 1 January		-	(371,256)
Amount Recognised In The Statements Of Profit Or Loss	35	168,348	(168,220)
As At 31 December		(341,683)	(510,031)
After Appropriate Offsetting As Follows:			
Deferred Tax Assets		(379,307)	(532,585)
Deferred Tax Liabilities		37,624	22,554
		(341,683)	(510,031)
Deferred Tax Assets:			
- Settled Within 12 Months		-	-
- Settled More Than 12 Months		(379,307)	(532,585)
		(379,307)	(532,585)
Deferred Tax Liabilities:			
- Settled Within 12 Months		-	-
- Settled More Than 12 Months		37,624	22,554
		37,624	22,554

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The components and movements in Deferred Tax Assets and Liabilities during the financial year before adjustments comprise the followings:

3.1 DEFERRED TAX (ASSETS)/LIABILITIES

	Unutilised Tax Losses	Fair Value Adjustments From Business Combination	Property, Plant And Equipment	Others	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2015	(3,523)	23,604	2,507	6,857	29,445
Adjustments As At 1 January 2015	(330)	(11,247)	11,247	(370,926)	(371,256)
Amount Recognised In Statements Of Profit Or Loss	3,441	-	(3,557)	(168,104)	(168,220)
At 31 December 2015/1 January 2016	(412)	12,357	10,197	(532,173)	(510,031)
Amount Recognised In Statements Of Profit Or Loss	(7,172)	20,790	(5,720)	160,450	168,348
As At 31 December 2016	(7,584)	33,147	4,477	(371,723)	(341,683)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

4. PROPERTY, PLANT AND EQUIPMENT

4.1 GROUP

	Freehold Land	Building	Building Plant And Machinery	Office/ Building Renovation	Furniture, Fixtures And Fittings	Motor Vehicles	Office Equipment	Computer Software And Hardware	Work In Progress	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Cost										
At 1 January 2015	18,648	361,172	19,243	175,390	85,422	5,798	30,045	189,355	48,258	933,331
Additions	-	806	866	5,092	1,339	670	2,763	12,639	33,533	57,708
Sales	-	-	-	(340)	(678)	(227)	(527)	(940)	-	(2,712)
Adjustments/ Reclassifications	-	-	58	2,365	227	(1)	(70)	676	(3,488)	(233)
Write-Off	-	-	(39)	(104)	(133)	(198)	(1,178)	(2,351)	-	(4,003)
Foreign Currency Translation Differences	-	-	-	-	-	-	139	-	-	139
At 31 December 2015/ 1 January 2016	18,648	361,978	20,128	182,403	86,177	6,042	31,172	199,379	78,303	984,230
Additions	-	120	1,371	13,494	2,546	1,335	3,456	13,028	41,577	76,927
Sales	-	-	-	(5,046)	(1,501)	(118)	(282)	(390)	-	(7,337)
Adjustments/ Reclassifications	-	-	67	2,820	203	93	(19)	393	(3,436)	121
Write-Off	-	-	(27)	(5,117)	(545)	(622)	(728)	(1,464)	-	(8,503)
Foreign Currency Translation Differences	-	-	-	-	-	-	(123)	-	-	(123)
As At 31 December 2016	18,648	362,098	21,539	188,554	86,880	6,730	33,476	210,946	116,444	1,045,315
Accumulated Depreciation										
At 1 January 2015	371	170,860	8,351	136,587	58,281	3,984	18,830	125,899	-	523,163
Additions	-	8,258	6,409	15,852	3,540	807	3,384	29,325	-	67,575
Sales	-	-	-	(288)	(39)	(175)	(350)	(787)	-	(1,639)
Adjustments/ Reclassifications	-	-	-	-	(10)	-	(70)	(336)	-	(416)
Write-Off	-	-	(25)	(16)	(56)	(198)	(1,126)	(2,251)	-	(3,672)
Foreign Currency Translation Differences	-	-	-	-	-	-	13	-	-	13
At 31 December 2015/ 1 January 2016	371	179,118	14,735	152,135	61,716	4,418	20,681	151,850	-	585,024
Additions	-	7,201	6,466	12,380	4,277	705	3,415	27,579	-	62,023
Sales	-	-	-	(4,672)	(696)	(111)	(162)	(391)	-	(6,032)
Adjustments/ Reclassifications	-	-	-	23	65	93	(52)	1	-	130
Write-Off	-	-	(26)	(5,117)	(540)	(622)	(724)	(1,460)	-	(8,489)
Foreign Currency Translation Differences	-	-	-	-	-	-	(36)	-	-	(36)
As At 31 December 2016	371	186,319	21,175	154,749	64,822	4,483	23,122	177,579	-	632,620
Net Book Value										
At 1 January 2015	18,277	190,312	10,892	38,803	27,141	1,814	11,215	63,456	48,258	410,168
At 31 December 2015/ 1 January 2016	18,277	182,860	5,393	30,268	24,461	1,624	10,491	47,529	78,303	399,206
As At 31 December 2016	18,277	175,779	364	33,805	22,058	2,247	10,354	33,367	116,444	412,695

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

4.1 EPF

	Freehold Land (RM'000)	Building (RM'000)	Building Plant And Machinery (RM'000)	Office/ Building Renovation (RM'000)	Furniture, Fixtures And Fittings (RM'000)	Motor Vehicles (RM'000)	Office Equipment (RM'000)	Computer Software And Hardware (RM'000)	Work In Progress (RM'000)	Total (RM'000)
Cost										
At 1 January 2015	12,431	253,353	19,243	139,055	14,377	4,791	27,979	154,457	5,843	631,529
Additions	-	408	842	4,533	922	414	2,671	12,443	19,815	42,048
Sales	-	-	-	-	(34)	-	(362)	(603)	-	(999)
Adjustments/ Reclassifications	-	-	58	2,365	55	(1)	-	1,011	(3,488)	-
Write-Off	-	-	(39)	(104)	(78)	(198)	(1,156)	(2,263)	-	(3,838)
At 31 December 2015/ 1 January 2016	12,431	253,761	20,104	145,849	15,242	5,006	29,132	165,045	22,170	668,740
Additions	-	-	1,253	13,198	2,390	1,153	3,191	12,794	24,386	58,365
Sales	-	-	-	-	(60)	(82)	(59)	(41)	-	(242)
Adjustments/ Reclassifications	-	-	67	2,798	139	-	39	393	(3,436)	-
Write-Off	-	-	(27)	(5,117)	(545)	(622)	(728)	(1,464)	-	(8,503)
As At 31 December 2016	12,431	253,761	21,397	156,728	17,166	5,455	31,575	176,727	43,120	718,360
Accumulated Depreciation										
At 1 January 2015	-	124,751	8,351	112,801	11,771	3,235	18,290	103,962	-	383,161
Additions	-	4,762	1,574	11,061	1,202	700	3,051	24,726	-	47,076
Sales	-	-	-	-	(32)	-	(350)	(601)	-	(983)
Adjustments/ Reclassifications	-	-	-	-	-	-	-	-	-	-
Write-Off	-	-	(25)	(16)	(56)	(198)	(1,126)	(2,251)	-	(3,672)
At 31 December 2015/ 1 January 2016	-	129,513	9,900	123,846	12,885	3,737	19,865	125,836	-	425,582
Additions	-	3,626	1,615	8,479	2,098	549	3,048	23,031	-	42,446
Sales	-	-	-	-	(60)	(82)	(59)	(41)	-	(242)
Adjustments/ Reclassifications	-	-	-	-	-	-	1	1	-	2
Write-Off	-	-	(26)	(5,117)	(540)	(622)	(724)	(1,460)	-	(8,489)
As At 31 December 2016	-	133,139	11,489	127,208	14,383	3,582	22,131	147,367	-	459,299
Net Book Value										
At 1 January 2015	12,431	128,602	10,892	26,254	2,606	1,556	9,689	50,495	5,843	248,368
At 31 December 2015/ 1 January 2016	12,431	124,248	10,204	22,003	2,357	1,269	9,267	39,209	22,170	243,158
As At 31 December 2016	12,431	120,622	9,908	29,520	2,783	1,873	9,444	29,360	43,120	259,061

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for the year ended 31 December 2016

5. INVESTMENT PROPERTIES

	Note	GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Cost					
At 1 January		24,249,867	20,435,063	1,458,661	1,516,447
Additions		4,113,857	4,197,753	-	3,496
Sales		(362,088)	(966,307)	-	-
Reclassification To Assets Held-For-Sale	8	-	(804,457)	-	(61,282)
Reclassification To Property Development Cost	9	-	9,313	-	-
Foreign Currency Translation Differences		(1,596,707)	2,409,622	-	-
Adjustment On Costs		38,292	(1,031,120)	-	-
As At 31 December		26,443,220	24,249,867	1,458,661	1,458,661
Accumulated Depreciation:					
At 1 January		(1,961,971)	(1,384,108)	(376,483)	(351,805)
Current Year Depreciation	33	(595,449)	(587,741)	(33,562)	(34,556)
Adjustments Of Depreciation To Assets Held-For-Sale	8	-	9,878	-	9,878
Foreign Currency Translation Differences		35,315	-	-	-
As At 31 December		(2,522,105)	(1,961,971)	(410,045)	(376,483)
Accumulated Impairment Loss:					
At 1 January		(11,198)	(11,198)	(11,198)	(11,198)
Reversal of Impairment Loss	33	9,811	-	9,811	-
As At 31 December		(1,387)	(11,198)	(1,387)	(11,198)
Net Book Value As At 31 December		23,919,729	22,276,698	1,047,229	1,070,980

Statements of Profit or Loss for Investment Properties as follows:

	Note	GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Rental Income		1,550,452	1,405,256	107,587	107,092
Operating Expenditures					
- Depreciation	33	(595,449)	(587,741)	(33,562)	(34,556)
- Reversal of Impairment Loss	33	9,811	-	9,811	-
- Miscellaneous		(19,478)	(20,973)	(19,478)	(20,973)
Net Book Value As At 31 December		945,336	796,542	64,358	51,563

The Investment Properties of the Group are measured at cost, including transaction costs. The fair value of the Investment Properties of the Group as at the Statements of Financial Position date is amounted at RM28,961.97 million (2015: RM26,642.86 million), which has been determined based on valuations during the year of 2012 to 2016. While, the fair value of the EPF's Investment Properties as at 31 December 2016 amounted to RM2,112.52 million (2015: RM1,802.68 million). The frequency of revaluations has been performed in accordance with the accounting policy adopted by the EPF. Valuations are performed by Accredited Independent Valuers with recent experience in land and properties valuation field. The valuations are based on the comparison method that involves the sales of similar properties analysis and factors which can influence the value or price of the said properties.

As at financial year ended 31 December 2016, the EPF subsidiaries in United Kingdom pledged the Group's Investment Properties amounting RM135,883.35 million (2015: RM14,514.91 million) as collateral to a bank borrowing as disclosed in Notes 21.1 and 21.2.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

6. INTANGIBLE ASSETS

	Note	GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
License And Information Technology Software					
Cost					
At 1 January		176,494	168,060	98,690	96,217
Additions		236	8,434	-	2,473
As At 31 December		176,730	176,494	98,690	98,690
Accumulated Amortisation					
At 1 January		(137,617)	(119,493)	(88,492)	(83,779)
Amortisation For Financial Year	33	(16,265)	(18,124)	(2,765)	(4,713)
As At 31 December		(153,882)	(137,617)	(91,257)	(88,492)
Net Book Value As At 31 December		22,848	38,877	7,433	10,198

7. PREPAID LAND LEASE

		GROUP		EPF	
	Note	2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Cost					
At 1 January		67,627	70,707	59,199	62,279
Reclassification To Assets Held For Sale	8	-	(3,080)	-	(3,080)
As At 31 December		67,627	67,627	59,199	59,199
Accumulated Amortisation					
At 1 January		10,976	11,654	8,294	9,134
Amortisation For The Financial Year	33	664	728	502	566
Reclassification To Assets Held For Sale	8	-	(1,406)	-	(1,406)
As At 31 December		11,640	10,976	8,796	8,294
Net Book Value As At 31 December		55,987	56,651	50,403	50,905

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

8. ASSETS HELD FOR SALE

	Note	GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Net Book Value					
At 1 January		904,567	295,365	53,078	181,451
Reclassification From Net Investment Properties	5	-	794,579	-	51,404
Reclassification From Prepaid Land Lease	7	-	1,674	-	1,674
Sales		(902,608)	(187,051)	(51,404)	(181,451)
As At 31 December		1,959	904,567	1,674	53,078

The fair value of Assets Held For Sale of the Group as the date of Statements of Financial Position amounting to RM3.16 million (2015: RM926.56 million) is based on valuation carried out in 2016. Inclusive is the fair value of Assets Held For Sale of the EPF as at 31 December 2016 amounting to RM2.87 million (2015: RM75.07 million). Valuations were performed by Accredited Independent Valuers with recent experience in Land and Properties Evaluation field. The valuations were mainly based on comparison method that involves the analysis of recent sales of similar properties in the area factors which can influence the value or price of the said properties.

Meanwhile in Assets Held For Sale of the EPF, it represents one (1) unit of leasehold land. As at the date of Statements of Financial Position, one (1) unit is still in the process for sale and expected to be sold completely in 2017.

9. PROPERTY DEVELOPMENT COSTS

	Note	GROUP	
		2016 (RM'000)	2015 (RM'000)
At 1 January:			
Freehold Land		1,586,213	1,637,660
Adjustments On Development Costs		(272,904)	(81,493)
		1,313,309	1,556,167
Reclassification From Investment Property	5	-	9,313
Costs Recognised During The Year:			
Development Costs		262,432	20,733
As At 31 December		1,575,741	1,586,213

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

10. INVESTMENT IN SUBSIDIARIES

	Note	EPF	
		2016	2015
		Cost/Book Value (RM'000)	Cost/Book Value (RM'000)
Domestic Quoted Equities		4,333,591	3,159,455
Domestic Unquoted Equities		1,234,935	748,092
Allowances For Impairment Loss		(58,188)	(62,358)
		1,176,747	685,734
Global Unquoted Equities	10a, 10b	15,157,894	14,273,337
Allowances For Impairment Loss		(56,319)	(4,349)
		15,101,575	14,268,988
As At 31 December		20,611,913	18,114,177
Market Price			
Domestic Quoted Equities		3,412,983	2,605,533

No impairment loss has been accounted for Domestic Quoted Equities even though market price is lower than cost in the year 2016. This is because the recoverable amount for Domestic Quoted Equities is higher than the cost and it is measured using a valuation technique based on the EPF's Accounting Policy approved by the Board.

List of subsidiaries are disclosed in Note 42.

Details of new/additional capital injection and de-restructuring investment exercise via shares redemption or capital return which involve significant transaction in the financial year of 2016 in the Investment In Subsidiaries are as follows:

a. Additional Capital Injection and Return On Capital In KWASA Global (Jersey) Limited

As at 31 December 2016, the EPF has injected additional capital of 3,726,367 unit of new shares at £100 each in KWASA Global (Jersey) Limited, the EPF wholly owned subsidiary, for a total consideration of £372.64 million or RM2,127.88 million. The purpose of capital injection is to fund the Columbus Project and Battersea Power Station Project in United Kingdom.

While, the total on capital return for 2016 is £518.44 million or RM2,890.40 million. This capital returns are due to the refinancing exercise by KWASA Global (Jersey) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

10. INVESTMENT IN SUBSIDIARIES (CONT'D.)

b. Capital Injection In "Fund-Of-Funds" Subsidiaries

During 2016, the EPF has injected net capital of RM1,649.42 million to seven (7) wholly owned subsidiaries to support private equity fund in foreign countries based on the approved capital commitments. The proportions of capital injection by subsidiary are as follows:

Net Capital Injection In Available "Fund-Of-Funds" Subsidiaries

- i. Cengal Private Equity Investments plc - RM266.23 million
- ii. Cengal Private Equity Investments II plc - RM391.54 million
- iii. Jati Private Equity Fund L.P. - RM51.63 million
- iv. Jati Private Equity Fund II L.P. - RM377.24 million
- v. Merbau Investors Offshore L.P. - RM107.57 million
- vi. Merbau Investors Offshore II L.P. - RM235.72 million
- vii. Meranti Fund L.P. - RM219.49 million

While, the capital returns for "Fund-of-Funds" subsidiaries for year of 2016 is RM436.14 million.

11. INVESTMENT IN ASSOCIATES

11.1 GROUP

	Note	2016	2015
		Cost/Book Value (RM'000)	Cost/Book Value (RM'000)
Domestic Quoted Equities		8,307,493	8,471,120
Domestic Unquoted Equities		3,441,366	3,118,164
Allowances For Impairment Loss		(34,462)	(48,937)
		3,406,904	3,069,227
Global Unquoted Equities		367,085	417,864
Profit And Adjustments in Associates	11.1a	3,045,454	2,555,306
As At 31 December		15,126,936	14,513,517

- a. Included in the Profit and Adjustment in Associates is Share of Other Comprehensive Income for the year ended 31 December 2016 amounting to RM52.63 million.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

11. INVESTMENT IN ASSOCIATES (CONT'D.)

11.1 GROUP (Cont'd.)

- b. Details of associate which the Group possess material significant influence are as follows:

No.	Name Of Entity	Note	Principal Activity	Country of Incorporation	Ownership Interest On Voting Rights	
					2016 %	2015 %
1	PLUS Malaysia Berhad		Infrastructure and utility	Malaysia	49.00	49.00
2	Malaysian Resources Corporation Berhad		Investment holding and conduct activities related to construction, property development and management services to its subsidiaries.	Malaysia	34.00	38.37
3	RHB Capital Berhad	11.1c	Banking	Malaysia	41.69	42.18
4	RHB Bank Berhad	11.1c	Banking	Malaysia	40.84	-

- c. RHB Capital Berhad completed its proposed internal reorganisation exercise on 14 April 2016, which entails the transfer of RHB Capital Berhad's entire equity interests in, and certain assets and liabilities of its subsidiaries to RHB Bank Berhad for a total cash consideration of RM3.61 billion. Subsequently, RHB Capital Berhad on 1 June 2016 implemented a share distribution exercise of RHB Bank Berhad shares to the existing shareholders of RHB Capital Berhad, based on a ratio of 1.3 RHB Bank Berhad shares for every 1 RHB Capital Berhad's shares. Following the distribution exercise, RHB Capital Berhad had been delisted from the Main Market of Bursa Securities and RHB Bank Berhad had assumed the listing status of RHB Capital Berhad on 28 June 2016.

Due to the internal reorganization exercise above, the EPF received share distribution of RHB Bank Berhad from RHB Capital Berhad amounting RM7.82 billion, equivalent to 41.69% on 28 June 2016. As at 31 December 2016, the EPF holds RHB Capital Berhad and RHB Bank Berhad of 41.69% and 40.84% respectively.

At 31 December 2016, RHB Capital Berhad is going through a liquidation exercise.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

11. INVESTMENT IN ASSOCIATES (CONT'D.)

11.1 GROUP (Cont'd.)

- d. Summary of financial information regarding associates which the Group possess material significant influence as per below represent the amount that disclosed in Associates Financial Statements that has been prepared according to applicable accounting standard (coordinated by the Group for the purpose of equity accounting):

	PLUS Malaysia Berhad		RHB Bank Berhad		Malaysian Resources Corporation Berhad		RHB Capital Berhad*	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Summarised Statements of Financial Position</u>								
Total Assets	33,217,006	33,481,147	236,735,665	-	11,026,664	10,011,149	156,384	230,717,667
Total Liabilities	(32,991,445)	(32,833,685)	(214,930,562)	-	(8,472,477)	(7,950,485)	(2,420)	(207,608,256)
Total Net Assets	225,561	647,462	21,805,103	-	2,554,187	2,060,664	153,964	23,109,411
<u>Summarised Statements of Profit or Loss</u>								
Income	4,066,196	3,514,184	7,832,315	-	1,269,117	2,415,177	24,960	7,935,334
Profit After Tax For The Financial Year	298,101	23,119	1,718,843	-	81,243	425,479	1,115,480	1,524,033
Other Comprehensive Income For The Financial Year	(2)	2,713	129,962	-	257	950	257	510,739
Total Comprehensive Income For The Financial Year	298,099	25,832	1,848,805	-	81,500	426,429	1,115,737	2,034,772
Dividends Received From Associates During The Financial Year	352,800	399,350	82,103	-	17,137	17,137	153,828	64,039

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

11. INVESTMENT IN ASSOCIATES (CONT'D.)

11.1 GROUP (Cont'd.)

- e. The net assets of the associates in which the Group has material significant influence, based on the percentage of non-controlling interest ownership on voting rights are as follows:

	PLUS Malaysia Berhad		RHB Bank Berhad		Malaysian Resources Corporation Berhad		RHB Capital Berhad*	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net Assets Of The Associates	225,561	647,462	21,805,103	-	2,554,187	2,060,664	153,964	23,109,411
Proportion Of The Group's Ownership Interest (%)	49.00	49.00	40.84	-	34.00	38.37	34.00	42.18
Proportion Of The Group's Net Assets	110,525	317,256	8,905,204	-	868,424	790,677	52,348	9,747,550

* Subsequent to the restructuring of RHB Capital Berhad (Note 11.1c), the financial information of RHB Capital Berhad is up to 23 June 2016.

- f. Summarised of financial information for other associates in which the Group has immaterial significant influence are as follows:

	2016 RM'000	2015 RM'000
<u>Summarised Statements of Financial Position</u>		
Total Assets	13,796,355	10,314,653
Total Liabilities	(4,729,367)	(4,418,930)
Total Net Assets	9,066,988	5,895,723
<u>Summarised Statements of Profit or Loss</u>		
Income	1,811,833	1,197,857
Profit After Tax For The Financial Year	148,822	726,176
Total Comprehensive Income For The Financial Year	148,822	726,176
Dividends Received From Associates During The Financial Year	12,174	50,600

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

11. INVESTMENT IN ASSOCIATES (CONT'D.)

11.2 EPF

	31 DECEMBER 2016	31 DECEMBER 2015
	Cost/Book Value (RM'000)	Cost/Book Value (RM'000)
Domestic Quoted Equities	8,307,493	8,471,120
Domestic Unquoted Equities	2,922,412	2,590,858
Allowances For Impairment Loss	(34,462)	(48,937)
	2,887,950	2,541,921
	11,195,443	11,013,041
Market Price		
Domestic Quoted Equities	8,683,787	8,230,544

In 2015, no impairment loss has been accounted for Domestic Quoted Equities even though the market price is lower than the cost. This is because the recoverable amount for Domestic Quoted Equities is higher than the cost and it is measured by valuation technique based on the EPF's accounting policy approved by the Board.

The list of associates are disclosed in Note 43.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

12. INVESTMENT IN JOINT VENTURES

a. The details in respect of the Group's Investment In Joint Ventures are as follows:

No.	Name Of Entities	Principal Activity	Country Of Incorporation	Ownership Interests On Voting Rights	
				2016 %	2015 %
1	Battersea Project Holding Company Ltd	Investment holding	Jersey	20.00	20.00
2	Battersea Power Station Development Company	Development of management advisory and administration services	United Kingdom	20.00	20.00
3	Battersea Power Station Development Company Limited	Investment holding	United Kingdom	20.00	20.00
4	The Arena Unit Trust	Property holding	Jersey	50.00	50.00
5	KWASA Dietz Germany GmbH	Investment holding	Germany	84.30	84.30
6	KG Finance (Lux) S.à.r.l.	Financial services	Luxembourg	70.00	70.00
7	Goodman Basil Logistics (Lux) S.à.r.l.	Property holding	Luxembourg	70.00	70.00
8	Goodman Tumbleweed Logistics (Lux) S.à.r.l.	Property holding	Luxembourg	70.00	70.00
9	Goodman Pearl (Lux) Logistics S.à.r.l.	Property holding	Luxembourg	70.00	70.00
10	GELF Korbach (Lux) S.à.r.l.	Property holding	Luxembourg	70.00	70.00
11	Goodman Cardamom Logistics (Lux) S.à.r.l.	Property holding	Luxembourg	70.00	70.00
12	Goodman Cyan Logistics (Lux) S.à.r.l.	Property holding	Luxembourg	70.00	70.00
13	Goodman Melanite Logistics (Lux) S.à.r.l.	Property holding	Luxembourg	70.00	70.00
14	Goodmand Aqua Logistics (Lux) S.à.r.l.	Property holding	Luxembourg	70.00	70.00
15	KG Finance Two S.à.r.l.	Property financial services	Luxembourg	90.00	-
16	Goodman Canopic Logistics S.à.r.l.	Property investment	Luxembourg	90.00	-
17	Goodman Ventura Logistics S.à.r.l.	Property investment	Luxembourg	90.00	-
18	Goodman Cardinal Logistics S.à.r.l.	Property investment	Luxembourg	90.00	-
19	Melati Asia Holdings Limited	Investment holding	Cayman Island	51.00	51.00
20	VM Andaman Sdn Bhd	Investment holding	Malaysia	50.00	50.00
21	Everest Property Trust	Trust holding company	Australia	80.00	80.00
22	Gotham Trust	Trust holding company	Australia	70.00	70.00
23	Epsilon1 Tokutei Mokuteki Kaisha	Investment property	Japan	80.00	80.00
24	Epsilon2 Tokutei Mokuteki Kaisha	Investment property	Japan	80.00	80.00
25	Pinggiran Muhibah Sdn Bhd	Infrastructure and utilities	Malaysia	50.00	50.00
26	Best Kingdom Sdn Bhd	Investment holding	Malaysia	50.00	50.00

The above Joint Ventures Companies holds by the Group has a sharing control arrangement, which require unanimous consent on decision towards the relevant activities of the companies.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

12. INVESTMENT IN JOINT VENTURES (CONT'D.)

- b. Summarised financial information as set out below represents the amount disclosed in the financial statements of the entities classified as Investment In Joint Ventures that have been prepared in accordance with applicable accounting standards (adjusted by the Group for the purpose of equity accounting):

	GROUP	
	2016 (RM'000)	2015 (RM'000)
As at 31 December	2,310,632	1,390,905
Additions	582,240	919,727
Investments In Joint Ventures	2,892,872	2,310,632

	GROUP	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
The Group's Proportion Attributable To Income, Profit After Tax, Assets and Liabilities after restated are as follows:		
Income	564,546	63,853
Profit After Tax For The Financial Year	169,355	13,992
Non-Current Assets	5,650,995	2,516,055
Current Assets	1,982,410	1,755,092
Non-Current Liabilities	(3,852,473)	(1,116,264)
Current Liabilities	(888,060)	(844,251)
Total Net Assets Of Joint Venture	2,892,872	2,310,632

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

13. INVESTMENT ASSETS HELD-TO-MATURITY

13.1 GROUP

		31 DECEMBER 2016	31 DECEMBER 2015
		Amortised Cost	Amortised Cost
	Note	(RM'000)	(RM'000)
Malaysian Government Securities		80,610,122	89,142,517
Government Investment Issues		72,394,459	63,888,387
Private Debt Securities		48,351,405	46,694,649
Allowances For Impairment Loss	39.1c	(59,146)	(60,968)
		48,292,259	46,633,681
Commercial Papers		698,912	429,738
Cagamas Securities		4,346,573	4,669,180
Conventional Bonds		120,457	120,408
Islamic Bonds		14,300,697	14,578,982
Negotiable Certificates		3,469,320	150,838
Negotiable Islamic Certificates		3,836,005	800,894
Convertible Preference Share		725	725
		228,069,529	220,415,350

Details on Investment Assets Held-To-Maturity which assessed as impaired as at 31 December 2016, are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 39.1c.

The maturity structure of the Investment Assets Held-To-Maturity are as follows:

		31 DECEMBER 2016	31 DECEMBER 2015
	Note	(RM'000)	(RM'000)
Maturing Within 12 Months		16,897,301	71,764,298
Maturing After 12 Months		211,231,374	148,712,020
	39.1a	228,128,675	220,476,318

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

13. INVESTMENT ASSETS HELD-TO-MATURITY (CONT'D.)

13.2 EPF

		31 DECEMBER 2016	31 DECEMBER 2015
		Amortised Cost	Amortised Cost
	Note	(RM'000)	(RM'000)
Malaysian Government Securities		80,610,122	89,142,517
Government Investment Issues		72,394,459	63,888,387
Private Debt Securities		48,351,405	46,694,649
Allowances For Impairment Loss	39.1c	(59,146)	(60,968)
		48,292,259	46,633,681
Commercial Papers		698,912	429,738
Cagamas Securities		4,346,573	4,669,180
Conventional Bonds		120,457	120,408
Islamic Bonds		14,300,697	14,578,982
Negotiable Certificates		3,469,320	150,838
Negotiable Islamic Certificates		3,836,005	800,894
Convertible Preference Share		725	725
		228,069,529	220,415,350

The maturity structure of the Investment Assets Held-To-Maturity are as follows:

		31 DECEMBER 2016	31 DECEMBER 2015
		(RM'000)	(RM'000)
	Note		
Maturing Within 12 Months		16,897,301	71,764,298
Maturing After 12 Months		211,231,374	148,712,020
	39.1a	228,128,675	220,476,318

Details on Investment Assets Held-To-Maturity which assessed as impaired as at 31 December 2016, are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 39.1c.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

14. FINANCIAL ASSETS AVAILABLE-FOR-SALE

14.1 GROUP

		31 DECEMBER 2016	31 DECEMBER 2015
		Fair Value	Fair Value
	Note	(RM'000)	(RM'000)
EQUITY INVESTMENT INSTRUMENTS			
QUOTED EQUITIES			
Domestic Equities Internally Managed		123,118,379	131,772,547
Domestic Equities Managed By External Fund Managers		12,256,841	13,030,010
Global Equities Internally Managed		84,243,923	79,062,527
Global Equities Managed By External Fund Managers		53,490,077	47,842,390
		273,109,220	271,707,474
UNQUOTED EQUITIES			
Domestic Unquoted Equities		1,129,555	1,096,503
Global Unquoted Equities		12,708,618	7,135,218
		13,838,173	8,231,721
FIXED INCOME INVESTMENT INSTRUMENTS INTERNALLY MANAGED			
Domestic Fixed Income Investment Instruments Internally Managed		11,964,805	6,770,843
Global Fixed Income Investment Instruments Internally Managed		4,157,542	4,149,772
		16,122,347	10,920,615
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS			
Domestic Fixed Income Investment Instruments With External Fund Managers		17,632,162	15,596,748
Allowances For Impairment Loss	39.1c	(96,530)	(96,672)
		17,535,632	15,500,076
Global Fixed Income Investment Instruments With External Fund Managers		17,237,462	15,660,115
		34,773,094	31,160,191
OTHER INVESTMENT INSTRUMENTS			
Domestic Private Debt Securities Internally Managed		16,134,080	14,568,651
Allowances For Impairment Loss	39.1c	(500,616)	(500,616)
		15,633,464	14,068,035
Private Debt Securities Internally Managed		9,261,743	6,511,776
		362,738,041	342,599,812

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

14. FINANCIAL ASSETS AVAILABLE-FOR-SALE (CONT'D.)

14.1 GROUP (Cont'd.)

The maturity structure of the Financial Assets Available-For-Sale for Fixed Income Investment Instruments are as follows:

	Note	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months		2,967,215	2,218,787
Maturing After 12 Months		73,420,579	61,039,118
	39.1a	76,387,794	63,257,905

Details on Financial Assets Available-For-Sale which assessed as impaired as at 31 December 2016, are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances For Impairment Loss is disclosed in Note 39.1c.

14.2 EPF

	Note	31 DECEMBER 2016 Fair Value (RM'000)	31 DECEMBER 2015 Fair Value (RM'000)
EQUITY INVESTMENT INSTRUMENTS			
QUOTED EQUITIES			
Domestic Equities Internally Managed		123,118,379	131,772,547
Domestic Equities Managed By External Fund Managers		12,256,841	13,030,010
Global Equities Internally Managed		84,243,923	79,062,527
Global Equities Managed By External Fund Managers		53,490,077	47,842,390
		273,109,220	271,707,474
UNQUOTED EQUITIES			
Domestic Unquoted Equities		1,111,154	1,096,503
Global Unquoted Equities		11,851,795	6,871,264
		12,962,949	7,967,767
FIXED INCOME INVESTMENT INSTRUMENTS INTERNALLY MANAGED			
Domestic Fixed Income Investment Instruments Internally Managed		9,600,055	5,787,489
Global Fixed Income Investment Instruments Internally Managed		4,157,542	4,149,772
		13,757,597	9,937,261
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS			
Domestic Fixed Income Investment Instruments With External Fund Managers		17,632,162	15,596,748
Allowances For Impairment Loss	39.1c	(96,530)	(96,672)
		17,535,632	15,500,076
Global Fixed Income Investment Instruments With External Fund Managers		17,237,462	15,660,115
		34,773,094	31,160,191
OTHER INVESTMENT INSTRUMENTS			
Domestic Private Debt Securities Internally Managed		16,134,080	14,568,651
Allowances For Impairment Loss	39.1c	(500,616)	(500,616)
		15,633,464	14,068,035
Global Private Debt Securities Internally Managed		9,261,743	6,511,776
		359,498,067	341,352,504

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

14. FINANCIAL ASSETS AVAILABLE-FOR-SALE (CONT'D.)

14.2 EPF (Cont'd.)

The maturity structure of the Financial Assets Available-For-Sale for Fixed Income Investment Instruments are as follows:

	Note	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months		2,967,215	2,218,787
Maturing After 12 Months		71,055,829	60,055,764
	39.1a	74,023,044	62,274,551

Details on Financial Assets Available-For-Sale which assessed as impaired as at 31 December 2016, are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances For Impairment Loss is disclosed in Note 39.1c.

15. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

GROUP	31 DECEMBER 2016			31 DECEMBER 2015		
	Notional Value (RM'000)	FAIR VALUE		Notional Value (RM'000)	FAIR VALUE	
		ASSETS (RM'000)	LIABILITIES (RM'000)		ASSETS (RM'000)	LIABILITIES (RM'000)
Investment Assets Held-For-Trading	-	8,730,741	-	-	6,629,592	-
Hedging Instruments						
- Forward Currency Translation Contract	17,127,506	74,283	2,213,695	23,746,761	66,297	1,637,080
- Cross Currency Swap	1,644,821	4,527	444,028	824,291	-	156,978
- Interest Rate Swap	9,373,146	4,160	286,147	6,199,388	216	131,909
Other Derivative Financial Assets	-	257,218	-	-	118,710	-
	28,145,473	9,070,929	2,943,870	30,770,440	6,814,815	1,925,967
		Note 39.1a			Note 39.1a	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

15. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D.)

EPF	31 DECEMBER 2016			31 DECEMBER 2015		
	Notional Value (RM'000)	FAIR VALUE		Notional Value (RM'000)	FAIR VALUE	
		ASSETS (RM'000)	LIABILITIES (RM'000)		ASSETS (RM'000)	LIABILITIES (RM'000)
Hedging Instruments						
- Forward Currency Translation Contract	17,127,506	74,283	2,213,695	23,746,761	66,297	1,637,080
- Cross Currency Swap	1,644,821	4,527	444,028	824,291	-	156,978
- Interest Rate Swap	189,540	4,160	-	43,925	216	-
Other Derivative Financial Assets	-	257,218	-	-	118,710	-
	18,961,867	340,188	2,657,723	24,614,977	185,223	1,794,058
		Note 39.1a			Note 39.1a	

Hedging Instruments are measured at fair value and apply by the Group and EPF to secure from financial assets fair value changes due to fluctuation of foreign currency exchange rate and market interest rate. All derivatives with positive fair value is classified as assets and classified as liabilities when the fair value is negative and any changes on profits or losses on the revalued derivative contracts is to be recognised in the Statements of Profit or Loss.

Inclusive in hedging instruments for the Group are Interest Rate Swap which assigned as hedging instruments at fair value in total of RM286.15 million (2015: RM131.91 million) and notional value amounted to RM9,183.61 million (2015: RM6,155.46 million). The Group apply Interest Rate Swap for managing the disclosure of interest rate movement on bank loans by exchanging part of the loan from floating rate to fixed rate.

Interest Rate Swap for floating rate and fixed rate completed on a monthly and quarterly basis. The Group will settle the differences between fixed rate and floating rate on a net basis. This contract of Interest Rate Swap will be changed from floating rate to fixed rate and will be designated as cash flow hedges to reduce the exposure of the Group's cash flows caused by interest rate vary on loans.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

16. LOANS, ADVANCES AND FINANCING

16.1 GROUP

	Note	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Guaranteed Loans		59,838,859	68,230,381
End Financing:			
Normal Housing Programme		3,382,205	3,538,080
Low Cost Housing Programme		17,414	17,842
Islamic Loans:			
Property		2,080,177	1,884,525
Personal Loans		22,822,210	23,159,661
Hire Purchase		334,524	376,630
Bridging And Term Loans		6,599,879	4,882,679
Staff Loans		195,474	189,300
Conventional Loans:			
Staff Loans		79,235	81,833
Loans To Associates		880,934	565,839
Gross Loans, Advances And Financing		96,230,911	102,926,770
Allowances For Impairment Loss	39.1c	(3,124,742)	(2,088,092)
Net Loans, Advances And Financing		93,106,169	100,838,678

The maturity structure of Loans, Advances And Financing are as follows:

	Note	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months		9,174,777	6,321,952
Maturing After 12 Months		87,056,134	96,604,818
	39.1a	96,230,911	102,926,770

Details on asset with regards to Loans, Advances and Financing which assessed as impaired as at 31 December 2016 are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 39.1c.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

16. LOANS, ADVANCES AND FINANCING (CONT'D.)

16.2 EPF

	Note	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Guaranteed Loans		59,838,859	68,230,381
Islamic Loans:			
Staff Loans		147,269	138,280
Conventional Loans:			
Staff Loans		79,235	81,833
Loans To Subsidiaries	16.2a, 40b	-	50,181
Capital Advances To Subsidiaries	16.2b, 40b	10,524,947	6,787,706
Gross Loans, Advances And Financing		70,590,310	75,288,381
Allowances For Impairment Loss:			
Guaranteed Loans	39.1c	(32,515)	(42,717)
Staff Loans	39.1c	(155)	(226)
Capital Advances To Subsidiaries	39.1c	(936)	-
Net Loans, Advances And Financing		70,556,704	75,245,438

- a. Represents Islamic Financing granted to EPF's domestic quoted subsidiaries, which are secured against the subsidiaries Personal Islamic Financing Loan amounting to RM161.45 million as at 31 December 2015 and profit on financing is at 5.5%. This financing is fully settled in June 2016.
- b. Capital Advances to EPF's unquoted subsidiaries which are unsecured and bear interest ranging from 4.00% to 8.00% per annum, except the capital advances to KWASA Invest Limited, KWASA Properties Sdn Bhd, Ekuiti Merdu Sdn Bhd, Pinggiran Ventures Sdn Bhd, PPNK Harta Sdn Bhd, KWASA Asia, KWASA Capital Partners Limited and KWASA Infrastructure I bear no interest charges on that capital advances.

All capital advances to subsidiaries has no repayment term except for KWASA Europe S.à.r.l., KWASA Land Sdn Bhd and Tanjung Wibawa Sdn Bhd which are repayable after the loan period, within seven (7) to fifteen (15) years from the date of advance agreement.

The maturity structure of Loans, Advances And Financing are as follows:

	Note	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months		8,331,244	5,285,919
Maturing After 12 Months		62,259,066	70,002,462
	39.1a	70,590,310	75,288,381

Details on asset with regards to Loans, Advances and Financing which assessed as impaired as at 31 December 2016 are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 39.1c.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

17. INVENTORIES

	GROUP	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
At Cost		
Inventories	108,341	333
At Net Realisable Value:		
Land Held For Sale	103,063	103,063
	211,404	103,396

Cost of Inventories recognised as current year expenses amounting RM325 million (2015: RM0.45 million).

Included in Inventories is land held-for-sale of which the carrying amount as below:

	GROUP	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Land Registered Under Subsidiaries	103,063	103,063
	103,063	103,063

18. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	GROUP	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Endowment Fund		26,535	26,535
Prepayments And Deposits		27,489	83,708
Rental Deposits		156,113	10,497
Rental Debtors		70,018	43,423
Unsecured Advances For Joint Venture Projects		374,907	379,237
Foreclosed Properties		138,658	166,658
Trade Receivables		545,490	984,242
Tax Claim On Dividend Receivable		844,864	378,576
Accruals On Miscellaneous Non Investment Items and Deposits		3,346	7,081
Accruals Dividend Income		336,129	346,294
Accruals On Sale Of Investments		2,595,461	5,163,154
Accruals On Good And Service Tax		340	-
Service Charge Receivables		6,232	8,702
		5,125,582	7,598,107
Allowances For Impairment Loss	39.1c	(491,914)	(431,157)
		4,633,668	7,166,950

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

18. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

The maturity structure of Receivables, Deposits and Prepayments are as follows:

	Note	GROUP	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months		3,743,955	7,018,038
Maturing After 12 Months		1,381,627	580,069
	39.1a	5,125,582	7,598,107

Details on asset with regards to Receivables, Deposits and Prepayments which assessed as impaired as at 31 December 2016 are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 39.1c.

	Note	EPF	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Endowment Fund		26,535	26,535
Prepayments		5,642	3,497
Rental Deposits		1,760	1,757
Rental Debtors		8,597	6,252
Owings From Subsidiaries	40b	121,468	202,106
Tax Claim On Dividend Receivable		360,421	378,576
Accruals On Miscellaneous Non-Investment Items And Deposits		3,346	7,265
Accrued Dividend Income		310,412	411,579
Accruals On Sale Of Investments		1,503,755	5,094,270
Accruals On Good And Service Tax		340	-
Service Charge Receivables		6,232	8,702
		2,348,508	6,140,539
Allowances For Impairment Loss	39.1c	(65,013)	(47,739)
		2,283,495	6,092,800

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

18. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

The maturity structure of Receivables, Deposits and Prepayments are as follows:

	Note	EPF	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months		2,284,241	5,972,503
Maturing After 12 Months		64,267	168,036
	39.1a	2,348,508	6,140,539

Details on asset with regards to Receivables, Deposits and Prepayments which assessed as impaired as at 31 December 2016 are disclosed in Note 39.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 39.1c.

19. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Note	GROUP	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Time Deposit		18,349,650	7,955,388
Fixed Deposit		4,064,756	1,049,536
Murabahah Commodity		7,642,372	2,105,847
Bank Negara Malaysia - Money Market Account	36	90,741	112,183
Money Market Of Multi Currency		168,631	837,622
Bank of New York - Money Market Account		7,407,867	3,100,501
Money Market Account Managed By External Fund Managers		3,590,694	2,634,297
		41,314,711	17,795,374

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

19. DEPOSITS WITH FINANCIAL INSTITUTIONS (CONT'D.)

	Note	EPF	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Time Deposit		18,349,650	7,955,388
Fixed Deposit		2,767,430	550,701
Murabahah Commodity		7,642,372	2,105,847
Bank Negara Malaysia - Money Market Account	36	90,741	112,183
Money Market Of Multi Currency		168,631	837,622
Bank of New York - Money Market Account		7,407,867	3,100,501
Money Market Account Managed By External Fund Managers		3,590,694	2,634,297
		40,017,385	17,296,539

All Deposits With Financial Institution matured within 12 months.

The liquidity of Bank Negara Malaysia - Money Market Account is less than three (3) months, therefore it is classified as cash and cash equivalents in the Group and EPF Statements of Cash Flow.

20. EMPLOYEE BENEFITS

	Note	GROUP AND EPF		
		Post-Retirement Medical Benefit (RM'000)	Post-Retirement Gratuity (RM'000)	Total (RM'000)
At 1 January 2015		118,419	238,225	356,644
Provisions Made During The Financial Year Recognised In The Statements Of Profit Or Loss	33	(8,532)	16,632	8,100
Gain Of Actuarial Valuation On Employee Benefits Plan Which Is Recognised To Other Comprehensive Income		(65,249)	-	(65,249)
Benefits Paid		(4,053)	(1,947)	(6,000)
As At 31 December 2015/1 January 2016		40,585	252,910	293,495
Provisions Made During The Financial Year Recognised In The Statements Of Profit Or Loss	33	7,089	24,082	31,171
Benefits Paid		(5,177)	(2,038)	(7,215)
As At 31 December 2016		42,497	274,954	317,451

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

20. EMPLOYEE BENEFITS (CONT'D.)

The maturity structure of Employee Benefits are as follows:

	GROUP AND EPF	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months	7,563	6,469
Maturing After 12 Months	309,888	287,026
	317,451	293,495

20.1 Post-Retirement Medical Benefit

- a. The movements of present value in the unfunded obligations are as follows:

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
At 1 January	40,585	118,419
Current Service Cost	5,184	3,692
Interest Cost	1,905	5,828
Benefits Paid	(5,177)	(4,053)
Net Actuarial Gain	-	(83,301)
As At 31 December	42,497	40,585

- b. The amounts recognised in the Statements of Financial Position are analysed as follows:

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
Present Value Of Unfunded Obligations	42,497	40,585
Net Liabilities As At 31 December	42,497	40,585

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

20. EMPLOYEE BENEFITS (CONT'D.)

20.1 Post-Retirement Medical Benefit (Cont'd.)

- c. The amounts recognised in the Statements of Profit or Loss And Other Comprehensive Income are analysed as follows:

	GROUP AND EPF	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Current Service Cost	5,184	3,692
Interest Cost	1,905	5,828
Net Actuarial Gain	-	(18,052)
Total Post-Retirement Costs Recognised In The Statements Of Profit Or Loss	7,089	(8,532)
Net Actuarial Gain	-	(65,249)
Total Post-Retirement Costs Recognised In The Statement Of Other Comprehensive Income	-	(65,249)
Total Post-Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	7,089	(73,781)

- d. The amounts recognised in the Statements of Financial Position are analysed as follows:

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
Present Value Of Unfunded Obligations	40,585	118,419
Total Post-Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	7,089	(73,781)
Benefits Paid	(5,177)	(4,053)
Net Liabilities As At 31 December	42,497	40,585

- e. The principal actuarial assumptions used were as follows:

	GROUP AND EPF	
	31 DECEMBER 2016	31 DECEMBER 2015
Discount Rate (%)	4	4
Medical Cost Inflation (%)	5	5
Average Life Expectancy (Years):		
Male	80	80
Female	89	89

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20. EMPLOYEE BENEFITS (CONT'D.)**20.1 Post-Retirement Medical Benefit (Cont'd.)**

- f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable changes in key assumptions occurring at the Statements of Financial Position holding other assumptions are constant:

	GROUP AND EPF		
	2016		
		Increase (+)	Decrease (-)
	(RM'000)	(RM'000)	(RM'000)
Benefit Obligations As At 31 December	42,497		
Discount Rate (1% Movement)		(5,069)	6,137
Average Life Expectancy (1 Year Movement)		1,808	(3,602)

	GROUP AND EPF		
	2015		
		Increase (+)	Decrease (-)
	(RM'000)	(RM'000)	(RM'000)
Benefit Obligations As At 31 December	40,585		
Discount Rate (1% Movement)		(5,181)	6,319
Average Life Expectancy (1 Year Movement)		1,926	(1,919)

Eventhough the analysis does not account full distribution of cash flows expected under the plan, it does provide approximation of sensitivity assumptions used.

20.2 Post-Retirement Gratuity

- a. The movements of present value in the unfunded obligations are as follows:

	GROUP AND EPF	
	2016	2015
	(RM'000)	(RM'000)
At 1 January	252,910	238,225
Current Service Cost	13,532	7,276
Interest Cost	10,550	9,356
Benefits Paid	(2,038)	(1,947)
As At 31 December	274,954	252,910

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

20. EMPLOYEE BENEFITS (CONT'D.)

20.2 Post-Retirement Gratuity (Cont'd.)

- b. The amounts recognised in the Statements of Financial Position are analysed as follows:

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
Present Value Of Unfunded Obligations	274,954	252,910
Net Liabilities As At 31 December	274,954	252,910

- c. The amounts recognised in the Statements of Profit or Loss And Other Comprehensive Income are analysed as follows:

	GROUP AND EPF	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Current Service Cost	13,532	7,276
Interest Cost	10,550	9,356
Total Post-Retirement Costs Recognised In The Statements Of Profit Or Loss	24,082	16,632
Total Post-Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	24,082	16,632

- d. The amounts in the Statements of Financial Position are analysed as follows:

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
Present Value Of Unfunded Obligations	252,910	238,225
Total Post-Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	24,082	16,632
Benefits Paid	(2,038)	(1,947)
Net Liabilities As At 31 December	274,954	252,910

- e. The principal actuarial assumptions used were as follows:

	GROUP AND EPF	
	31 DECEMBER 2016	31 DECEMBER 2015
Discount Rate (%)	4	4
Annual Salary Increment (%)	5	5

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

20. EMPLOYEE BENEFITS (CONT'D.)

20.2 Post-Retirement Gratuity (Cont'd.)

- f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable changes during the actuarial valuation at the Statements of Financial Position holding other assumptions are constant:

	GROUP AND EPF		
	2016		
		Increase (+)	Decrease (-)
	(RM'000)	(RM'000)	(RM'000)
Benefit Obligations As At 31 December	274,954		
Discount Rate (1% Movement)		(894)	959
Annual Salary Increment (1% Movement)		6	(24)

	GROUP AND EPF		
	2015		
		Increase (+)	Decrease (-)
	(RM'000)	(RM'000)	(RM'000)
Benefit Obligations As At 31 December	252,910		
Discount Rate (1% Movement)		(2,081)	2,592
Annual Salary Increment (1% Movement)		50	(159)

Although the analysis does not account full distribution of cash flows expected under the plan, it does provide approximation of sensitivity assumptions used.

21. LOANS AND OVERDRAFTS

	GROUP	
	31 DECEMBER	31 DECEMBER
	2016	2015
	(RM'000)	(RM'000)
Bank Borrowings And Overdrafts	12,296,416	11,960,528
Recourse Obligations On Loan Sold To Cagamas	2,615,807	2,767,242
Other Borrowings	2,424,675	2,832,455
	17,336,898	17,560,225

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

21. LOANS AND OVERDRAFTS (CONT'D.)

The maturity structure of Loans And Overdrafts are as follows:

	GROUP	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months	3,501,189	2,585,669
Maturing After 12 Months	13,835,709	14,974,556
	17,336,898	17,560,225

The followings are details in respect of loans by the Group as reported in the Statement of Financial Position:

21.1 Existing Bank Borrowings

- a. On 14 January 2013, the global subsidiary has signed a loan Facility Agreement (Senior Team Loan) with maximum loan of £405 million. On 31 December 2015, the Group refinanced this loan to an amount of £540,000,000 payable in five (5) years and the loan carries interest at LIBOR plus 1%. The loan is secured on Group's properties investment. On the same date, the Group entered into an interest rate swap agreement with a notional amount of £540,000,000 hedge the interest rate exposure arising from the loan by fixing the interest rate at 1.5987%.
- b. On 12 April 2013, the global subsidiary entered into a loan agreement with amounting to £300 million, which is repayable after five (5) years and secured against the Group's investment properties. The loan bears interest at GBP one (1) month LIBOR rate plus 1.23% and any other mandatory costs.
- c. On 27 September 2013, the global subsidiary entered into a loan agreement of which the loan is repayable after five (5) years and secured against the Group's investment properties. The loan bears interest at GBP one (1) month LIBOR rate plus 1.375% and other mandatory costs.
- d. MBSB loan amounting to RM1,645,772 represents revolving credit of which the loan bears interest at borrowing costs from commercial licensed banks plus 0.5% to 1%.
- e. The global subsidiary entered into a revolving loan agreement for three (3) years amounting to £185.70 million (AUD322 million), which was drawn an amount of £159.20 million (AUD276 million) on 31 December 2015. The loan bears interest at Bank Bill Swap Rate (BBSY) plus 1.7% margin. The loan is secured against Australian Group's investment properties.
- f. In April 2015, a global subsidiary obtained external bank financing of EUR128.86 million from Deka Bank with an interest rate of 1.5% and the loan will mature April 2022. The loan is secured by the global subsidiary's property.
- g. On 3 July 2015, a global subsidiary obtained external bank financing of EUR188.32 million from Deutsche Hypo with an interest rate of LIBOR three (3) months plus liquidity costs plus a margin. On 30 June 2019, loan amount of EUR28 million will be matured and the reminder will mature on 22 June 2022. The loan is secured by the global subsidiary's properties.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

21. LOANS AND OVERDRAFTS (CONT'D.)**21.2 Approved Bank Borrowings During The Financial Year**

- a. The Group entered into a financing agreement with Citigroup Global Markets Asia Limited on 30 March 2016 for £145,000,000, which was drawn on 5 April 2016. The loan is repayable five (5) years from the date it was granted and is secured by a charge over two (2) of the Group's investment properties. The loan carries interest at GBP one (1) month LIBOR rate plus 0.88% and other mandatory costs. The Group also entered into two floating to fixed interest rate swap to hedge changes in cash flow of the hedge items associated with the risk of variability in the one (1) month GBP LIBOR, relative to the notional amount which effectively fix the payable at 2.02 percent per annum.
- b. On 9 August 2016, KWASA Europe Finco S.à.r.l. signed a revolving credit facility agreement of USD500,000,000 (Five Hundred Million U.S. Dollars) with Standard Chartered Bank. At year end EUR221,698,000 had been drawn down. The interest rate in effect on the Euro balance is 6M Euribor plus a margin of 0.80 percent.
- c. On 10 November 2016, KWASA Strauss DHL Finco S.à.r.l. signed a Senior Term Loan Facility Agreement for EUR94,000,000 (Ninety Four Million EURO) with United Overseas Bank Limited (Singapore) at an interest rate consisting of a margin of 0.90 percent plus the five (5) years mid Euro swap rate plus a spread of 0.12 percent.

22. DEPOSITS AND ADVANCES

	GROUP	
	31 DECEMBER	31 DECEMBER
	2016	2015
	(RM'000)	(RM'000)
Employer Instalment	77,486	94,011
Remittance Suspense	6,784	6,859
Deposits Of Office Rentals	12,649	58,193
Clients Deposits	30,625,817	28,585,387
Transit For Late Processing (Remittance)	92,286	80,248
Deposits On Sales Of Property	330	3,480
Miscellaneous Deposits	43,745	1,278
	30,859,097	28,829,456

The maturity structure of the Deposits And Advances are as follows:

	GROUP	
	31 DECEMBER	31 DECEMBER
	2016	2015
	(RM'000)	(RM'000)
Maturing Within 12 Months	28,723,344	25,702,488
Maturing After 12 Months	2,135,753	3,126,968
	30,859,097	28,829,456

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

22. DEPOSITS AND ADVANCES (CONT'D.)

	Note	EPF	
		31 DECEMBER	31 DECEMBER
		2016 (RM'000)	2015 (RM'000)
Employer Instalment		77,486	94,011
Remittance Suspense		6,784	6,859
Deposits Of Office Rentals		9,431	10,703
Transit For Late Processing (Remittance)		92,286	80,248
Deposits On Sales Of Property		330	3,480
Miscellaneous Deposits		353	411
Deposits Owing To Subsidiaries	40b	94	94
		186,764	195,806

The maturity structure of the Deposits And Advances are as follows:

	EPF	
	31 DECEMBER	31 DECEMBER
	2016 (RM'000)	2015 (RM'000)
Maturing Within 12 Months	83,234	87,264
Maturing After 12 Months	103,530	108,542
	186,764	195,806

23. PAYABLES AND ACCRUED LIABILITIES

	GROUP	
	31 DECEMBER	31 DECEMBER
	2016 (RM'000)	2015 (RM'000)
Liability On Invocation Cost Under Section 50(3)	-	242
Rent Received In Advance	219,609	280,889
Accruals On Administration And Miscellaneous Non-Investments Payments	3,015,102	2,033,437
Accruals On Miscellaneous Investment Payments	2,448,656	5,320,744
	5,683,367	7,635,312

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

23. PAYABLES AND ACCRUED LIABILITIES (CONT'D.)

The maturity structure of Payables And Accrued Liabilities are as follows:

	GROUP	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months	3,092,912	7,613,578
Maturing After 12 Months	2,590,455	21,734
	5,683,367	7,635,312

	Note	EPF	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Liability On Invocation Cost Under Section 50(3)		-	242
Rent Received In Advance		4,537	2,867
Accruals On Administration And Miscellaneous Non-Investments Payments		259,607	265,029
Accruals On Investment Payments		1,834,365	5,236,218
Amount Owing To Subsidiaries	40b	20	3,560
		2,098,529	5,507,916

The maturity structure of Payables And Accrued Liabilities are as follows:

	EPF	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Maturing Within 12 Months	2,090,248	5,486,182
Maturing After 12 Months	8,281	21,734
	2,098,529	5,507,916

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

24. CONTRIBUTION

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
At 1 January	652,469,572	598,572,279
Contribution Received And Adjustments		
Contribution Received From Employers	59,774,967	58,241,163
Redemption Of Investment In Unit Trusts	1,728,165	1,648,676
Redemption/Cancellation Of Annuity Scheme	63,201	75,960
Reinstatement/Adjustment	27,958	11,833
	61,594,291	59,977,632
Dividend Distributions To Members		
Dividend Credited - 5.70% (2015 - 6.40%)	37,076,322	38,243,403
Prior Year Adjustments	10,259	6,135
	37,086,581	38,249,538
<u>Less:</u>		
<u>Withdrawals And Refunds</u>		
Withdrawals		
55 Years Withdrawal Scheme	22,292,814	21,400,282
50 Years Withdrawal Scheme	4,855,680	4,831,009
Incapacitation Withdrawal Scheme	360,187	331,060
Leaving Country Withdrawal Scheme	445,245	377,364
Housing Withdrawal Scheme	2,250,461	2,396,800
Reduction/Redemption Of Housing Loan/Monthly Housing Loan Withdrawal Scheme	3,623,931	3,587,826
Medical Withdrawal Scheme	57,001	51,766
Death Withdrawal Scheme	1,386,617	1,233,878
Periodical Payment Withdrawal Scheme	2,554	3,586
Member Investment Withdrawal Scheme	6,305,355	5,855,745
Pensionable Employee Withdrawal Scheme	2,157,264	1,972,704
Education Withdrawal Scheme	1,459,203	578,180
Monthly Payment Withdrawal Scheme	109	117
Saving Exceeding RM1 Million Withdrawal Scheme	1,369,449	1,390,500
Hajj Withdrawal Scheme	1,151	1,045
	46,567,021	44,011,862
Refunds		
Refund To Employers/Members - Rule 33(1), EPF Regulations & Rules 1991	19,853	21,896
Refund Of Employers Share To Pension Trust Fund - Section 56, EPF Act 1991	217,810	214,349
	237,663	236,245
	46,804,684	44,248,107
<u>Other Adjustment</u>		
Adjustments On Contribution With Incomplete Information (CTML) And Reject - No Further Action (NFA)		
Cases To Statements Of Profit Or Loss And Retained Profit	79,465	81,770
As At 31 December	704,266,295	652,469,572

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

24. CONTRIBUTION (CONT'D.)

The eligible contributions to be withdrawn by members under 50 Years and 55 Years Withdrawal Schemes are as follows:

	GROUP AND EPF	
	31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Eligible Contributions To Be Withdrawn Within 12 Months	74,444,630	96,071,209
Eligible Contributions To Be Withdrawn After 12 Months	629,821,665	556,398,363
	704,266,295	652,469,572

Members' Assets/Contributions With Fund Manager Institutions

The cumulative amount invested by the EPF members in the Fund Manager Institutions was not disclosed in the Statements of Financial Position as the risk and reward of the investment borne by the members.

25. RESERVE

	Note	GROUP	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Financial Assets Reserve Available-For-Sale	25a	30,997,671	33,311,981
Cash Flow Hedge Reserves	25b	(210,829)	(52,759)
Other Reserves	25c	67,043	20,428
Foreign Currency Translation Reserves	25d	2,539,831	3,067,217
		33,393,716	36,346,867

	Note	EPF	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Financial Assets Reserve Available-For-Sale	25a	30,974,450	33,313,721
		30,974,450	33,313,721

- Represents the movement of net accumulated unrealised fair value gain/(loss) which is recognised from Financial Assets Available-For-Sale.
- Represents the movement of net accumulated gain/(loss) which is recognised from Effective Hedging Derivatives.
- Includes goodwill reserve which arose from the excess of acquisition of subsidiaries over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries at the date of acquisition.
- Relates to exchange differences arising from foreign operations that have a functional currency different from the presentation currency of Ringgit Malaysia (RM) by the EPF.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

26. RETAINED PROFIT

The Retained Profit amounting of RM3,034.56 million is the balance of revenue reserve as at 31 December 2016 (2015: RM4,996.07 million) after recognition of provision of annual dividend to members for the financial year. At 31 December 2016, provision of annual dividend is recognised at rate 5.70% amounting to RM37,076.32 million, compared to RM38,243.40 million at rate 6.40% in 2015.

Included in the Retained Profit amounting RM1,807.65 million (2015: RM2,511.26 million) is net unrealised gain generated from revaluation of financial asset derivative instruments and movement of foreign exchange revaluation of financial asset hedges amounting RM613.99 million (2015: RM860.90 million). This unrealised gain will only be reclassified as net realised gain for the purpose of dividend distribution upon sale or maturity of the asset in the following year.

27. NON-CONTROLLING INTERESTS

a. Set out below is summarised financial information for subsidiaries that EPF has Non-Controlling Interests:

No.	Name Of Entity	Principal Activity	Country Of Incorporation	Proportion Of Ownership Interest And Voting Rights Held	
				2016 %	2015 %
1	Malaysia Building Society Berhad	Granting of loans on the security of freehold and leasehold properties	Malaysia	34.60	34.90
2	YTR Harta Sdn Bhd	Property development and management	Malaysia	19.00	19.00
3	PPNK Sdn Bhd	Property development and management	Malaysia	15.00	15.00
4	KWASA Utama Sdn Bhd	Property development	Malaysia	5.00	5.00
5	Jati Private Equity Fund L.P.	Trust holding fund	Cayman Island	1.00	1.00
6	Jati Private Equity Fund II L.P.	Trust holding fund	Cayman Island	1.00	1.00
7	Merbau Investors Offshore II L.P.	Trust holding fund	Cayman Island	1.00	1.00
8	Meranti Fund L.P.	Trust holding fund	Cayman Island	0.75	0.75
9	Cengal Private Equity Investment II plc	Trust holding fund	Ireland	0.66	0.66
10	Merbau Investors Offshore L.P.	Trust holding fund	Cayman Island	0.50	0.50
11	Cengal Private Equity Investment plc	Trust holding fund	Ireland	0.50	0.50

b. Set out below is the movement in accumulated Non-Controlling Interests of the Group at Statements of Financial Position date:

	2016 (RM'000)	2015 (RM'000)
Accumulated Non-Controlling Interests		
At 1 January	2,525,009	2,751,684
Adjustments On 1 January	-	(267,323)
Share Of Profit After Tax And Zakat	482,672	470,553
Net Assets Acquired From Non-Controlling Interests And Subsidiaries	487,723	(302,597)
Foreign Currency Translation Differences	86,973	(48,589)
Dividend Paid	(478,564)	(78,719)
Other Comprehensive Profit Sharing For Associates	8,544	-
As At 31 December	3,112,357	2,525,009

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

27. NON-CONTROLLING INTERESTS (CONT'D.)

- c. Summarised financial information in respect of the Group's subsidiary that has Non-Controlling Interest before intragroup eliminations are as follows:

	2016 (RM'000)	2015 (RM'000)
Malaysia Building Society Berhad		
<u>Summarised Statements Of Financial Position</u>		
Total Assets	43,335,566	44,616,088
Total Liabilities	(36,543,997)	(39,761,842)
Total Net Assets	6,791,569	4,854,246
<u>Summarised Statements Of Profit Or Loss</u>		
Interest Income	451,412	487,358
Interest Expense	(253,823)	(278,344)
Net Interest Income	197,589	209,014
Others Operating Income	1,211,378	1,148,317
Total Income	1,408,967	1,357,331
Operating Expenses	(293,281)	(313,922)
Inclusive:		
Depreciation And Amortisation In The Financial Year	27,235	28,293
Profit Before Impairment Loss On Loans, Advances And Financing	1,115,686	1,043,409
Impairment Loss On Loans, Advances And Financing	(777,265)	(616,919)
Profit Before Tax And Zakat	338,421	426,490
Tax And Zakat	(69,488)	(82,005)
Profit After Tax	268,933	344,485
Other Comprehensive Income	(21,376)	-
Total Comprehensive Income	247,557	344,485
<u>Summarised Statements Of Cash Flows</u>		
Net Cash (Outflow)/Inflow From Operating Activities	1,049,681	127,922
Net Cash (Outflow)/Inflow From Investment Activities	(1,351,317)	(1,004,645)
Net Cash Inflow From Financing Activities	12,743	2,118,451
Net Cash Inflow	(288,893)	1,241,728
Cash And Cash Equivalents At 1 January	6,925,667	5,683,939
Adjustments At 1 January	2,596	-
Cash And Cash Equivalents As At 31 December	6,639,370	6,925,667

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

28. GROSS INVESTMENT INCOME

	Note	GROUP		EPF	
		2016	2015	2016	2015
		(RM'000)	Restated (RM'000)	(RM'000)	(RM'000)
Interest And Profit From Investments:	28a				
Internally Managed		12,599,272	12,443,365	12,636,553	11,207,658
External Fund Managers		(4,802)	14,327	(7,477)	(66,183)
		12,594,470	12,457,692	12,629,076	11,141,475
Dividend From Investments:					
Internally Managed		6,708,143	6,042,220	7,370,567	7,403,510
External Fund Managers		1,610,320	1,535,708	1,563,897	1,496,461
		8,318,463	7,577,928	8,934,464	8,899,971
Capital Gain From Trading Of Investments:					
Internally Managed		11,885,169	6,935,952	11,885,169	6,935,952
External Fund Managers		3,323,229	4,455,083	3,323,229	4,455,083
		15,208,398	11,391,035	15,208,398	11,391,035
Interest Income From Loans, Advances And Financing		5,324,409	3,531,437	2,788,497	3,095,902
Rental Income		1,562,438	1,405,256	115,287	114,048
Net Gain On Foreign Exchange					
- Realised		7,567,493	8,815,841	7,569,913	8,815,863
- Unrealised		349,309	2,470,256	1,596,069	2,470,223
Net Unrealised Loss From Financial Assets At Fair Value					
Through Profit Or Loss		(1,339,409)	(1,621,224)	(2,334,507)	(1,703,763)
Interest/Profit From Bank Balances		30,076	52,197	320	364
Miscellaneous Income		393,732	1,452,746	49,699	8,916
		50,009,379	47,533,164	46,557,216	44,234,034

- a. Interest And Profit From Investments derived from investments on fixed income instruments of the Group and EPF, inclusive discount/premium amortisation on certified investments on fixed income instruments using the effective yield method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

29. INVESTMENT EXPENDITURES

	GROUP		EPF	
	2016	2015	2016	2015
	(RM'000)	Restated (RM'000)	(RM'000)	(RM'000)
External Fund Managers Fees	341,836	510,751	276,733	282,088
Custodian Fees	95,884	46,814	43,746	46,814
Investment Technical Services	30,360	47,666	30,360	47,666
Interest On Deposits, Loans And Overdrafts	2,041,799	548,774	-	-
Tax Paid On Global Investments	94,991	72,572	91,527	67,683
Good And Service Tax (GST) On Investment Expenditures	22,215	15,858	22,215	15,858
Miscellaneous	399,516	1,309,643	799	156
	3,026,601	2,552,078	465,380	460,265

30. NET IMPAIRMENT LOSS ON FINANCIAL INVESTMENT ASSETS

	GROUP		EPF	
	2016	2015	2016	2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Impairment Loss On Investment Assets Held-To-Maturity Written Back	1,822	3,133	1,822	3,133
	1,822	3,133	1,822	3,133
Impairment Loss On Financial Assets Available-For-Sale	(8,135,746)	(3,407,619)	(8,135,746)	(3,407,619)
Impairment Loss On Financial Assets Available-For-Sale Written Back	142	42,879	142	42,879
	(8,135,604)	(3,364,740)	(8,135,604)	(3,364,740)
Impairment Loss On Loans, Advances And Financing	(778,261)	(616,928)	(996)	(9)
Impairment Loss On Loans, Advances And Financing Written Back	10,305	11,610	10,305	11,610
	(767,956)	(605,318)	9,309	11,601
Impairment Loss On Rent Receivables	(7,879)	(3,413)	(7,879)	(3,413)
Impairment Loss On Rent Receivables Written Back	518	227	518	227
	(7,361)	(3,186)	(7,361)	(3,186)
Impairment Loss On Receivables From Subsidiaries	-	-	(9,590)	(41,137)
Impairment Loss On Receivables From Subsidiaries Written Back	-	-	-	600
	-	-	(9,590)	(40,537)
	(8,909,099)	(3,970,111)	(8,141,424)	(3,393,729)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

31. NET (IMPAIRMENT LOSS)/IMPAIRMENT LOSS WRITTEN BACK ON INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	EPF	
	2016 (RM'000)	2015 (RM'000)
Impairment Loss On Investment In Subsidiaries	(59,213)	(3,698)
Impairment Loss On Investment In Subsidiaries Written Back	11,413	61,538
	(47,800)	57,840
Impairment Loss On Investment In Associates	(11,691)	(42,416)
Impairment Loss On Investment In Associates Written Back	26,166	305,784
	14,475	263,368
	(33,325)	321,208

32. OTHER INCOME

	GROUP		EPF	
	2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Interest/Profit From Staff Loans	7,853	7,929	7,853	7,929
Dividend/Interest From Contributions Late Payment	77,191	62,060	77,191	62,060
Gain/(Loss) On Disposal:				
- Property, Plant And Equipment	90	43	-	(8)
- Assets Held For Sale	17,700	72,951	17,700	72,951
- Investment Properties	197,305	220	-	-
- Subsidiaries And Associates	-	332,211	-	-
Service Charges	82,508	91,376	51,365	48,128
Miscellaneous Income	70,765	64,786	42,199	40,649
	453,412	631,576	196,308	231,709

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

33. OPERATING EXPENDITURES

		GROUP		EPF	
		2016	2015	2016	2015
	Note	(RM'000)	Restated (RM'000)	(RM'000)	(RM'000)
Salaries, Allowances And Staff Costs	33a	1,027,445	1,104,779	885,467	915,770
Employee Benefits	20	31,171	8,100	31,171	8,100
Honorarium/Remuneration For Board Members And Investment Panel		6,422	1,813	2,551	1,662
Technical Services		24,563	18,392	21,605	16,192
Fees And Professional Charges		668,746	193,782	22,398	20,872
Audit Fees		6,279	5,371	626	468
Maintenance On Property, Plant And Equipment		97,512	124,270	79,690	72,843
Postal And Telephone Charges		24,581	21,950	20,273	19,034
Rent And Assessments		23,375	30,746	13,313	12,829
Travelling And Transportation		13,828	10,465	11,594	10,220
Printing And Stationery		6,697	5,436	5,350	5,424
Advertisements And Publishing		18,728	37,796	7,034	9,951
Non-Capitalised Renovation		2,561	1,290	2,561	1,290
Insurance		2,308	1,418	1,156	1,238
Depreciation Of Net Property, Plant And Equipment	4	62,023	67,575	42,446	47,076
Depreciation Of Net Investment Properties	5	585,638	587,741	23,751	34,556
Amortisation Of Intangible Assets	6	16,265	18,124	2,765	4,713
Amortisation Of Prepaid Land Lease	7	664	728	502	566
Impairment Loss On Other Receivables		41,742	34,654	3,682	6
Write-Offs/Net Losses		66	18	32	18
Good And Service Tax (GST) On Operating Expenditure		8,602	7,503	8,602	7,502
Miscellaneous Expenses		49,343	91,832	3,315	2,780
		2,718,559	2,373,783	1,189,884	1,193,110

a. Included in Salaries, Allowances And EPF Staff Costs are EPF contribution expenditures amounting to RM124.28 million (2015: RM118.67 million).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

34. STATUTORY CHARGES

	Note	GROUP AND EPF	
		2016 (RM'000)	2015 (RM'000)
Invocation Cost - Section 50(3)	34a	8,815	5,909
Death Benefit - Section 58(1)	34b	45,459	43,007
Incapacitation Benefit - Section 58(2)	34b	4,105	3,857
		58,379	52,773

Statutory charges are costs borne by EPF and in compliance with EPF Act, 1991 as follows:

a. Liability On Invocation Cost (Under Section 50(3))

Liability On Invocation Cost under Section 50(3), EPF Act 1991, is for the purpose of financing employee share of contribution as well as dividend attributable on the said contribution for deduction that has been made on the employee salary should the employer fails to pay the share of such contribution.

b. Death Benefit (Under Section 58(1)) And Incapacitation Benefit (Under Section 58(2))

Death Benefit Under Section 58(1) And Incapacitation Benefit Under Section 58(2) of EPF Act 1991 is paid to members whom apply for death and incapacitation withdrawals and not from member's credit account.

35. TAXATION AND ZAKAT

	Note	GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Malaysian Income Tax		108,470	253,913	-	-
Foreign Tax		64,782	32,835	-	-
		173,252	286,748	-	-
(Over)/Under Provision Of Previous Years:					
- Malaysian Income Tax		(144,245)	906	-	-
- Foreign Tax		(758)	1,795	-	-
		(145,003)	2,701	-	-
Deferred Tax Recognised In The Financial Year	3	168,348	(168,220)	-	-
Tax Expenses For Financial Year		196,597	121,229	-	-
Zakat		981	-	-	-
		197,578	121,229	-	-

Income tax is calculated at the Malaysian statutory rate of 24% (2015: 25%) of the estimated assessable profit for the current year. The Computation of Deferred Tax as at 31 December 2016 has been reflected these adjustment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

35. TAXATION AND ZAKAT (CONT'D.)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate of the Group and EPF are as follows:

	GROUP		EPF	
	2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Profit Before Taxation	36,638,743	40,419,661	36,865,132	39,687,074
Taxation At Malaysian Statutory Tax Rate Of 24% (2015: 25%)	8,980,545	10,040,894	8,847,632	9,921,769
Different Tax Rates In Other Countries	30,153	23,017	-	-
Income Not Subject To Tax	(8,879,041)	(9,990,697)	(8,847,632)	(9,921,769)
Expenses Not Deductible For Tax Purposes	53,746	54,481	-	-
Utilisation Of Unabsorbed Tax Losses And Unutilised Capital Allowance Previously Not Recognised	9,122	696	-	-
Recognition On Deferred Tax Assets Previously Not Recognised	(769)	(17,914)	-	-
(Over)/Under Provision In Tax Expenses In Prior Years	2,841	10,752	-	-
Tax Expenses For The Financial Year	196,597	121,229	-	-
Zakat	981	-	-	-
Total Tax Expenses And Zakat For The Financial Year	197,578	121,229	-	-

36. CASH AND CASH EQUIVALENTS

	Note	GROUP	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Bank And Cash Balances		13,825,975	4,115,540
Fixed Deposits With Licensed Bank		202,286	7,185,229
Money Market Account-Bank Negara Malaysia	19	90,741	112,183
Cash-In-Transit Held By External Fund Managers		3,683,264	3,086,593
		17,802,266	14,499,545

	Note	EPF	
		31 DECEMBER 2016 (RM'000)	31 DECEMBER 2015 (RM'000)
Bank And Cash Balances		4,702,691	1,883,501
Money Market Account-Bank Negara Malaysia	19	90,741	112,183
Cash-In-Transit Held By External Fund Managers		3,683,264	3,086,593
		8,476,696	5,082,277

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

37. CAPITAL COMMITMENTS

	Note	GROUP		EPF	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
a. Capital Commitments For Project					
Approved And Contracted For		183,227	211,123	17,313	32,722
Approved But Not Contracted For		118,576	190,127	118,576	143,425
		301,803	401,250	135,889	176,147
b. Capital Commitments For Fund Investments					
Approved And Contracted For	37i	9,609,451	4,924,616	9,609,451	4,924,616
c. Capital Commitments For Investments In Subsidiaries And Associates					
Approved And Contracted For	37i	12,844,362	15,418,912	12,844,362	15,418,912
d. Operational Commitments					
Loan Commitments Not Provided In The Financial Statements:					
End Financing		115,127	251,351	-	-
Bridging And Term Loans		4,019,883	7,614,958	-	-
Islamic Loans		166,677	144,172	-	-
		4,301,687	8,010,481	-	-
Property Development:					
Approved And Contracted For		421,528	421,528	-	-
e. Contingencies					
Financial Guarantee To Secure Payments By Borrower (Fully Secured)	37ii	307,314	104,076	-	-
		27,786,145	29,280,863	22,589,702	20,519,675

- Capital commitments for fund investment and investment in subsidiaries represent the remaining uncalled capital as at the Statements of Financial Position date, of which investment payments are released progressively based on notification received from fund managers or partners based on agreed investment term.
- The contingent liability is fully secured by way of fixed charge over the development project, and debenture as a fixed and floating charge over the entire assets of the borrower.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

38. CONTINGENT LIABILITIES**38.1 Contingent Claims On Statutory Charges****a. Invocation Of Section 50(3), EPF Act, 1991**

This section of the Act requires the EPF to pay the employee's share of the contributions for any deduction made from the wages of the employee if the employer fails to pay the contributions. As at 31 December 2016, the amount of contingent liability estimated is RM7.50 million (2015: RM7.50 million) excludes the accrued dividend from the time of deduction. This section is only invoked after all efforts to ensure the employers to pay the contributions has failed.

b. Death Benefit And Incapacitation Benefit Under Section 58(1) and (2), EPF Act, 1991

Statutory charges comprising of Death Benefits under Section 58(1) and Incapacitation Benefits under Section 58(2), EPF Act, 1991 are paid to member through death and incapacitation withdrawal, utilising the EPF revenue not the members' credits. In the event a member or beneficiary did not encash the payment made in a particular financial year, should such payment be claimed in the subsequent year, the repayment made to such member or beneficiary would utilise the revenue in the year the said claim is made. As at 31 December 2016, contingent liabilities in respect of Death Benefits amounted to RM11.59 million (2015: RM11.59 million) whereas Incapacitation Benefits amounted to RM6.44 million (2015: RM6.44 million).

39. FINANCIAL RISK**39.1 Credit Risk**

Credit Risk is the risk of loss caused by a counterparty's or an obligor's failure to meet its payment obligations. Exposure to credit risk arises from its lending, hedging, trading and investing activities. The maximum exposure to credit risk represented by the carrying amount in the Statement of Financial Position.

The EPF maintains an average portfolio rating of AA for its debt securities and loans. As a matter of policy, the EPF invests only in debt securities with minimum rating of A3/A- for domestic and BBB/Baa2 for global investments. However, the EPF may also invest in unrated assets in which a rating is assigned using internal rating model that is consistent with the approach used by external rating agency.

The counterparty credit risk which arises from deposit placement with a financial institution is managed by setting limits in which all deposits are to be held by parties with a financial institution rating of A3/A- or higher.

The purpose of credit risk management is to keep credit risk exposure within the EPF's risk appetite statements and to ensure the returns commensurate with the risk taken.

a. Credit Quality

The EPF has developed tools to measure credit risk such as the Credit Portfolio Management System which computes portfolio Credit Value at Risk (CVaR) for credit related assets and various credit systems to evaluate the creditworthiness of corporate borrowers.

The EPF's debt portfolios are managed by internal as well as external fund managers appointed by the Investment Panel. Both portfolios are subject to maximum exposure to ensure the portfolios are diversified.

The EPF also invests in short-term instruments and global bond/sukuk instruments which are part of the approved universe. The Universe facilitates the trading process and provides assurance to the EPF that the exposure to short-term papers and global bond/sukuk papers are only limited to rated issuers.

The EPF conducts regular review on the credit counterparties and monitor the rating transition to ensure credit quality is within the EPF's investment parameters.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

The EPF classifies debt securities and loans into internal rating scales which are consistent with domestic and foreign rating agencies. The credit quality classification is as follows:

Quality Classifications

i. Long Term Rating For Payment Long Term Financial Obligations

<u>Long Term Rating</u>	<u>Domestic Credit Rating</u>	<u>Global Credit Rating</u>	<u>Definition Of Quality Classifications</u>
Sovereign	Sovereign	Sovereign	Issued by the Federal Government of Malaysia.
Strong	AAA and AA	AAA and A	Superior/high safety to meet financial obligations.
Moderate	A	BBB	Adequate safety to meet financial obligations.
Sub-Standard	BBB and below	BB and below	Low safety to meet financial obligations.

ii. Short Term Rating For Payment Short Term Financial Obligations

<u>Short Term Rating</u>	<u>Credit Rating</u>	<u>Definition Of Quality Classifications</u>
Strong	P1	Strong capacity to meet financial obligations.
Moderate	P2	Adequate capacity to meet financial obligations.

iii. Non-Rated Financial Assets

This refers to financial assets such as receivables, deposits, accrued interest and dividend, which do not have credit rating.

iv. Impaired Financial Assets

Exposure assessed individually which is considered impaired based on the EPF's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2016 are as follows:

GROUP		2016						
		Sovereign	Strong	Moderate	Sub-Standard	Non-Rated	Impaired	Total
	Note	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Investment Assets Held-To-Maturity	13.1	165,966,121	60,377,731	1,184,367	-	81,523	518,933	228,128,675
Financial Assets Available-For-Sale	14.1	12,365,562	51,500,764	9,216,721	3,245,838	-	58,909	76,387,794
Loans, Advances And Financing	16.1	5,578,711	81,941,415	1,074,561	577	4,511,996	3,123,651	96,230,911
Financial Assets At Fair Value Through Profit Or Loss	15	-	81,875	1,095	-	8,987,959	-	9,070,929
Deposits With Financial Institutions And Bank Balances		90,741	53,613,865	4,377,796	39,643	701,905	-	58,823,950
Receivables And Deposits	18	-	-	56	33,427	4,501,718	536,357	5,071,558
		184,001,135	247,515,650	15,854,596	3,319,485	18,785,101	4,237,850	473,713,817

Distribution of gross financial assets by credit quality as at 31 December 2015 are as follows:

GROUP		2015						
		Sovereign	Strong	Moderate	Sub-Standard	Non-Rated	Impaired	Total
		Note	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Investment Assets Held-To-Maturity	13.1	173,319,123	45,609,183	891,426	-	184,477	472,109	220,476,318
Financial Assets Available-For-Sale	14.1	16,697,152	29,588,598	10,971,277	4,396,226	744,618	860,034	63,257,905
Loans, Advances And Financing	16.1	36,451,820	32,300,638	25,027,868	-	9,102,968	43,476	102,926,770
Financial Assets At Fair Value Through Profit Or Loss	15	-	66,513	2,372	-	6,745,930	-	6,814,815
Deposits With Financial Institutions And Bank Balances		112,183	21,348,102	1,119,156	-	9,525,037	-	32,104,478
Receivables And Deposits	18	10	9,860	106,870	-	7,323,385	47,739	7,487,864
		226,580,288	128,922,894	38,118,969	4,396,226	33,626,415	1,423,358	433,068,150

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2016 are as follows:

EPF	Note	2016						Total
		Sovereign	Strong	Moderate	Sub-Standard	Non-Rated	Impaired	
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Investment Assets Held-To-Maturity	13.2	165,966,121	60,377,731	1,184,367	-	81,523	518,933	228,128,675
Financial Assets Available-For-Sale	14.2	12,365,562	51,500,764	9,216,721	881,088	-	58,909	74,023,044
Loans, Advances And Financing	16.2	5,578,711	53,248,147	973,320	577	10,757,040	32,515	70,590,310
Financial Assets At Fair Value Through Profit Or Loss	15	-	81,875	1,095	-	257,218	-	340,188
Deposits With Financial Institutions And Bank Balances		90,741	45,719,121	2,591,208	2,270	-	-	48,403,340
Receivables And Deposits	18	-	-	-	-	2,251,318	65,013	2,316,331
		184,001,135	210,927,638	13,966,711	883,935	13,347,099	675,370	423,801,888

Distribution of gross financial assets by credit quality as at 31 December 2015 are as follows:

EPF	Note	2015						Total
		Sovereign	Strong	Moderate	Sub-Standard	Non-Rated	Impaired	
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Investment Assets Held-To-Maturity	13.2	173,319,123	45,609,183	891,426	-	184,477	472,109	220,476,318
Financial Assets Available-For-Sale	14.2	16,697,152	29,588,598	9,987,923	4,396,226	744,618	860,034	62,274,551
Loans, Advances And Financing	16.2	36,451,820	31,735,266	-	-	7,057,819	43,476	75,288,381
Financial Assets At Fair Value Through Profit Or Loss	15	-	66,513	-	-	118,710	-	185,223
Deposits With Financial Institutions And Bank Balances		112,183	20,943,400	1,025,375	-	185,675	-	22,266,633
Receivables And Deposits	18	-	-	-	-	6,062,768	47,739	6,110,507
		226,580,278	127,942,960	11,904,724	4,396,226	14,354,067	1,423,358	386,601,613

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

b. Aging Analysis

The amounts in the following table reflect exposure on gross financial assets designated as past due but not impaired:

GROUP	2016					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Investment Assets Held-To-Maturity	227,609,742	-	-	-	-	227,609,742
Financial Assets Available-For-Sale	76,328,885	-	-	-	-	76,328,885
Loans, Advances And Financing	87,674,919	1,240,088	1,261,386	-	2,930,867	93,107,260
Financial Assets At Fair Value Through Profit Or Loss	9,070,929	-	-	-	-	9,070,929
Deposits With Financial Institutions And Bank Balances	58,823,950	-	-	-	-	58,823,950
Receivables And Deposits	4,323,967	153,716	92	5	57,421	4,535,201
	463,832,392	1,393,804	1,261,478	5	2,988,288	469,475,967

GROUP	2015					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Investment Assets Held-To-Maturity	220,004,209	-	-	-	-	220,004,209
Financial Assets Available-For-Sale	62,397,871	-	-	-	-	62,397,871
Loans, Advances And Financing	100,039,507	1,610,620	1,233,167	-	-	102,883,294
Financial Assets At Fair Value Through Profit Or Loss	6,814,815	-	-	-	-	6,814,815
Deposits With Financial Institutions And Bank Balances	32,104,478	-	-	-	-	32,104,478
Receivables And Deposits	7,440,125	-	-	-	-	7,440,125
	428,801,005	1,610,620	1,233,167	-	-	431,644,792

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

b. Aging Analysis (Cont'd.)

The amounts in the following table reflect exposure on gross financial assets designated as past due but not impaired: (Cont'd.)

EPF	2016					Total
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Investment Assets Held-To-Maturity	227,609,742	-	-	-	-	227,609,742
Financial Assets Available-For-Sale	73,964,135	-	-	-	-	73,964,135
Loans, Advances And Financing	70,557,795	-	-	-	-	70,557,795
Financial Assets At Fair Value Through Profit Or Loss	340,188	-	-	-	-	340,188
Deposits With Financial Institutions And Bank Balances	48,403,340	-	-	-	-	48,403,340
Receivables And Deposits	2,251,318	-	-	-	-	2,251,318
	423,126,518	-	-	-	-	423,126,518

EPF	2015					Total
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Investment Assets Held-To-Maturity	220,004,209	-	-	-	-	220,004,209
Financial Assets Available-For-Sale	61,414,517	-	-	-	-	61,414,517
Loans, Advances And Financing	75,244,905	-	-	-	-	75,244,905
Financial Assets At Fair Value Through Profit Or Loss	185,223	-	-	-	-	185,223
Deposits With Financial Institutions And Bank Balances	22,266,633	-	-	-	-	22,266,633
Receivables And Deposits	6,062,768	-	-	-	-	6,062,768
	385,178,255	-	-	-	-	385,178,255

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

c. Financial Assets Exposed To Credit Risk Individually Assessed As Impaired

An analysis of financial assets individually assessed as impaired and the movements on the impairment allowance during the year are as follows:

GROUP		2016					
		Allowances At 1 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Off (RM'000)	Allowances As At 31 December (RM'000)
	Note						
Investment Assets Held-To-Maturity	13.1	60,968	-	-	(1,822)	-	59,146
Financial Assets Available-For-Sale	14.1	597,288	-	-	(142)	-	597,146
Loans, Advances And Financing	16.1	2,088,092	767,351	279,646	(10,305)	(42)	3,124,742
Receivables And Deposits	18	431,157	114,823	(54,066)	-	-	491,914
		3,177,505	882,174	225,580	(12,269)	(42)	4,272,948

GROUP		2015					
		Allowances At 1 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Off (RM'000)	Allowances As At 31 December (RM'000)
	Note						
Investment Assets Held-To-Maturity	13.1	76,170	-	-	(3,133)	(12,069)	60,968
Financial Assets Available-For-Sale	14.1	639,792	379	(4)	(42,879)	-	597,288
Loans, Advances And Financing	16.1	1,603,516	496,180	6	(11,610)	-	2,088,092
Receivables And Deposits	18	345,754	86,230	-	(827)	-	431,157
		2,665,232	582,789	2	(58,449)	(12,069)	3,177,505

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

c. Financial Assets Exposed To Credit Risk Individually Assessed As Impaired (Cont'd.)

An analysis of financial assets individually assessed as impaired and the movements on the impairment allowance during the year are as follows:
(Cont'd.)

		2016					
		Allowances At 1 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Off (RM'000)	Allowances As At 31 December (RM'000)
	Note						
Investment Assets Held-To-Maturity	13.2	60,968	-	-	(1,822)	-	59,146
Financial Assets Available-For-Sale	14.2	597,288	-	-	(142)	-	597,146
Loans, Advances And Financing	16.2	42,943	996	-	(10,305)	(28)	33,606
Receivables And Deposits	18	47,739	17,274	-	-	-	65,013
		748,938	18,270	-	(12,269)	(28)	754,911

		2015					
		Allowances At 1 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Off (RM'000)	Allowances As At 31 December (RM'000)
	Note						
Investment Assets Held-To-Maturity	13.2	76,170	-	-	(3,133)	(12,069)	60,968
Financial Assets Available-For-Sale	14.2	639,792	379	(4)	(42,879)	-	597,288
Loans, Advances And Financing	16.2	54,538	9	6	(11,610)	-	42,943
Receivables And Deposits	18	4,014	44,552	-	(827)	-	47,739
		774,514	44,940	2	(58,449)	(12,069)	748,938

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

d. Financial Effects Of The Collateral Held On Financial Assets Which Exposed To Credit Risk

The estimated financial effects of the collateral held on financial assets are as follows:

GROUP	2016		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Investment Assets Held-To-Maturity	165,966,121	62,162,554	12
Financial Assets Available-For-Sale	12,365,562	64,022,232	8
Loans, Advances And Financing	5,578,711	90,652,200	3
Financial Assets At Fair Value Through Profit Or Loss	-	9,070,929	-
Deposits With Financial Institutions And Bank Balances	90,741	58,733,209	-
Receivables And Deposits	-	5,071,558	-
	184,001,135	289,712,682	8

GROUP	2015		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Investment Assets Held-To-Maturity	173,319,123	47,157,195	24
Financial Assets Available-For-Sale	16,697,152	46,560,753	27
Loans, Advances And Financing	36,451,820	66,474,950	3
Financial Assets At Fair Value Through Profit Or Loss	-	6,814,815	-
Deposits With Financial Institutions And Bank Balances	112,183	31,992,295	-
Receivables And Deposits	-	7,487,864	-
	226,580,278	206,487,872	13

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.1 Credit Risk (Cont'd.)

d. Financial Effects Of The Collateral Held On Financial Assets Which Exposed To Credit Risk (Cont'd.)

The estimated financial effects of the collateral held on financial assets are as follows: (Cont'd.)

EPF	2016		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Investment Assets Held-To-Maturity	165,966,121	62,162,554	12
Financial Assets Available-For-Sale	12,365,562	61,657,482	8
Loans, Advances And Financing	5,578,711	65,011,599	3
Financial Assets At Fair Value Through Profit Or Loss	-	340,188	-
Deposits With Financial Institutions And Bank Balances	90,741	48,312,599	-
Receivables And Deposits	-	2,316,331	-
	184,001,135	239,800,753	8

EPF	2015		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Investment Assets Held-To-Maturity	173,319,123	47,157,195	24
Financial Assets Available-For-Sale	16,697,152	45,577,399	11
Loans, Advances And Financing	36,451,820	38,836,561	4
Financial Assets At Fair Value Through Profit Or Loss	-	185,223	-
Deposits With Financial Institutions And Bank Balances	112,183	22,154,450	-
Receivables And Deposits	-	6,110,507	-
	226,580,278	160,021,335	14

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.2 Liquidity Risk

Liquidity risk relates to the inability of the EPF to meet its financial commitments and obligations when they fall due. The EPF liquidity risk is limited as all contributions are mandated by the EPF Act 1991 through deduction of salaries and members are allowed to make withdrawal under pre-retirement and retirement schemes (Refer To Statistic On Withdrawal by Schemes). The EPF manages its liquidity requirements through:

- Monitoring of its daily cash flow and projecting monthly cash flow for a rolling twelve month basis;
- Allocating 3% of its asset's value for short term instruments in the form of cash and placements in financial institutions in order to meet members' withdrawals and other financial commitments and obligations; and
- Diversifying its investment portfolio by setting the concentration limits on name, sector and asset type.

Over the medium and longer term, the EPF is able to meet its liquidity requirements through its holdings of liquid investments such as publicly traded equities and available for sale fixed income securities. The maturity profile of the EPF assets and liabilities is also monitored within a stipulated level. The Group and the EPF financial liabilities are categorised into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date.

- a. The table set below represents the cash flows payable for financial liabilities by remaining contractual maturities as at the Statements of Financial Position date:

GROUP	2016			
	Contractual Cash Flows			Total
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
<u>Non-Derivative Liabilities</u>				
Loans And Overdrafts	3,501,189	10,648,182	3,187,527	17,336,898
Deposits And Advances	28,723,344	2,091,611	44,142	30,859,097
Payables And Accrued Liabilities	3,092,912	2,568,944	21,511	5,683,367
<u>Derivative Liabilities</u>				
Interest Rate Swap	49,842	236,305	-	286,147
Cross Currency Swap	-	260,943	183,084	444,027
Forward Exchange Contracts	2,213,695	-	-	2,213,695
Total Financial Liabilities At Fair Value Through Profit Or Loss	37,580,982	15,805,985	3,436,264	56,823,231

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.2 Liquidity Risk (Cont'd.)

- a. The table set below represents the cash flows payable for financial liabilities by remaining contractual maturities as at the Statements Of Financial Position date: (Cont'd.)

GROUP	2015			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
<u>Non-Derivative Liabilities</u>				
Loans And Overdrafts	2,934,756	13,442,568	1,182,901	17,560,225
Contribution Withdrawal Payables	-	27,661	-	27,661
Deposits And Advances	25,978,337	2,810,270	40,849	28,829,456
Payables And Accrued Liabilities	7,613,577	21,735	-	7,635,312
<u>Derivative Liabilities</u>				
Interest Rate Swap	-	22,244	106,233	128,477
Profit Rate Swap	3,432	-	-	3,432
Cross Currency Swap	-	52,145	104,833	156,978
Forward Exchange Contracts	1,637,080	-	-	1,637,080
Total Financial Liabilities At Fair Value				
Through Profit Or Loss	38,167,182	16,376,623	1,434,816	55,978,621

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.2 Liquidity Risk (Cont'd.)

- a. The table set below represents the cash flows payable for financial liabilities by remaining contractual maturities as at the Statements of Financial Position date: (Cont'd.)

EPF	2016			
	Contractual Cash Flows			Total
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
	(RM'000)	(RM'000)	(RM'000)	
<u>Non-Derivative Liabilities</u>				
Contribution Withdrawal Payables	-	370,261,765	334,004,530	704,266,295
Deposits And Advances	83,234	103,530	-	186,764
Payables And Accrued Liabilities	2,090,248	8,281	-	2,098,529
<u>Derivative Liabilities</u>				
Cross Currency Swap	-	260,943	183,084	444,027
Forward Exchange Contracts	2,213,696	-	-	2,213,696
Total Financial Liabilities At Fair Value Through Profit Or Loss	4,387,178	370,634,519	334,187,614	709,209,311
EPF	2015			
	Contractual Cash Flows			Total
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
	(RM'000)	(RM'000)	(RM'000)	
<u>Non-Derivative Liabilities</u>				
Contribution Withdrawal Payables	-	27,661	-	27,661
Deposits And Advances	119,696	76,110	-	195,806
Payables And Accrued Liabilities	5,486,182	21,734	-	5,507,916
<u>Derivative Liabilities</u>				
Cross Currency Swap	-	52,145	104,833	156,978
Forward Exchange Contracts	1,637,080	-	-	1,637,080
Total Financial Liabilities At Fair Value Through Profit Or Loss	7,242,958	177,650	104,833	7,525,441

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.2 Liquidity Risk (Cont'd.)

- b. The table set below analyses the Group's and EPF's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at the Statements of Financial Position date. The amount disclosed in the table is the contractual undiscounted cash flows:

GROUP	2016			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
<u>Gross Settled Derivatives</u>				
Interest Rate Swap				
- Outflow	(1,310,831)	(5,154,022)	-	(6,464,853)
- Inflow	1,683,696	5,012,931	-	6,696,627
Cross Currency Swap				
- Outflow	-	(797,531)	(847,290)	(1,644,821)
- Inflow	-	-	-	-
	372,865	(938,622)	(847,290)	(1,413,047)
GROUP	2015			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
<u>Gross Settled Derivatives</u>				
Interest Rate Swap				
- Outflow	-	-	-	-
- Inflow	-	-	-	-
Cross Currency Swap				
- Outflow	-	-	-	-
- Inflow	(154,393)	(328,981)	(495,310)	(978,684)
	(154,393)	(328,981)	(495,310)	(978,684)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.2 Liquidity Risk (Cont'd.)

- b. The table set below analyses the Group's and EPF's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at the Statements of Financial Position date. The amount disclosed in the table is the contractual undiscounted cash flows: (Cont'd.)

EPF	2016			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
<u>Gross Settled Derivatives</u>				
Cross Currency Swap				
- Outflow	-	-	-	-
- Inflow	-	(797,531)	(847,290)	(1,644,821)
	-	(797,531)	(847,290)	(1,644,821)
EPF	2015			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
<u>Gross Settled Derivatives</u>				
Cross Currency Swap				
- Outflow	-	-	-	-
- Inflow	(154,393)	(328,981)	(495,310)	(978,684)
	(154,393)	(328,981)	(495,310)	(978,684)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk

Market risk is the risk of loss arising from changes in the value of portfolios and financial instruments due to the movements in equity prices, interest rates and foreign exchange rate.

The objective of market risk management is to ensure that risk exposures undertaken by the EPF is within the risk appetite. This is done through an annual review of various policies and limits, periodic reports to monitor market risk at portfolio level for each asset class and independent validation performed on the underlying risk methodology.

The EPF adopts the following risk measurements to manage its market risk:

- i. Name, ownership, country and sector concentration limits to ensure appropriate diversification of risk exposures.
- ii. **Value at Risk ("VaR")** is a statistical measure of the potential losses that could occur as a result of movements in interest rates and prices over a specified time horizon within a given confidence level.
- iii. **Duration** is to manage the sensitivity of the price of a fixed income investment arising from interest rate movement.
- iv. **Tracking error** is a standard deviation of the portfolio's excess returns relative to a benchmark in measuring and benchmarking the performance of the portfolio.
- v. **Stress testing** is an exercise conducted to capture the potential market risk exposure of 'what-if' scenarios. It incorporates factors such as correlation, volatility and returns at different levels. The stress tests are performed periodically and reported to the management.

a. Price Risk

Price risk arises from the movements in the price of equities, both domestic and global. The EPF identifies acceptable benchmarks for each respective portfolio and measures the deviation from these benchmarks to ensure that each portfolio is within the EPF investment parameter.

The EPF manages its price risk through diversification and prudent selection of equities as approved by the Investment Panel Committee.

The overall investment exposure is being monitored on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

a. Price Risk (Cont'd.)

The table set out below summarises the impact on the carrying amount of equity positions as at Statements of Financial Position date arising from the changes in equity prices. The analysis is based on the assumption that the market index components increase or decrease by a reasonable shift, with all other variables remain constant and that the fair value of the equities move according to the historical correlation with the market index.

GROUP AND EPF		2016			
Index	Quoted Equities Available-For-Sale	Fair Value	Changes In Market Index	Sensitivity Impact To Financial Assets Reserve Available-For-Sale Increase/ (Decrease) (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss Increase/ (Decrease) (RM'000)
		(RM'000)			
FBM KLCI	Domestic	135,375,220	+5%	5,535,873	503,043
			-5%	(5,429,204)	(636,633)
MSCI World	Global	137,734,690	+10%	8,974,970	208,365
			-10%	(8,524,363)	(61,303)
		273,109,910			

GROUP AND EPF		2015			
Index	Quoted Equities Available-For-Sale	Fair Value	Changes In Market Index	Sensitivity Impact To Financial Assets Reserve Available-For-Sale Increase/ (Decrease) (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss Increase/ (Decrease) (RM'000)
		(RM'000)			
FBM KLCI	Domestic	144,802,557	+5%	6,374,818	108,288
			-5%	(6,630,345)	(175,725)
MSCI World	Global	126,904,917	+10%	7,274,466	37,837
			-10%	(5,125,843)	(46,103)
		271,707,474			

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

b. Interest Rate Risk

The Group and EPF are exposed to various risks associated with the fluctuations in the prevailing levels of interest rate on its Statements of Financial Position and Statements of Cash Flows. The following table indicates the Group's and EPF's financial assets and financial liabilities at their effective interest rate and carrying amount, analysed by the maturity dates.

GROUP	2016								
	Non Trading Book						Trading Book	Total	Effective Interest Rate
	Up to 1 Month	>1 - 3 Months	>3 - 12 Months	>1 - 5 Years	Over 5 Years	Non-Interest Sensitive			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)			
ASSETS									
Investment In Associates	-	-	-	-	2,922,413	12,204,523	-	15,126,936	-
Investment In Joint Ventures	-	-	-	-	-	2,892,872	-	2,892,872	-
Investment Assets Held-To-Maturity	2,133,439	7,258,305	7,505,556	78,194,785	132,977,444	-	-	228,069,529	4.00 - 9.00
Financial Assets Available-For-Sale	328,758	419,161	2,219,296	23,841,842	46,552,620	289,376,364	-	362,738,041	2.00 - 30.00
Financial Assets At Fair Value Through Profit Or Loss	36,915	37,368	-	5,924	2,763	8,987,959	-	9,070,929	-
Loans, Advances And Financing Deposits With Financial Institutions	8,879,621	-	8,331,244	15,042,222	47,183,238	13,669,844	-	93,106,169	2.00 - 9.00
Other Non-Interest Sensitive Assets	27,252,995	12,563,232	201,158	-	-	1,297,326	-	41,314,711	1.00 - 5.00
	-	-	-	-	-	48,722,577	-	48,722,577	-
Total Assets	38,631,728	20,278,066	18,257,254	117,084,773	229,638,478	377,151,465	-	801,041,764	-
LIABILITIES									
Loans And Overdraft	575,275	-	-	-	-	16,761,623	-	17,336,898	-
Deposits And Advances	-	-	-	-	-	30,859,097	-	30,859,097	-
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	9,038,836	-	9,038,836	-
Total Liabilities	575,275	-	-	-	-	56,659,556	-	57,234,831	-
Total Net Assets	38,056,453	20,278,066	18,257,254	117,084,773	229,638,478	320,491,909	-	743,806,933	-
MEMBERS' FUND									
Contributions	-	-	-	-	-	704,266,295	-	704,266,295	-
Reserves	-	-	-	-	-	33,393,716	-	33,393,716	-
Retained Profit	-	-	-	-	-	3,034,565	-	3,034,565	-
Non-Controlling Interests	-	-	-	-	-	3,112,357	-	3,112,357	-
Total Members' Fund	-	-	-	-	-	743,806,933	-	743,806,933	-
On Statements Of Financial Position									
Interest Sensitivity Gap	38,056,453	20,278,066	18,257,254	117,084,773	229,638,478	(423,315,024)	-	-	-
Total Interest Sensitivity Gap	38,056,453	20,278,066	18,257,254	117,084,773	229,638,478	(423,315,024)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

The Group and EPF are exposed to various risks associated with the fluctuations in the prevailing levels of interest rate on its Statements of Financial Position and Statements of Cash Flows. The following table indicates the Group's and EPF's financial assets and financial liabilities at their effective interest rate and carrying amount, analysed by the maturity dates. (Cont'd.)

GROUP	2015								
	Non Trading Book						Trading Book	Total	Effective Interest Rate
	Up to	>1 - 3	>3 - 12	>1 - 5	Over	Non-			
	1 Month	Months	Months	Years	5 Years	Interest Sensitive			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(%)
ASSETS									
Investment In Associates	-	-	-	-	-	14,513,517	-	14,513,517	-
Investment In Joint Ventures	-	-	-	-	-	2,310,632	-	2,310,632	-
Investment Assets Held-To-Maturity	1,634,016	3,825,810	66,304,473	99,244,304	49,406,747	-	-	220,415,350	3.17 - 9.00
Financial Assets Available-For-Sale	67,348	152,560	1,862,617	24,939,271	36,658,304	278,919,712	-	342,599,812	1.00 - 22.18
Financial Assets At Fair Value Through Profit Or Loss	-	66,297	-	-	-	6,748,518	-	6,814,815	3.31 - 5.20
Loans, Advances And Financing Deposits With Financial Institutions	8,000,980	-	5,285,738	25,014,577	32,049,068	30,488,315	-	100,838,678	2.02 - 8.00
Other Non-Interest Sensitive Assets	16,396,609	975,299	18,779	-	-	404,687	-	17,795,374	0.05 - 4.09
	-	-	-	-	-	47,374,247	-	47,374,247	-
Total Assets	26,098,953	5,019,966	73,471,607	149,198,152	118,114,119	380,759,628	-	752,662,425	-
LIABILITIES									
Loans And Overdraft	1,645,591	-	-	1,772,294	8,542,643	-	-	11,960,528	3.50 - 5.50
Deposits And Advances	-	-	-	3,364	44,993	28,585,293	-	28,633,650	3.59
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	15,730,729	-	15,730,729	-
Total Liabilities	1,645,591	-	-	1,775,658	8,587,636	44,316,022	-	56,324,907	-
Total Net Assets	24,453,362	5,019,966	73,471,607	147,422,494	109,526,483	336,443,606	-	696,337,518	-
MEMBERS' FUND									
Contributions	-	-	-	-	-	652,469,572	-	652,469,572	-
Reserves	-	-	-	-	-	36,346,867	-	36,346,867	-
Retained Profit	-	-	-	-	-	4,996,070	-	4,996,070	-
Non-Controlling Interests	-	-	-	-	-	2,525,009	-	2,525,009	-
Total Members' Fund	-	-	-	-	-	696,337,518	-	696,337,518	-
On Statements Of Financial Position									
Interest Sensitivity Gap	24,453,362	5,019,966	73,471,607	147,422,494	109,526,483	(359,893,912)	-	-	-
Total Interest Sensitivity Gap	24,453,362	5,019,966	73,471,607	147,422,494	109,526,483	(359,893,912)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

The Group and EPF are exposed to various risks associated with the fluctuations in the prevailing levels of interest rate on its Statements of Financial Position and Statements of Cash Flows. The following table indicates the Group's and EPF's financial assets and financial liabilities at their effective interest rate and carrying amount, analysed by the maturity dates. (Cont'd.)

EPF	2016								
	Non Trading Book						Trading Book	Total	Effective Interest Rate
	Up to	>1 - 3	>3 - 12	>1 - 5	Over	Non-			
	1 Month	Months	Months	Years	5 Years	Interest Sensitive			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(%)
ASSETS									
Investment In Subsidiaries	-	-	401,600	-	-	20,210,313	-	20,611,913	-
Investment In Associates	-	-	-	-	2,922,413	8,273,030	-	11,195,443	-
Investment Assets Held-To-Maturity	2,133,439	7,258,305	7,505,556	78,194,785	132,977,444	-	-	228,069,529	4.00 - 9.00
Financial Assets Available-For-Sale	328,758	419,161	2,219,296	23,841,842	46,552,620	286,136,390	-	359,498,067	2.00 - 30.00
Financial Assets At Fair Value Through Profit Or Loss	36,915	37,368	-	5,924	2,763	257,218	-	340,188	-
Loans, Advances And Financing Deposits With Financial Institutions	-	-	8,331,244	15,042,222	47,183,238	-	-	70,556,704	2.00 - 9.00
Other Non-Interest Sensitive Assets	27,252,995	12,563,232	201,158	-	-	-	-	40,017,385	1.00 - 5.00
Total Assets	29,752,107	20,278,066	18,658,854	117,084,773	229,638,478	326,912,201	-	742,324,479	-
LIABILITIES									
Deposits And Advances	-	-	-	-	-	186,764	-	186,764	-
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	5,089,321	-	5,089,321	-
Total Liabilities	-	-	-	-	-	5,276,085	-	5,276,085	-
Total Net Assets	29,752,107	20,278,066	18,658,854	117,084,773	229,638,478	321,636,116	-	737,048,394	-
MEMBERS' FUND									
Contributions	-	-	-	-	-	704,266,295	-	704,266,295	-
Reserves	-	-	-	-	-	30,974,450	-	30,974,450	-
Retained Profit	-	-	-	-	-	1,807,649	-	1,807,649	-
Total Members' Fund	-	-	-	-	-	737,048,394	-	737,048,394	-
On Statements Of Financial Position									
Interest Sensitivity Gap	29,752,107	20,278,066	18,658,854	117,084,773	229,638,478	(415,412,278)	-	-	-
Total Interest Sensitivity Gap	29,752,107	20,278,066	18,658,854	117,084,773	229,638,478	(415,412,278)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

The Group and EPF are exposed to various risks associated with the fluctuations in the prevailing levels of interest rate on its Statements of Financial Position and Statements of Cash Flows. The following table indicates the Group's and EPF's financial assets and financial liabilities at their effective interest rate and carrying amount, analysed by the maturity dates. (Cont'd.)

EPF	2015									
	Non Trading Book						Trading Book	Total	Effective Interest Rate	
	Up to	>1 - 3	>3 - 12	>1 - 5	Over	Non-				
	1 Month	Months	Months	Years	5 Years	Interest Sensitive				
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(%)	
ASSETS										
Investment In Subsidiaries	-	-	-	400,000	-	17,714,177	-	18,114,177	-	
Investment In Associates	-	-	-	-	-	11,013,041	-	11,013,041	-	
Investment Assets Held-To-Maturity	1,634,016	3,825,810	66,304,473	99,244,304	49,406,747	-	-	220,415,350	3.17 - 9.00	
Financial Assets Available-For-Sale	67,348	152,560	1,862,617	24,939,271	35,674,950	278,655,758	-	341,352,504	1.00 - 22.18	
Financial Assets At Fair Value Through Profit Or Loss	-	66,297	-	-	-	118,926	-	185,223	3.31 - 5.20	
Loans, Advances And Financing	-	-	5,285,738	25,014,577	38,321,116	6,624,007	-	75,245,438	2.02 - 8.00	
Deposits With Financial Institutions	16,302,461	975,299	18,779	-	-	-	-	17,296,539	0.05 - 4.09	
Other Non-Interest Sensitive Assets	-	-	-	-	-	12,491,213	-	12,491,213	-	
Total Assets	18,003,825	5,019,966	73,471,607	149,598,152	123,402,813	326,617,122	-	696,113,485	-	
LIABILITIES										
Deposits And Advances	-	-	-	-	-	195,806	-	195,806	-	
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	7,623,130	-	7,623,130	-	
Total Liabilities	-	-	-	-	-	7,818,936	-	7,818,936	-	
Total Net Assets	18,003,825	5,019,966	73,471,607	149,598,152	123,402,813	318,798,186	-	688,294,549	-	
MEMBERS' FUND										
Contributions	-	-	-	-	-	652,469,572	-	652,469,572	-	
Reserves	-	-	-	-	-	33,313,721	-	33,313,721	-	
Retained Profit	-	-	-	-	-	2,511,256	-	2,511,256	-	
Total Members' Fund	-	-	-	-	-	688,294,549	-	688,294,549	-	
On Statements Of										
Financial Position										
Interest Sensitivity Gap	18,003,825	5,019,966	73,471,607	149,598,152	123,402,813	(369,496,363)	-	-	-	
Total Interest Sensitivity Gap	18,003,825	5,019,966	73,471,607	149,598,152	123,402,813	(369,496,363)	-	-		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

Interest rate risk arises from investments in floating interest rate instruments classified as loans and receivables, and fixed interest rate instruments classified as available-for-sale and fair value through profit or loss.

The EPF has put in place an interest rate hedging policy for its fixed income portfolios classified as Available-For-Sale.

The objective of the policy is to mitigate the net changes in the fair value of assets arising from interest rate movements.

The table below summarises the impact on the interest income from fixed income instruments as Statements of Financial Position date arising from changes in the interest rates by 100 basis points based on unhedged positions:

GROUP	2016			
	Sensitivity Impact To Statements Of Profit Or Loss When Interest Rates Change ± 100 Basis Points		Sensitivity Impact To Financial Assets Reserve Available-For-Sale When Interest Rates Change ± 100 Basis Points	
	Increase/(Decrease)		Increase/(Decrease)	
	(RM'000)		(RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Investment Instruments	289,174	(289,174)	(3,237,115)	3,237,115

GROUP	2015			
	Sensitivity Impact To Statements Of Profit Or Loss When Interest Rates Change ± 100 Basis Points		Sensitivity Impact To Financial Assets Reserve Available-For-Sale When Interest Rates Change ± 100 Basis Points	
	Increase/(Decrease)		Increase/(Decrease)	
	(RM'000)		(RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Investment Instruments	336,085	(336,085)	(2,758,622)	2,758,622

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

The table below summarises the impact on the interest income from fixed income instruments as Statements of Financial Position date arising from changes in the interest rates by 100 basis points based on unhedged positions:

EPF	2016			
	Sensitivity Impact To Statements Of Profit Or Loss When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)		Sensitivity Impact To Financial Assets Reserve Available-For-Sale When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Investment Instruments	171,409	(171,409)	(3,237,115)
EPF	2015			
	Sensitivity Impact To Statements Of Profit Or Loss When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)		Sensitivity Impact To Financial Assets Reserve Available-For-Sale When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Investment Instruments	297,695	(297,695)	(2,758,622)

c. Foreign Exchange Risk

The EPF invests globally and is exposed to foreign exchange risk arising from various foreign currency exposures other than Ringgit Malaysia.

The EPF has put in place a foreign exchange hedging policy to protect its global investment assets against the adverse movement in foreign exchange rate. The global fixed income exposures are hedged with a minimum ratio of 50% whereas global equities and other global exposures are hedged where appropriate. Derivatives include Forward Contract and Cross Currency Swap are used strictly to hedge foreign exchange risk in global investments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

c. Foreign Exchange Risk (Cont'd.)

The following table summarises the carrying amount of global investments of the Group and EPF by currencies as at the Statements of Financial Position date:

GROUP AND EPF	2016		2015	
	Global Investments (RM'000)	%	Global Investments (RM'000)	%
Currency:				
United States Dollars	50,002,783	30	49,268,521	30
Hong Kong Dollars	16,508,255	10	15,670,054	10
Singapore Dollars	14,902,893	9	14,573,425	9
Euro	15,187,418	9	13,180,230	8
Great Britain Pound Sterling	12,652,152	7	11,386,275	7
Japanese Yen	7,846,116	5	8,515,951	5
Taiwan Dollars	5,750,865	3	7,502,094	5
Indonesian Rupiah	7,829,521	5	7,407,036	5
Thai Baht	10,353,613	5	7,312,239	4
South Korean Won	7,800,630	5	7,052,004	4
Australian Dollars	6,234,181	4	7,115,136	4
Others	14,028,818	8	13,993,140	9
	169,097,245	100	162,976,105	100

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

c. Foreign Exchange Risk (Cont'd.)

Foreign exchange risk arises from the reasonable shifts in exchange rates that adversely affect the revaluation of the Group and EPF global investments. Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and EPF on unhedged positions are as follows:

GROUP AND EPF	2016			
	Sensitivity Impact To Statements Of Profit Or Loss When The Movement In Exchange Rates Strengthening/ (Weakening) (RM'000)		Sensitivity Impact To The Financial Asset Reserve Available-For-Sale Balance When Movement In Exchange Rates Strengthening/ (Weakening) (RM'000)	
	+ 3%	- 3%	+ 3%	- 3%
United States Dollars	676,042	(675,599)	1,138,747	(1,134,013)
Hong Kong Dollars	4,412	(4,405)	659,952	(649,398)
Singapore Dollars	16,932	(16,980)	498,106	(493,128)
Euro	35,724	(36,060)	588,587	(579,586)
Great Britain Pound Sterling	16,165	(16,132)	419,990	(415,262)
Japanese Yen	14,886	(14,913)	330,303	(323,922)
Taiwan Dollars	-	-	234,415	(231,192)
Indonesian Rupiah	-	-	232,211	(231,188)
Thai Baht	-	-	372,897	(368,612)
South Korean Won	792	(792)	258,825	(256,857)
Australian Dollars	99,904	(100,050)	127,127	(126,148)
Others	40,267	(40,144)	373,338	(372,047)
	905,124	(905,075)	5,234,498	(5,181,353)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.3 Market Risk (Cont'd.)

c. Foreign Exchange Risk (Cont'd.)

Foreign exchange risk arises from the reasonable shifts in exchange rates that adversely affect the revaluation of the Group and EPF global investments. Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and EPF on unhedged positions are as follows: (Cont'd.)

GROUP AND EPF	2015			
	Sensitivity Impact To Statements Of Profit Or Loss When The Movement In Exchange Rates		Sensitivity Impact To The Financial Asset Reserve Available-For-Sale Balance When Movement In Exchange Rates	
	Strengthening/ (Weakening)		Strengthening/ (Weakening)	
	(RM'000)		(RM'000)	
	+ 3%	- 3%	+ 3%	- 3%
United States Dollars	516,211	(516,211)	919,418	(919,418)
Hong Kong Dollars	5,078	(5,078)	464,933	(464,933)
Singapore Dollars	18,756	(18,756)	419,101	(419,101)
Euro	47,926	(47,926)	347,296	(347,296)
Great Britain Pound Sterling	12,549	(12,549)	328,655	(328,655)
Japanese Yen	10,141	(10,141)	245,316	(245,316)
Taiwan Dollars	-	-	181,227	(181,227)
Indonesian Rupiah	-	-	221,770	(221,770)
Thai Baht	656	(656)	218,620	(218,620)
South Korean Won	673	(673)	210,878	(210,878)
Australian Dollars	108,355	(108,355)	102,575	(102,575)
Others	62,355	(62,355)	367,313	(367,313)
	782,700	(782,700)	4,027,102	(4,027,102)

Interpretation of Impact

The Group and EPF measure the foreign exchange sensitivity based on the foreign exchange net open positions under an adverse movement in all foreign currencies against ("RM"). The result implies that the Group and EPF may be subject to additional translation gain/(loss) in the event RM strengthen/weaken against other currencies and vice versa.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)**39.4 Fair Value Of Financial Instruments**

From 1 January 2013, the Group and EPF adopted MFRS 13, Fair Value Measurement defines fair value as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair Value Hierarchy**i. Level 1**

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

ii. Level 2

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

iii. Level 3

Level 3 fair value is estimated using unobservable inputs for the assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their carrying amounts as shown in the Statements of Financial Position.

GROUP	2016									
	Fair Value Of Financial Instruments				Fair Value Of Financial Instruments				Total	Carrying
	Carried At Fair Value				Not Carried At Fair Value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Fair Value	Amount
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Assets:										
Recurring Fair Value										
Measurement										
Financial Assets										
Available-For-Sale	273,109,220	73,425,898	16,202,923	362,738,041	-	-	-	-	362,738,041	362,738,041
Financial Assets At										
Fair Value Through										
Profit Or Loss	138,700	201,488	8,730,741	9,070,929	-	-	-	-	9,070,929	9,070,929
Derivative Financial										
Assets	-	-	-	-	-	-	-	-	-	-
Non-Recurring Fair										
Value Measurement										
Investment Property	-	-	-	-	-	-	28,961,948	28,961,948	28,961,948	23,919,729
Assets Held For Sale	-	-	-	-	-	3,150	-	3,150	3,150	1,959
Investment Assets										
Held-To-Maturity	-	-	-	-	179,161,415	49,880,328	725	229,042,468	229,042,468	228,069,529
Loans, Advances And										
Financing	-	-	-	-	-	83,873,320	9,232,849	93,106,169	93,106,169	93,106,169
Deposits With Financial										
Institutions	-	-	-	-	-	-	41,314,711	41,314,711	41,314,711	41,314,711
Receivables And										
Deposits	-	-	-	-	-	-	4,579,644	4,579,644	4,579,644	4,579,644
Liabilities:										
Recurring Fair Value										
Measurement										
Derivative Liabilities	-	(2,943,870)	-	(2,943,870)	-	-	-	-	(2,943,870)	(2,943,870)
Non-Recurring Fair										
Value Measurement										
Deposits And Advances	-	-	-	-	-	-	(30,859,097)	(30,859,097)	(30,859,097)	(30,859,097)
Payables And Accrued										
Liabilities	-	-	-	-	-	-	(5,683,367)	(5,683,367)	(5,683,367)	(5,683,367)
	273,247,920	70,683,516	24,933,664	368,865,100	179,161,415	133,756,798	47,547,413	360,465,626	729,330,726	723,314,377

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts as shown in the Statements of Financial Position. (Cont'd.)

GROUP	2015									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Assets:										
Recurring Fair Value Measurement										
Financial Assets										
Available-For-Sale	271,707,474	62,660,617	8,231,721	342,599,812	-	-	-	-	342,599,812	342,599,812
Financial Assets At Fair Value Through Profit Or Loss	-	-	4,804,175	4,804,175	-	-	1,823,109	1,823,109	6,627,284	6,627,284
Derivative Financial Assets	118,710	68,821	-	187,531	-	-	-	-	187,531	187,531
Non-Recurring Fair Value Measurement										
Investment Property	-	-	-	-	-	-	26,642,867	26,642,867	26,642,867	22,276,698
Assets Held For Sale	-	-	-	-	-	926,554	-	926,554	926,554	904,567
Investment Assets										
Held-To-Maturity	-	-	-	-	173,289,708	47,936,523	725	221,226,956	221,226,956	220,415,350
Loans, Advances And Financing	-	-	-	-	-	100,618,971	219,707	100,838,678	100,838,678	100,838,678
Deposits With Financial Institutions	-	-	-	-	-	-	17,795,374	17,795,374	17,795,374	17,795,374
Receivables And Deposits	-	-	-	-	-	-	7,056,707	7,056,707	7,056,707	7,056,707
Liabilities:										
Recurring Fair Value Measurement										
Derivative Liabilities	-	(1,925,967)	-	(1,925,967)	-	-	-	-	(1,925,967)	(1,925,967)
Non-Recurring Fair Value Measurement										
Deposits And Advances	-	-	-	-	-	-	(28,829,456)	(28,829,456)	(28,829,456)	(28,829,456)
Payables And Accrued Liabilities	-	-	-	-	-	-	(7,635,312)	(7,635,312)	(7,635,312)	(7,635,312)
	271,826,184	60,803,471	13,035,896	345,665,551	173,289,708	149,482,048	17,073,721	339,845,477	685,511,028	680,311,266

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts as shown in the Statements of Financial Position. (Cont'd.)

EPF	2016									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Assets:										
Recurring Fair Value Measurement										
Financial Assets										
Available-For-Sale	273,109,220	73,425,898	12,962,949	359,498,067	-	-	-	-	359,498,067	359,498,067
Financial Assets At Fair Value Through Profit Or Loss	138,700	201,488	-	340,188	-	-	-	-	340,188	340,188
Non-Recurring Fair Value Measurement										
Investment Property	-	-	-	-	-	-	2,112,524	2,112,524	2,112,524	1,047,229
Assets Held For Sale	-	-	-	-	-	2,865	-	2,865	2,865	1,674
Investment Assets										
Held-To-Maturity	-	-	-	-	179,161,414	49,880,328	725	229,042,467	229,042,467	228,069,529
Loans, Advances And Financing	-	-	-	-	-	59,806,344	10,750,360	70,556,704	70,556,704	70,556,704
Deposits With Financial Institutions	-	-	-	-	-	-	40,017,385	40,017,385	40,017,385	40,017,385
Receivables And Deposits	-	-	-	-	-	-	2,251,318	2,251,318	2,251,318	2,251,318
Liabilities:										
Recurring Fair Value Measurement										
Financial Liabilities At Fair Value Through Profit Or Loss	-	(2,657,723)	-	(2,657,723)	-	-	-	-	(2,657,723)	(2,657,723)
Non-Recurring Fair Value Measurement										
Deposits And Advances	-	-	-	-	-	-	(186,764)	(186,764)	(186,764)	(186,764)
Payables And Accrued Liabilities	-	-	-	-	-	-	(2,098,529)	(2,098,529)	(2,098,529)	(2,098,529)
	273,247,920	70,969,662	12,962,949	357,180,532	179,161,414	109,689,537	52,847,019	341,697,970	698,878,502	696,839,078

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts as shown in the Statements of Financial Position. (Cont'd.)

EPF	2015									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Assets:										
Recurring Fair Value Measurement										
Financial Assets										
Available-For-Sale	271,707,474	61,677,263	7,967,767	341,352,504	-	-	-	-	341,352,504	341,352,504
Financial Assets At Fair Value Through Profit Or Loss	118,710	66,513	-	185,223	-	-	-	-	185,223	185,223
Non-Recurring Fair Value Measurement										
Investment Property	-	-	-	-	-	-	1,802,679	1,802,679	1,802,679	1,070,980
Assets Held For Sale	-	-	-	-	-	75,065	-	75,065	75,065	53,078
Investment Assets										
Held-To-Maturity	-	-	-	-	173,289,708	47,936,523	725	221,226,956	221,226,956	220,415,350
Loans, Advances And Financing	-	-	-	-	-	68,187,844	7,057,594	75,245,438	75,245,438	75,245,438
Deposits With Financial Institutions	-	-	-	-	-	-	17,296,539	17,296,539	17,296,539	17,296,539
Receivables And Deposits	-	-	-	-	-	-	6,062,768	6,062,768	6,062,768	6,062,768
Liabilities:										
Recurring Fair Value Measurement										
Financial Liabilities At Fair Value Through Profit Or Loss	-	(1,794,058)	-	(1,794,058)	-	-	-	-	(1,794,058)	(1,794,058)
Non-Recurring Fair Value Measurement										
Deposits And Advances	-	-	-	-	-	-	(195,806)	(195,806)	(195,806)	(195,806)
Payables And Accrued Liabilities	-	-	-	-	-	-	(5,507,916)	(5,507,916)	(5,507,916)	(5,507,916)
	271,826,184	59,949,718	7,967,767	339,743,669	173,289,708	116,199,432	26,516,583	316,005,723	655,749,392	654,184,100

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

b. Policy Of Transfer Between Levels

The fair value of an asset to be transferred between levels is determined by the Group and EPF as of the date of the event or change in circumstances that caused the transfer. There has been no transfer between Level 1 and 2 during the financial year.

c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities:

GROUP

Fair Value Of Financial Instruments Carried Out At Fair Value

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Financial Assets:				
Financial Assets Available-For-Sale				
Quoted Equities	273,109,220	271,707,474	Level 1	Quoted bid prices in an active market.
Bonds	30,766,075	28,666,818	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Sukuk	17,764,615	13,413,988	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Private Debt Securities	24,895,208	20,579,811	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Unquoted Equities	16,202,923	8,231,721	Level 3	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Financial Assets At Fair Value Through Profit Or Loss				
Investment Asset Held For Trade	8,730,741	4,804,175	Level 3	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

GROUP (Cont'd.)

Fair Value Of Financial Instruments Carried Out At Fair Value (Cont'd.)

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Derivative Financial Assets:				
Warrants	26,075	47,107	Level 1	Quoted bid prices in an active market.
Rights	-	1,021	Level 1	Quoted bid prices in an active market.
Irredeemable Convertible Preference Shares	34,654	70,582	Level 1	Quoted bid prices in an active market.
Redeemable Convertible Preference Shares	77,971	-	Level 1	Quoted bid prices in an active market.
Forward Contracts	192,801	68,605	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	4,527	-	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Interest Rate Swaps	4,160	216	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Total Financial Assets	371,808,970	347,591,518		
Financial Liabilities:				
Derivative Financial Liabilities:				
Forward Contracts	(2,213,696)	(1,637,080)	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	(444,028)	(156,978)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Interest Rate Swaps	(286,146)	(131,909)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Total Financial Liabilities	(2,943,870)	(1,925,967)		
Total	368,865,100	345,665,551		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

GROUP (Cont'd.)

Fair Value Of Financial Instruments Not Measured At Fair Value

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Financial Assets:				
Financial Assets At Fair Value Through Profit Or Loss				
Investment Assets Held For Trade	28,961,949	1,823,109	Level 3	Unavailability of observable comparison as benchmark.
Investment Property	-	26,642,867	Level 3	Unavailability of observable comparison as benchmark.
Assets Held For Sale	3,150	926,554	Level 2	Frequency of revaluation performed in accordance with the accounting policy adopted by the EPF, and by accredited independent valuers with experience in property valuation.
Investment Assets Held-To-Maturity				
Malaysian Government Securities	80,516,858	89,425,987	Level 1	Quoted bid prices in an active market.
Government Investment Issues	84,284,146	75,392,165	Level 1	Quoted bid prices in an active market.
Private Debt Securities	49,880,328	47,936,523	Level 2	Valued by referring to observable quoted prices other than quoted prices which included in Level 1 for assets and liabilities directly or indirectly.
Commercial Papers	512,000	435,000	Level 1	Quoted bid prices in an active market.
Cagamas Securities	6,499,122	7,039,636	Level 1	Quoted bid prices in an active market.
Conventional Bonds	43,963	45,188	Level 1	Quoted bid prices in an active market.
Negotiable Certificates	3,469,320	150,838	Level 1	Quoted bid prices in an active market.
Negotiable Islamic Certificates	3,836,005	800,894	Level 1	Quoted bid prices in an active market.
Convertible Preference Share	725	725	Level 3	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

GROUP (Cont'd.)

Fair Value Of Financial Instruments Not Measured At Fair Value (Cont'd.)

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Loans, Advances And Financing				
Guaranteed Loans	59,806,344	68,187,844	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Corporate Loans	24,066,976	32,431,127	Level 2	Fair values are estimated based on expected future cash flows of contractual installment payments, discounted at prevailing rates offered for similar loans to new borrowers with similar credit profiles as at the reporting date.
Loans To Staff	9,232,849	219,707	Level 3	Unavailability of observable comparison as benchmark.
Deposits With Financial Institutions	41,314,711	17,795,374	Level 3	Carrying value equivalent to fair value.
Receivables And Deposits	4,579,644	7,056,707	Level 3	Carrying value equivalent to fair value.
Total Financial Assets	397,008,090	376,310,245		
Financial Liabilities:				
Deposits And Advances	(30,859,097)	(28,829,456)	Level 3	Carrying value equivalent to fair value.
Payables And Accrued Liabilities	(5,683,367)	(7,635,312)	Level 3	Carrying value equivalent to fair value.
Total Financial Liabilities	(36,542,464)	(36,464,768)		
Total	360,465,626	339,845,477		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- c. This note provides information on how the EPF determine fair values of various financial assets and financial liabilities:

EPF

Fair Value Of Financial Instruments Carried at Fair Value

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Financial Assets:				
Financial Assets Available-For-Sale				
Quoted Equities	273,109,220	271,707,474	Level 1	Quoted bid prices in an active market.
Bonds	30,766,075	27,683,464	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Sukuk	17,764,615	13,413,988	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Private Debt Securities	24,895,208	20,579,811	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Unquoted Equities	12,962,949	7,967,767	Level 3	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Derivative Financial Assets:				
Warrants	26,075	47,107	Level 1	Quoted bid prices in an active market.
Rights	-	1,021	Level 1	Quoted bid prices in an active market.
Irredeemable Convertible Preference Shares	34,654	70,582	Level 1	Quoted bid prices in an active market.
Redeemable Convertible Preference Shares	77,971	-	Level 1	Quoted bid prices in an active market.
Forward Contracts	192,801	66,297	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	4,527	-	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
Interest Rate Swap	4,160	216	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Total Financial Assets	359,838,255	341,537,727		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- c. This note provides information on how the EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

EPF (Cont'd.)

Fair Value Of Financial Instruments Carried at Fair Value (Cont'd.)

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Financial Liabilities:				
Derivative Financial Liabilities:				
Forward Contracts	(2,213,696)	(1,637,080)	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	(444,027)	(156,978)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
Total Financial Liabilities	(2,657,723)	(1,794,058)		
Total	357,180,532	339,743,669		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- c. This note provides information on how the EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

EPF (Cont'd.)

Fair Value Of Financial Instruments Not Measured At Fair Value

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Financial Assets:				
Investment Property	2,112,524	1,802,679	Level 2	Frequency of revaluation is performed in accordance with the accounting policy adopted by the EPF and by accredited independent valuers with experience in property valuation.
Assets Held For Sale	2,865	75,065	Level 2	Frequency of revaluation is performed in accordance with the accounting policy adopted by the EPF and by accredited independent valuers with experience in property valuation.
Investment Assets Held-To-Maturity				
Malaysian Government Securities	80,516,858	89,425,987	Level 1	Quoted bid prices in an active market.
Government Investment Issues	84,284,146	75,392,165	Level 1	Quoted bid prices in an active market.
Private Debt Securities	49,880,328	47,936,523	Level 2	Fair Value by referring to observable quoted prices other than quoted prices which included in Level 1 for assets and liabilities directly or indirectly.
Commercial Papers	512,000	435,000	Level 1	Quoted bid prices in an active market.
Cagamas Securities	6,499,122	7,039,636	Level 1	Quoted bid prices in an active market.
Conventional Bonds	43,963	45,188	Level 1	Quoted bid prices in an active market.
Negotiable Certificates	3,469,320	150,838	Level 1	Quoted bid prices in an active market.
Negotiable Islamic Certificates	3,836,005	800,894	Level 1	Quoted bid prices in an active market.
Convertible Preference Shares	725	725	Level 3	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Loans, Advances And Financing				
Guaranteed Loan	59,806,344	68,187,844	Level 2	Valued by referring to observable quoted prices with prices represented on aims-length basis for identical assets and liabilities.
Loans To Subsidiaries And Staffs	10,750,360	7,057,594	Level 3	Unavailability of observable comparison as benchmark.
Deposits With Financial Institutions	40,017,385	17,296,539	Level 3	Carrying value equivalent to fair value.
Receivables And Deposits	2,251,318	6,062,768	Level 3	Carrying value equivalent to fair value.
Total Financial Assets	343,983,263	321,709,445		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- c. This note provides information on how the EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

EPF (Cont'd.)

Fair Value Of Financial Instruments Not Measured At Fair Value (Cont'd.)

	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2016 (RM'000)	2015 (RM'000)		
Financial Liabilities:				
Deposits And Advances	(186,764)	(195,806)	Level 3	Carrying value equivalent to fair value.
Payables And Accrued Liabilities	(2,098,529)	(5,507,916)	Level 3	Carrying value equivalent to fair value.
Total Financial Liabilities	(2,285,293)	(5,703,722)		
Total	341,697,970	316,005,723		

- d. The following table provides a reconciliation of Level 3 fair valuation:

GROUP	2016	
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets At Fair Value Through Profit Or Loss (RM'000)
At 1 January	8,231,721	4,804,175
Adjustments On 1 January	-	-
Gain Recognised In Statements Of Profit Or Loss	3,055,914	3,221,104
Loss Recognised In Other Comprehensive Income	(1,541,056)	-
Purchase	7,789,874	1,908,716
Sales	(1,333,529)	(1,203,255)
As At 31 December	16,202,923	8,730,740

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- d. The following table provides a reconciliation of Level 3 fair valuation: (Cont'd.)

GROUP	2015	
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets At Fair Value Through Profit Or Loss (RM'000)
At 1 January	6,191,339	4,102,499
Adjustments On 1 January	-	(653,702)
Gain/(Loss) Recognised In Statements Of Profit Or Loss	(1,285,557)	411,049
Gain Recognised In Other Comprehensive Income	1,206,036	-
Purchase	3,250,148	1,688,646
Sales	(1,130,245)	(744,317)
As At 31 December	8,231,721	4,804,175

EPF	2016	2015
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets Available-For-Sale (RM'000)
At 1 January	7,967,767	6,190,519
Gain/(Loss) Recognised In Statements Of Profit Or Loss	3,055,913	(1,285,556)
Gain/(Loss) Recognised In Other Comprehensive Income	(1,577,357)	1,209,341
Purchase	4,850,155	2,983,708
Sales	(1,333,529)	(1,130,245)
As At 31 December	12,962,949	7,967,767

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

39. FINANCIAL RISK (CONT'D.)

39.4 Fair Value Of Financial Instruments (Cont'd.)

- e. Sensitivity analysis of the Level 3 fair valuation as follows:

GROUP	2016			
	Fair Value	Reasonable Shift	Sensitivity Impact To Financial Assets Reserves Available-For-Sale	Sensitivity Impact To Statements Of Profit Or Loss
	(RM'000)		(RM'000)	(RM'000)
Unquoted Equities Available-For-Sale	16,202,923	+5%	833,114	6,858
		-5%	(692,793)	(6,858)

GROUP	2015			
	Fair Value	Reasonable Shift	Sensitivity Impact To Financial Assets Reserves Available-For-Sale	Sensitivity Impact To Statements Of Profit Or Loss
	(RM'000)		(RM'000)	(RM'000)
Unquoted Equities Available-For-Sale	8,231,721	+5%	372,645	6,918
		-5%	(360,623)	(19,027)

EPF	2016			
	Fair Value	Reasonable Shift	Sensitivity Impact To Financial Assets Reserves Available-For-Sale	Sensitivity Impact To Statements Of Profit Or Loss
	(RM'000)		(RM'000)	(RM'000)
Unquoted Equities Available-For-Sale	12,962,949	+5%	671,115	6,858
		-5%	(530,794)	(6,858)

EPF	2015			
	Fair Value	Reasonable Shift	Sensitivity Impact To Financial Assets Reserves Available-For-Sale	Sensitivity Impact To Statements Of Profit Or Loss
	(RM'000)		(RM'000)	(RM'000)
Unquoted Equities Available-For-Sale	7,967,767	+5%	359,490	6,918
		-5%	(347,468)	(19,027)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

40. RELATED PARTY TRANSACTIONS

a. Related Parties And Relationships

The related parties and their relationship with the EPF are as follows:

Related Parties	Relationships
Malaysia Building Society Berhad	Subsidiary
Affordable Homes Sdn Bhd	Subsidiary
KWASA Properties Sdn Bhd	Subsidiary
KWASA Land Sdn Bhd	Subsidiary
Pinggiran Ventures Sdn Bhd	Subsidiary
Symphony Insight Sdn Bhd	Subsidiary
Ekuiti Merdu Sdn Bhd	Subsidiary
KWASA Logistics Sdn Bhd	Subsidiary
Common Icon Sdn Bhd	Subsidiary
PPNK - Harta Sdn Bhd	Subsidiary
YTR Harta Sdn Bhd	Subsidiary
Tanjung Wibawa Sdn Bhd ^	Subsidiary
Rashid Hussain Berhad #	Subsidiary
Naungan Sentosa Sdn Bhd	Subsidiary
KWASA Utama Sdn Bhd	Subsidiary
KWASA Global (Jersey) Limited	Subsidiary
KWASA Global 2 (Jersey) Limited	Subsidiary
KWASA Invest Ltd	Subsidiary
KWASA Singapore (Solo) Pte Ltd	Subsidiary
KWASA Singapore (Duo) Pte Ltd	Subsidiary
KWASA Singapore (Trio) Pte Ltd	Subsidiary
KWASA Australia Pty Ltd	Subsidiary
KWASA Australia Trust	Subsidiary
KWASA Capital Limited	Subsidiary
KWASA Europe S.à.r.l.	Subsidiary
KWASA Infrastructure 1	Subsidiary
KWASA Capital Partners Limited	Subsidiary
KWASA Asia	Subsidiary
Merbau Investors Offshore L.P.	Subsidiary

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

40. RELATED PARTY TRANSACTIONS (CONT'D.)

a. Related Parties And Relationships (Cont'd.)

The related parties and their relationship with the EPF are as follows: (Cont'd.)

Related Parties	Relationships
Merbau Investors Offshore II L.P.	Subsidiary
Cengal Private Equity Investments plc	Subsidiary
Cengal Private Equity Investments II plc	Subsidiary
Meranti Fund L.P.	Subsidiary
Jati Private Equity Fund L.P.	Subsidiary
Jati Private Equity Fund II L.P.	Subsidiary
PLUS Malaysia Berhad	Associate
RHB Capital Berhad #	Associate
Nusa Gapurna Development Sdn Bhd	Associate
Malaysian Resources Corporation Berhad	Associate
Bandar Eco - Setia Sdn Bhd	Associate
Panca Pesona Sdn Bhd	Associate
Jelas Puri Sdn Bhd	Associate
Columbia Asia Sdn Bhd	Associate
HSBC Amanah Takaful (M) Bhd	Associate
Iskandar Investment Berhad	Associate
Sunway South Quay Sdn Bhd	Associate
Iskandar Capital Sdn Bhd	Associate
RHB Bank Berhad ^	Associate

The above company is in the process of voluntary winding up as at 31 December 2016.

^ The company was established and held in 2016.

Subsidiaries And Associates

A subsidiary of Subsidiaries consistency of the above is part of the EPF subsidiaries and associates, as disclosed in Notes 42 and 43.

Key Management Personnel

Key management personnel consists of the EPF's Board of Directors and its Top Management.

Related Parties Of Key Management Personnel

- i. Close family members and dependents of Key Management Personnels.
- ii. Entities of which significant voting power in such entity resides with the Key Management Personnels or its close family members.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

40. RELATED PARTY TRANSACTIONS (CONT'D.)

b. Significant Related Party Balances And Transactions

	Note	EPF					
		Subsidiaries		Associates		Key Management Personnels	
		2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
As At 31 December							
Net Income							
Interest On Loans And Advances		356,941	255,654	-	-	-	-
Rental Income		2,281	4,944	-	-	-	-
Dividend On Investments		662,502	800,416	618,041	501,125	-	-
Investment Expenditures		(4,338)	(3,517)	-	-	-	-
		1,017,387	1,057,497	618,041	501,125	-	-
Amount Due From							
Investment Assets Held-To-Maturity		-	-	7,885,335	7,884,206	-	-
Financial Assets Available-For-Sale		-	-	981,255	670,331	-	-
Loans, Advances And Financing	16.2	10,524,947	6,787,706	-	-	-	-
Receivables, Deposits And Prepayment	18	121,468	202,106	-	-	-	-
		10,646,415	6,989,812	8,866,590	8,554,537	-	-
Amount Due To							
Deposits And Advances	22	94	94	5	-	-	-
Payables And Accrued Liabilities	23	20	3,560	-	-	-	-
EPF Contributions *		-	-	-	-	56,837	59,034
		114	3,654	5	-	56,837	59,034

* The EPF contribution balances are for Key Management Personnels, which has a significant balance.

Key Management Personnels

	GROUP		EPF	
	2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Short Term Employee Benefits:				
Salary/Allowances/Honorarium/Remuneration For Key Management Personnels	10,612	8,474	10,612	8,474
Benefit In Kind	109	247	109	247
Employee Share Option Scheme	-	128	-	-
	10,721	8,849	10,721	8,721

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

40. RELATED PARTY TRANSACTIONS (CONT'D.)

c. Between The EPF And The Government Of Malaysia And Entities Related To The Government Of Malaysia

The EPF is an agency under the Ministry Of Finance that reports directly to the Federal Government Of Malaysia.

The significant transactions between the EPF and the Government of Malaysia and other entities controlled by the Government are as follows:

	2016 (RM'000)	2015 (RM'000)
Interest Income And Profit On Investment	12,340,138	11,557,197
Purchase And Subscription Securities And Bonds	44,646,645	46,195,496
Drawdown Of Loans	90,000	2,608,083
Sales, Maturities And Early Redemption Securities And Bonds	29,231,663	41,503,532
Repayment And Maturity Of Loans	8,542,818	10,244,822

41. OPERATING LEASES

41.1 Group And EPF As Lessee

The Group and EPF leases a number of premises under operating lease. The leases typically run for an initial period of three (3) years, with an option to renew the leases. None of the leases include contingent rentals. The future minimum lease payments under these non-cancellable operating leases are as follows:

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
Within 1 Year	7,863	7,703
Between 1 To 5 Years	10,246	9,338
	18,109	17,041

41.2 Group And EPF As Lessor

The Group and EPF leases out its investment properties under operating leases with lease term in ranging between three (3) to five (5) years. None of these leases include contingent rentals. The future minimum lease payments under these non-cancellable operating leases are as follows:

	GROUP AND EPF	
	2016 (RM'000)	2015 (RM'000)
Within 1 Year	99,032	122,617
Between 1 To 5 Years	927,350	832,303
	1,026,382	954,920

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

42. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2016

Details of the subsidiaries are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Direct Holding - EPF				
Malaysia Building Society Berhad	Malaysia	65.40	65.10	Operating of loans on the security of freehold and leasehold properties
Affordable Homes Sdn Bhd	Malaysia	100	100	Hotel operations and property development
KWASA Properties Sdn Bhd	Malaysia	100	100	Property investment
KWASA Land Sdn Bhd	Malaysia	100	100	Property investment
Pinggiran Ventures Sdn Bhd	Malaysia	100	100	Infrastructure
Symphony Insight Sdn Bhd	Malaysia	100	100	Investment holding
Ekuiti Merdu Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Utama Sdn Bhd	Malaysia	95	95	Property development and management
PPNK - Harta Sdn Bhd	Malaysia	85	85	Property development and management
YTR Harta Sdn Bhd	Malaysia	81	81	Property development and management
Common Icon Sdn Bhd	Malaysia	100	100	Property investment
Tanjung Wibawa Sdn Bhd ^	Malaysia	100	-	Investment holding
Naungan Sentosa Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Global (Jersey) Limited	Jersey	100	100	Investment holding
KWASA Global 2 (Jersey) Limited	Jersey	100	100	Investment holding
KWASA Invest Ltd	United Kingdom	100	100	Development and management
KWASA Singapore (Solo) Pte Ltd	Singapore	100	100	Property development
KWASA Singapore (Duo) Pte Ltd	Singapore	100	100	Property development
KWASA Singapore (Trio) Pte Ltd	Singapore	100	100	Property development
KWASA Australia Pty Ltd	Australia	100	100	Trust holding
KWASA Australia Trust	Australia	100	100	Trust company
KWASA Capital Limited	Cayman Island	100	100	Investment holding
KWASA Europe S.à.r.l.	Luxembourg	100	100	Investment holding
KWASA Infrastructure 1	Cayman Island	100	100	Infrastructure
KWASA Capital Partners Limited	Cayman Island	100	100	Investment holding
KWASA Asia	Cayman Island	100	100	Investment holding
KWASA Logistics Sdn Bhd	Malaysia	100	100	Investment holding
Merbau Investors Offshore L.P.	Cayman Island	99.50	99.50	Investment holding fund
Merbau Investors Offshore II L.P.	Cayman Island	99	99	Investment holding fund
Cengal Private Equity Investments plc	Ireland	99.50	99.50	Investment holding fund
Cengal Private Equity Investments II plc	Ireland	99.34	99.34	Investment holding fund
Meranti Fund L.P.	Cayman Island	99.25	99.25	Investment holding fund
Jati Private Equity Fund L.P.	Cayman Island	99	99	Investment holding fund
Jati Private Equity Fund II L.P.	Cayman Island	99	99	Investment holding fund
Rashid Hussain Berhad #	Malaysia	98.33	98.33	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

42. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of the subsidiaries are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Subsidiaries Held Through				
Malaysia Building Society Berhad				
MBSB Properties Sdn Bhd	Malaysia	100	100	Rental property
MBSB Development Sdn Bhd	Malaysia	100	100	Property development
Prudent Legacy Sdn Bhd	Malaysia	92	92	Dormant
Sigmaprise Sdn Bhd	Malaysia	100	100	Hotel operation
Ganesha Sdn Bhd	Malaysia	100	100	Dormant
MBSB Project Management Sdn Bhd	Malaysia	100	100	Ceased operation
Definite Pure Sdn Bhd	Malaysia	100	100	Dormant
Malaya Borneo Building Society Limited (MBBS)	Singapore	100	100	Dormant
Farawide Sdn Bhd	Malaysia	100	100	Hotel operation
Idaman Usahamas Sdn Bhd	Malaysia	100	100	Property development
Ombak Pesaka Sdn Bhd	Malaysia	100	100	Hotel operation
MBSB Tower Sdn Bhd	Malaysia	100	100	Property development
Home Approach Sdn Bhd	Malaysia	100	100	Dormant
Jana Kapital Sdn Bhd	Malaysia	100	100	Investment holding
88 Legacy Sdn Bhd	Malaysia	100	100	Property development
KWASA Land Sdn Bhd				
KWASA Development (3) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (4) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (5) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (6) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (7) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (8) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (9) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (10) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (11) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (12) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (13) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (14) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (15) Sdn Bhd	Malaysia	100	100	Property development
KWASA Development (16) Sdn Bhd	Malaysia	100	100	Property development
KWASA Holdings (1) Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Holdings (2) Sdn Bhd	Malaysia	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

42. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of the subsidiaries are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Subsidiaries Held Through (Cont'd.)				
KWASA Holdings (1) Sdn Bhd				
KWASA Holdings (3) Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Holdings (4) Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Holdings (5) Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Holdings (2) Sdn Bhd				
KWASA Holdings (6) Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Holdings (7) Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Holdings (8) Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Global (Jersey) Limited				
KWASA UK Limited	Jersey	100	100	Property investment
KWASA Global Development Limited	Jersey	100	100	Investment holding
KWASA Australia II Trust	Australia	99.80	99.80	Trust company
KWASA Global Links Limited	Jersey	100	100	Property investment
KWASA Global Finco Limited	Jersey	100	-	Property financing
KWASA UK Limited				
KWASA UK Solo Limited	Jersey	100	100	Property investment
KWASA Arena Limited	Jersey	100	100	Property investment
KWASA UK Duo Limited	Jersey	100	100	Property investment
KWASA UK Trio Limited	Jersey	100	100	Property investment
KWASA UK Quattro Limited	Jersey	100	100	Property investment
KWASA UK Sixmo Limited	Jersey	100	-	Property investment
KWASA Australia II Trust				
KWASA Goodman Industrial Trust	Australia	60	60	Trust company
KWASA Global Links Limited				
KWASA Links Malaysia One Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Two Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Three Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Four Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Five Sdn Bhd	Malaysia	100	100	Property investment

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for the year ended 31 December 2016

42. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of the subsidiaries are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Subsidiaries Held Through (Cont'd.)				
KWASA Global Links Limited (Cont'd.)				
KWASA Links Malaysia Six Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Seven Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Eight Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Nine Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Ten Sdn Bhd	Malaysia	100	-	Property investment
KWASA Links Malaysia Eleven Sdn Bhd	Malaysia	100	-	Property investment
KWASA UK Solo Limited				
Portman Square (No. 1) Limited	Jersey	100	100	Investment holding
Portman Square (No. 2) Limited	Jersey	100	100	Investment holding
Whitefriars Limited	Jersey	100	100	Property investment
KWASA UK Duo Limited				
Knightlights Property International S.A	Luxembourg	100	100	Property investment
Bridge Unit 2 Limited	Jersey	100	100	Property investment
K2 Tower Bridge Limited	Jersey	100	100	Property investment
Reading Management (Jersey) Limited	Jersey	100	100	Management services
Reading No. 1 Limited	Jersey	100	100	Property investment
Reading No. 2 Limited	Jersey	100	100	Property investment
KWASA UK Trio Limited				
KWASA Fulham No. 1 Limited (Jersey)	Jersey	100	100	Investment holding
KWASA Fulham No. 2 Limited (Jersey)	Jersey	100	100	Investment holding
KWASA Hammersmith Limited (Jersey)	Jersey	100	100	Property investment
KWASA UK Quattro Limited				
KWASA Qube Limited	Jersey	100	100	Property investment
KWASA Super Norwich Limited	Jersey	100	100	Property investment
KWASA Super Limited	Jersey	100	100	Property investment

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

42. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of the subsidiaries are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Subsidiaries Held Through (Cont'd.)				
KWASA UK Sixmo Limited				
KWASA Super Ashton Limited	Jersey	100	100	Property investment
KWASA Super Cannock Limited	Jersey	100	100	Property investment
KWASA Super Bursledon Limited	Jersey	100	100	Property investment
KWASA Super Grantham Limited	Jersey	100	100	Property investment
KWASA Super Leeds Limited	Jersey	100	100	Property investment
KWASA Super Newcastle Limited	Jersey	100	100	Property investment
KWASA Logix No. 1 Limited	Jersey	100	-	Property investment
KWASA Logix No. 2 Limited	Jersey	100	-	Property investment
KWASA Logix No. 3 Limited	Jersey	100	-	Property investment
KWASA Logix No. 4 Limited	Jersey	100	-	Property investment
KWASA Goodman Industrial Trust				
KWASA Sub-Trust (Australia)	Australia	60	60	Trust holding
Sub-Trust 1A	Australia	60	60	Property investment
Sub-Trust 1B	Australia	60	60	Property investment
Sub-Trust 1C	Australia	60	60	Property investment
Sub-Trust 1D	Australia	60	60	Property investment
Sub-Trust 1E	Australia	60	60	Property investment
KWASA Qube Limited				
Speke Point Limited	Jersey	100	100	Investment holding
Knightlights Property International S.A				
Knightlights Property S.A	Luxembourg	100	100	Property investment
Reading No. 1 Limited				
Reading (Jersey) Unit Trust	Jersey	99.20	99.20	Property investment

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

42. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of the subsidiaries are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Subsidiaries Held Through (Cont’d.)				
The Bridge Unit Limited				
The Bridge LP Limited #	Isle of Man	100	100	Property investment
Portman Square (No. 1) Limited				
Portman Investments Unit Trust	Jersey	99	99	Property investment
The Bridge LP Limited				
The Bridge GP Limited #	Isle of Man	100	100	Property investment
The Bridge Nominee Limited #	Isle of Man	100	100	Property investment
Portman Investments Unit Trust				
Portman Investments	Jersey	100	100	Property investment
Nominee 1 Limited				
Portman Investments	Jersey	100	100	Property investment
Nominee 2 Limited				
Reading (Jersey) Unit Trust				
Reading Nominee 1 Limited	Jersey	100	100	Property investment
Reading Nominee 2 Limited	Jersey	100	100	Property investment
KWSA Fulham No. 1 Limited				
Fulham Broadway Unit Trust	Jersey	99	99	Trust company
KWSA Global 2 (Jersey) Limited				
KWSA UK Quinto Limited	Jersey	100	100	Property investment
KWSA UK Quinto Limited				
KWSA Rugby Limited	Jersey	100	100	Investment holding
KWSA Nottingham Limited	Jersey	100	100	Investment holding
BLSP (PHC 27) Limited	United Kingdom	100	100	Investment holding
BLSP (PHC 30) Limited	United Kingdom	100	100	Investment holding
KWSA Europe S.à.r.l.				
KWSA Delta S.à.r.l.	Luxembourg	100	100	Property investment
KWSA DH Moncheng S.à.r.l.	Luxembourg	100	100	Property investment
KWSA Strauss Erfurt S.à.r.l.	Luxembourg	100	100	Property investment
KWSA Strauss Wiesbaden S.à.r.l.	Luxembourg	100	100	Property investment
KWSA Quattro Holdco S.à.r.l.	Luxembourg	100	100	Property investment
KWSA Prisma 1 S.à.r.l.	Luxembourg	100	100	Property investment
Pershire sp z.o.o.	Poland	100	100	Property investment
KWSA Deurne S.à.r.l.	Luxembourg	100	-	Property investment
KWSA Breda S.à.r.l.	Luxembourg	100	-	Property investment
KWSA Venlo S.à.r.l.	Luxembourg	100	-	Property investment

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

42. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of the subsidiaries are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Subsidiaries Held Through (Cont'd.)				
KWASA Europe S.à.r.l. (Cont'd.)				
KWASA Korbach S.à.r.l.	Luxembourg	100	-	Property investment
Kymin sp z.o.o.	Poland	100	-	Property investment
Kitwood sp z.o.o.	Poland	100	-	Property investment
KWASA Strauss - DHL Finco S.à.r.l.	Luxembourg	100	-	Property financing
KWASA Europe Finco S.à.r.l.	Luxembourg	100	-	Property financing
KWASA Quattro Holdco				
KWASA Quattro Berlin S.à.r.l.	Luxembourg	100	100	Property investment
KWASA Quattro Hamburg S.à.r.l.	Luxembourg	100	100	Property investment
KWASA Quattro Munich S.à.r.l.	Luxembourg	100	100	Property investment
KWASA Quattro Frankfurt S.à.r.l.	Luxembourg	100	100	Property investment
KWASA Prisma 1 S.à.r.l.				
KWASA Prisma 2 S.à.r.l.	Luxembourg	100	100	Investment holding
KWASA Prisma 2 S.à.r.l.				
KWASA IRE France OPCI	France	100	100	Investment holding
OPCI IRE France	France	100	100	Property investment
SCI Prisma Tour	France	100	100	Property investment
SCI Espace Lumiere	France	100	100	Property investment
SCI Ris Orangis	France	100	100	Property investment
Midi de la Plaine EURL (Brie)	France	100	-	Property investment
Midi de la Plaine 3 EURL (Brie)	France	100	-	Property investment
KWASA Infrastructure 1				
Macquarie Hyperion Ltd.	Cayman Island	60.01	60.01	Investment holding
Macquarie Hyperion Ltd.				
Macquarie Helios Holding Ltd.	Cayman Island	80	80	Investment holding
Symphony Insight Sdn Bhd				
Absolute Insight Sdn Bhd	Malaysia	100	100	Investment holding
Ivory Insight Sdn Bhd	Malaysia	100	100	Investment holding
KWASA Asia				
KWASA China	Cayman Island	100	100	Investment holding

All the above EPF subsidiaries are not audited by the Auditor General.

^ The company was established in 2016.

The above company is in the process of voluntary winding up as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

43. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2016

Details of associates and joint ventures are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Direct Holding - EPF				
PLUS Malaysia Berhad	Malaysia	49	49	Infrastructure and utilities
RHB Capital Berhad #	Malaysia	41.69	42.18	Banking
Nusa Gapurna Development Sdn Bhd	Malaysia	40	40	Investment holding and development
Malaysian Resources Corporation Berhad	Malaysia	34	38.37	Investment holding company & conduct activities related to property development, construction and management services to its subsidiaries
Bandar Eco-Setia Sdn Bhd	Malaysia	34	34	Property development
Jelas Puri Sdn Bhd	Malaysia	30	30	Property development
Panca Pesona Sdn Bhd	Malaysia	30	30	Developer of industrial project and housing
Columbia Asia Sdn Bhd	Malaysia	29.72	29.72	Hospital
HSBC Amanah Takaful (M) Berhad	Malaysia	20	20	Insurance
Iskandar Investment Berhad	Malaysia	20	20	Development of Wilayah Pembangunan Iskandar
Sunway South Quay Sdn Bhd	Malaysia	20	20	Property development
Iskandar Capital Sdn Bhd ^	Malaysia	29.33	-	Property development
RHB Bank Berhad ^	Malaysia	40.84	-	Banking
Associates Held Through Subsidiaries				
Pinggiran Ventures Sdn Bhd				
TEI Sdn Bhd	Malaysia	49	49	Highway Concession Operator
SWM Environment Holdings Sdn Bhd	Malaysia	35	35	Infrastructure and utilities
KWASA Land Sdn Bhd				
KWASA Sentral Sdn Bhd	Malaysia	30	30	Property development
Naungan Sentosa Sdn Bhd				
BBCC Development Sdn Bhd	Malaysia	20	20	Property development
Ekuiti Merdu Sdn Bhd				
Aspire Insight Sdn Bhd	Malaysia	40	40	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

43. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of associates and joint ventures are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Associates Held Through Subsidiaries (Cont'd.)				
Tanjung Wibawa Sdn Bhd				
Paragon Pinnacle Sdn Bhd	Malaysia	40	-	Property development
KWASA Singapore (Solo) Pte. Ltd.				
Perfect Eagle Pte. Ltd.	Singapore	20	20	Property development
KWASA Singapore (Duo) Pte. Ltd.				
Guston Pte. Ltd.	Singapore	20	20	Property development
KWASA Singapore (Trio) Pte. Ltd.				
Belmeth Pte. Ltd.	Singapore	20	20	Property development
KWASA Infrastructure 1				
Macquarie Hyperion Ltd.				
Macquarie Helios Holding Ltd.				
Chemoil Storage Limited	Singapore	45	45	Investment holding
Joint Ventures Held Through Subsidiaries				
Pinggiran Ventures Sdn Bhd				
Pinggiran Muhibah Sdn Bhd	Malaysia	50	50	Infrastructure and utilities
KWASA Logistics Sdn Bhd				
VM Andaman Sdn Bhd	Malaysia	50	50	Investment holding
Best Kingdom Sdn Bhd	Malaysia	50	50	Investment holding
KWASA Capital Limited				
Melati Asia Holdings Limited	Cayman Island	51	51	Investment holding
Symphony Insight Sdn Bhd				
Absolute Insight Sdn Bhd and Ivory Insight Sdn Bhd				
Epsilon1 Tokutei Mokuteki Kaisha	Japan	80	80	Property investment
Epsilon2 Tokutei Mokuteki Kaisha	Japan	80	80	Property investment
KWASA Australia Trust				
Everest Property Trust	Australia	80	80	Trust company
Gotham Trust	Australia	70	70	Trust company

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

43. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2016 (CONT'D.)

Details of associates and joint ventures are as follows: (Cont'd.)

Name of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2016 %	2015 %	
Joint Ventures Held Through Subsidiaries (Cont'd.)				
KWASA Europe S.à.r.l.				
KWASA Dietz Germany GmbH	Germany	84.30	84.30	Investment holding
KG Finance (Lux) S.à.r.l.	Luxembourg	70	70	Property financial services
Goodman Basil Logistic (Lux) S.à.r.l.	Luxembourg	70	70	Property investment
Goodman Tumbleweed Logistic (Lux) S.à.r.l.	Luxembourg	70	70	Property investment
Goodman Pearl (Lux) Logistic S.à.r.l.	Luxembourg	70	70	Property investment
Goodman Cardamom Logistic (Lux) S.à.r.l.	Luxembourg	70	70	Property investment
Goodman Cyan Logistic (Lux) S.à.r.l.	Luxembourg	70	70	Property investment
GELF Korbach (Lux) S.à.r.l.	Luxembourg	70	70	Property investment
Goodman Aqua Logistic	Luxembourg	70	70	Property investment
Goodman Melanite Logistic	Luxembourg	70	70	Property investment
KG Finance Two S.à.r.l.	Luxembourg	90	-	Property financial services
Goodman Canopic Logistics S.à.r.l.	Luxembourg	90	-	Property investment
Goodman Ventura Logistics S.à.r.l.	Luxembourg	90	-	Property investment
Goodman Cardinal Logistics S.à.r.l.	Luxembourg	90	-	Property investment
KWASA Global (Jersey) Ltd				
KWASA Global Development Limited				
Battersea Project Holding Company Ltd	Jersey	20	20	Investment holding
Battersea Power Station Estate Limited	United Kingdom	20	20	Property development
Battersea Power Station Development Company Limited	United Kingdom	20	20	Investment holding
KWASA Arena Limited				
The Arena Unit Trust	Jersey	50	50	Property investment

^ The company was held in 2016.

The above company is in the process of voluntary winding up as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

44. COMPARATIVE FIGURES

44.1 Reclassification Relates To Comparative Figures In Prior Years

- a. In previous financial year, the investment expenditures amounting to RM1.31 million and RM0.21 million was reclassified to gross investment income and operating expenditures respectively, which supposedly reclassified to investment expenditures. The effect of reclassification presented below:

		GROUP	
		2015 Restated	2015 As Stated Previous Year
	Note	(RM'000)	(RM'000)
Statements Of Profit Or Loss			
Income			
Gross Investment Income	28	47,533,164	46,224,997
Investment Expenditures	29	(2,552,078)	(1,038,451)
Operating Expenditures	33	(2,373,783)	(2,579,243)
		42,607,303	42,607,303

45. SIGNIFICANT EVENT

As at 20 June 2016, EPF announced to the public regarding the creation of Simpanan Shariah fund. This fund was opened for registration on 8 August 2016 and is operationalised effective 1 January 2017. EPF has established a Simpanan Shariah Governance Framework to guide the implementation of Simpanan Shariah.

The establishment of the new fund will result EPF in managing two (2) funds namely Conventional and Simpanan Shariah funds. Its results will be accounted for, in a single Financial Statement of EPF.

To illustrate further on the results of the Simpanan Shariah, additional notes related to it will be disclosed in the financial statements for the year ended 31 December 2017.

EPF PROPERTIES IN MALAYSIA

No.	Location	Freehold Land		Leasehold Land		Net Book Value of Land (RM Million)	Net Book Value of Buildings (RM Million)
		Acreage	Square Feet	Acreage	Square Feet		
1.	Federal Territory						
	a. Kuala Lumpur	14.97	652,043.80	3.53	153,766.80	61,032,443.66	530,732,057.85
	b. Labuan	-	-	0.59	25,700.40	2,188,750.99	4,165,180.18
	c. Putrajaya	-	-	-	-	-	-
2.	Selangor	15.45	673,470.00	32.98	1,436,956.60	3,318,881.81	170,374,141.75
3.	Perlis	0.07	3,208.00	1.01	43,995.60	4,574,846.67	9,805,776.61
4.	Perak	0.23	10,128.00	1.66	72,951.60	1,874,656.18	27,291,658.28
5.	Penang	1.34	58,405.00	6.66	290,002.10	16,860,745.16	122,325,034.70
6.	Kedah	0.15	6,286.00	-	-	-	2,349,060.41
7.	Johor	0.18	7,804.00	5.83	254,088.00	9,260,732.00	55,634,965.35
8.	Malacca	0.51	22,094.00	2.17	94,430.60	2,030,694.00	12,083,935.66
9.	Negeri Sembilan	0.12	5,295.00	5.51	239,979.97	6,434,569.25	63,571,070.05
10.	Terengganu	0.18	8,000.00	2.90	126,324.00	2,457,480.20	14,196,331.47
11.	Kelantan	0.36	15,763.00	-	-	123,101.20	13,234,434.73
12.	Pahang	-	-	10.30	454,080.61	8,280,934.43	15,292,232.46
13.	Sabah	-	-	6.80	299,787.60	10,485,061.17	42,596,366.15
14.	Sarawak	-	-	4.37	190,310.60	1,698,694.97	18,085,586.12
Grand Total		33.56	1,462,496.80	84.31	3,682,374.48	130,621,591.69	1,101,737,831.77