



TABUNG HAJI

حي على الفلاح

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL STATEMENTS (Available in CD version only)

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**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
LEMBAGA TABUNG HAJI
FOR THE YEAR ENDED 31 DECEMBER 2016**

Report on the Financial Statements

Opinion

I have audited the accompanying Financial Statements of the Lembaga Tabung Haji and of the Group, which comprise the Statements of Financial Position as at 31 December 2016 and Statements of Income, Statements of Comprehensive Income, Statements of Changes in Fund and Statements of Cash Flow for the year then ended, summary of significant accounting policies and other explanatory information as set out on pages 226 to 315.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Lembaga Tabung Haji and of the Group as at 31 December 2016 and of their financial performance and cash flows for the year then ended in accordance with the approved financial reporting standards in Malaysia and Tabung Haji Act 1995 (Act 535).

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

Responsibilities of the Board for the Financial Statements

The Board is responsible for the preparation of financial statements of Lembaga Tabung Haji and of the Group that give a true and fair view in accordance with approved financial reporting standards in Malaysia and Tabung Haji Act 1995 (Act 535). The Board is also responsible for such internal control as it is necessary to enable the preparation of the financial statements of Lembaga Tabung Haji and of the Group that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- a. Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lembaga Tabung Haji and of the Group's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- d. Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Lembaga Tabung Haji or the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I have to draw attention in my auditors' report to the related disclosures in the financial statements of Lembaga Tabung Haji and of the Group or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of auditors' report.
- e. Evaluate the overall presentation of the financial statements of Lembaga Tabung Haji and of the Group, including the disclosures that achieves fair presentation.
- f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

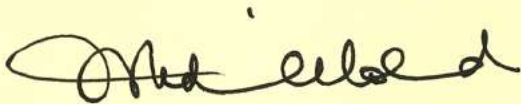
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Tabung Haji Act 1995 (Act 535), I also report the following:

- a. In my opinion, the accounting and other records required to be kept by Lembaga Tabung Haji and its subsidiaries of which I have acted as auditors have been properly kept in accordance with the provision of the Act 535.
- b. I have considered the accounts and the auditors' reports of all the subsidiaries of which I have not acted as auditor, which are indicated in note 22 to the financial statements, being accounts that have been included in the consolidated accounts.
- c. I am satisfied that the accounts of the subsidiaries that have been consolidated with the Lembaga Tabung Haji's financial statements are appropriate and proper in form and content for the purposes of the preparation of the financial statements of the Group and I have received satisfactory information and explanations required by me for those purposes.
- d. The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment.

Other Matters

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



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

PUTRAJAYA
12 MAY 2017



STATEMENT BY CHAIRMAN AND A MEMBER OF THE BOARD OF DIRECTORS

We, DATUK SERI PANGLIMA ABDUL AZEEZ ABDUL RAHIM and DATUK SERI JOHAN ABDULLAH being respectively, the Chairman and a member of the Board of Directors of LEMBAGA TABUNG HAJI, do hereby state that in the opinion of the Board of Directors, the accompanying Financial Statements which consist of Statements of Financial Position, Statements of Income, Statements of Comprehensive Income, Statements of Changes in Fund and Statements of Cash Flow together with the Notes to the Financial Statements, are properly drawn up so as to give a true and fair view of the state of affairs as at 31 December 2016 and of the results and cash flows for the year ended on that date.

On behalf of the Board,



DATUK SERI PANGLIMA ABDUL AZEEZ ABDUL RAHIM
CHAIRMAN

11 May 2017

Bangunan Tabung Haji
201, Jalan Tun Razak
50400 Kuala Lumpur

On behalf of the Board,



DATUK SERI JOHAN ABDULLAH
GROUP MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

11 May 2017

Bangunan Tabung Haji
201, Jalan Tun Razak
50400 Kuala Lumpur

STATUTORY DECLARATION BY THE PRINCIPAL OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF LEMBAGA TABUNG HAJI

I, DATUK ROZAIDA OMAR, being the principal officer primarily responsible for the financial management and accounting records of LEMBAGA TABUNG HAJI, do solemnly and sincerely declare that the Statements of Financial Position, Statements of Income, Statements of Comprehensive Income, Statements of Changes in Fund and Statements of Cash Flow in the following financial position together with the Notes to the Financial Statements, are, 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 Declaration Act, 1960.

Subscribed and solemnly declared by the above named, DATUK ROZAIDA OMAR

At : Kuala Lumpur

On : 11 May 2017



DATUK ROZAIDA OMAR
GROUP CHIEF FINANCIAL OFFICER

Before me:



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6630745

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 2016

	Note	Group	31.12.2015	TH	31.12.2015
		31.12.2016		31.12.2016	
		RM'000	RM'000	RM'000	RM'000
Assets					
Cash and cash equivalents	4	13,625,636	15,502,837	10,412,703	11,390,436
Deposits and placements with banks and other financial institutions	5	1,153,138	976,830	-	-
Derivative assets	6	278,523	126,527	141,699	60,107
Securities held-for-trading	7	777,610	670,006	-	-
Securities available-for-sale	8	46,635,616	42,959,178	33,069,063	29,240,059
Assets held for sale	9	1,910	8,970	1,910	8,970
Tax recoverable		97,133	131,666	64,204	64,204
Trade and other receivables	10	2,473,953	1,907,051	1,428,544	1,025,470
Inventories	11	53,362	78,588	-	-
Financing	12	39,189,274	34,294,690	1,119,682	1,038,779
Takaful assets	13	638,199	850,848	-	-
Securities held-to-maturity	14	2,979,911	3,460,413	4,720,059	5,134,675
Statutory deposits with Bank Negara Malaysia	15	1,374,876	1,591,460	-	-
Property development costs	16	1,079,767	975,731	-	-
Plantation development expenditure	17	607,574	687,160	-	-
Forestry	18	156,027	145,905	-	-
Deferred tax assets	19	195,018	155,309	-	-
Investment in jointly controlled entities	20	316,960	420,926	295,961	295,961
Investment in associates	21	725,116	927,439	745,454	816,267
Investment in subsidiaries	22	-	-	5,721,489	4,960,679
Investment property	23	7,882,900	7,977,663	6,075,468	5,727,009
Property, plant and equipment	24	4,112,050	3,543,077	524,412	408,997
Intangible assets	25	423,464	442,345	-	24,791
Total assets		124,778,017	117,834,619	64,320,648	60,196,404

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 2016 (cont'd.)

		Group		TH	
	Note	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Liabilities					
Deposits from banking customers	26	43,391,102	42,766,491	-	-
Investment accounts of banking customers	27	3,573,871	676,105	-	-
Deposits and placements of banks and other financial institutions	28	30,000	-	-	-
Derivative liabilities	6	111,089	101,913	-	-
Provision for zakat and tax		130,306	112,415	68,578	67,419
Trade and other payables	29	1,649,463	2,153,411	153,324	221,286
Takaful liabilities	30	6,639,096	6,588,888	-	-
Finance lease	31	10,236	8,003	-	-
Financing	32	2,490,428	2,540,381	-	-
Deferred income	33	9,664	9,975	9,664	9,975
Deferred tax liabilities	19	232,323	209,195	-	-
Provision for retirement benefits	34	516,187	435,534	516,187	435,534
Total liabilities		58,783,765	55,602,311	747,753	734,214
Fund represented by:					
Depositors' savings fund:					
- Balance at year end	35	64,833,572	59,327,388	64,833,572	59,327,388
- Bonus paid after year end	35	2,870,822	3,220,374	2,870,822	3,220,374
Accumulated reserves of TKJHM and TWT		250,214	263,743	250,214	263,743
Retained earnings		(684,975)	714,649	79,190	607,957
Other reserves		(3,387,958)	(2,983,414)	(4,460,903)	(3,957,272)
		63,881,675	60,542,740	63,572,895	59,462,190
Non-controlling interests		2,112,577	1,689,568	-	-
Total fund		65,994,252	62,232,308	63,572,895	59,462,190
Total liabilities and fund		124,778,017	117,834,619	64,320,648	60,196,404

STATEMENTS OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group	2015	TH	2015
		2016		2016	
		RM'000	RM'000	RM'000	RM'000
Revenue	36	7,236,798	6,981,112	3,475,037	4,083,404
Cost of sales		(1,063,098)	(1,064,309)	-	-
Gross profit	36	6,173,700	5,916,803	3,475,037	4,083,404
Other income		222,453	645,571	5,793	383,383
Income attributable to banking depositors	37	(1,048,696)	(907,113)	-	-
Administrative expenses		(1,806,285)	(1,786,861)	(473,269)	(487,855)
Other expenses		(368,671)	(291,081)	(289,998)	(191,116)
Operating profit	38	3,172,501	3,577,319	2,717,563	3,787,816
Financing costs		(95,203)	(83,960)	-	-
Impairment and fair value adjustments	39	(590,022)	25,492	(171,465)	(192,927)
Zakat	40	(78,384)	(73,158)	(60,291)	(59,262)
Share of loss after tax and zakat of associates		(102,331)	(11,863)	-	-
Share of (loss)/profit after tax and zakat of jointly controlled entities		(20,230)	27,584	-	-
Profit before tax		2,286,331	3,461,414	2,485,807	3,535,627
Tax expense	41	(235,260)	(245,063)	-	-
Profit for the year		2,051,071	3,216,351	2,485,807	3,535,627
Profit for the year attributable to:					
TH		1,697,311	2,911,717	2,485,807	3,535,627
Non-controlling interests		353,760	304,634	-	-
		2,051,071	3,216,351	2,485,807	3,535,627

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group		TH	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year		2,051,071	3,216,351	2,485,807	3,535,627
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income of associates		10,241	2,910	-	-
Share of other comprehensive income of jointly controlled entities		7,146	4,054	-	-
Changes in fair value of securities available-for-sale		(593,303)	(3,083,542)	(568,474)	(3,089,739)
Currency translation differences in respect of foreign operations		(58,183)	26,193	-	-
		(634,099)	(3,050,385)	(568,474)	(3,089,739)
Items that may not be reclassified subsequently to profit or loss:					
Share of other comprehensive (loss)/income of associates		(16,440)	237	-	-
Remeasurement of retirement benefit liability		(76,941)	(2,368)	(78,909)	-
Changes in fair value of forestry, net of tax		-	(5,281)	-	-
Deferred income		-	22,139	-	-
Net surplus of TKJHM and TWT	42	1,518	4,277	1,518	4,277
		(91,863)	19,004	(77,391)	4,277
Total other comprehensive loss		(725,962)	(3,031,381)	(645,865)	(3,085,462)
Total comprehensive income for the year		1,325,109	184,970	1,839,942	450,165
Total comprehensive income for the year attributable to:					
TH		992,344	(89,927)	1,839,942	450,165
Non-controlling interests		332,765	274,897	-	-
		1,325,109	184,970	1,839,942	450,165

The notes set out on pages 237 to 315 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2016

Group	Attributable to <i>TH</i>						Non controlling interests RM'000	Total fund RM'000
	Depositors' savings fund RM'000	Non-distributable		Distributable		Total		
		Accumulated reserve of TKJHM and TWT RM'000	Other reserves RM'000	Retained earnings RM'000		RM'000		
At 1 January 2016	62,547,762	263,743	(2,983,414)	714,649	60,542,740	1,689,568		62,232,308
Remeasurement of retirement benefit liability	-	-	-	(94,932)	(94,932)	1,551		(93,381)
Changes in fair value of securities available-for-sale	-	-	(581,948)	-	(581,948)	(11,355)		(593,303)
Currency translation differences in respect of foreign operations	-	-	(29,605)	-	(29,605)	(11,191)		(40,796)
Net surplus of TKJHM and TWT	-	1,518	-	-	1,518	-		1,518
Total other comprehensive income for the year	-	1,518	(611,553)	(94,932)	(704,967)	(20,995)		(725,962)
Profit for the year	-	-	-	1,697,311	1,697,311	353,760		2,051,071
Total comprehensive income for the year	-	1,518	(611,553)	1,602,379	992,344	332,765		1,325,109
Net deposits during the year	2,285,810	-	-	-	2,285,810	-		2,285,810
Reductions during the year	-	(15,047)	-	-	(15,047)	-		(15,047)
Depositors' bonus (Note 43):								
- Annual bonus	2,645,625	-	-	(2,645,625)	-	-		-
- Hajj bonus	225,197	-	-	(225,197)	-	-		-
Dividends paid to non-controlling interests	-	-	-	-	-	(127,732)		(127,732)
Revaluation of assets of an associate	-	-	11,328	-	11,328	52,838		64,166
Issuance of shares pursuant to ESOS of subsidiaries	-	-	(17)	-	(17)	6,560		6,543
Changes in Group structure	-	-	-	-	-	223,095		223,095
Transfers between reserves	-	-	195,698	(131,181)	64,517	(64,517)		-
At 31 December 2016	67,704,394	250,214	(3,387,958)	(684,975)	63,881,675	2,112,577		65,994,252

(Note 44)

STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

Group	Attributable to <i>TH</i>						Non controlling interests RM'000	Total fund RM'000
	Non-distributable			Distributable				
	Depositors' savings fund RM'000	Accumulated reserve of TKJHM and TWT RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000			
At 1 January 2015	54,357,750	223,366	(221,675)	1,147,423	55,506,864	1,530,521	57,037,385	
Remeasurement of retirement benefit liability	-	-	-	(646)	(646)	(1,485)	(2,131)	
Changes in fair value of securities available-for-sale	-	-	(3,085,345)	-	(3,085,345)	1,803	(3,083,542)	
Changes in fair value of forestry	-	-	-	(4,884)	(4,884)	(397)	(5,281)	
Deferred income	-	-	-	16,122	16,122	6,017	22,139	
Currency translation differences in respect of foreign operations	-	-	68,832	-	68,832	(35,675)	33,157	
Net surplus of TKJHM and TWT	-	4,277	-	-	4,277	-	4,277	
Total other comprehensive income for the year	-	4,277	(3,016,513)	10,592	(3,001,644)	(29,737)	(3,031,381)	
Profit for the year	-	-	-	2,911,717	2,911,717	304,634	3,216,351	
Total comprehensive income for the year	-	4,277	(3,016,513)	2,922,309	(89,927)	274,897	184,970	
Net deposits during the year	4,969,638	-	-	-	4,969,638	-	4,969,638	
Additions during the year	-	36,100	-	-	36,100	-	36,100	
Depositors' bonus (Note 43):								
- Annual bonus	2,807,369	-	-	(2,807,369)	-	-	-	
- Hajj bonus	413,005	-	-	(413,005)	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	(117,430)	(117,430)	
Issuance of shares pursuant to ESOS of subsidiaries	-	-	1,467	-	1,467	3,342	4,809	
Changes in Group structure	-	-	(109)	46	(63)	116,899	116,836	
Transfers between reserves	-	-	253,416	(134,755)	118,661	(118,661)	-	
At 31 December 2015	62,547,762	263,743	(2,983,414)	714,649	60,542,740	1,689,568	62,232,308	
			(Note 44)					

(Note 44)

STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2016

Attributable to **TH**

		Attributable to TH					Total RM'000
		Non-distributable			Distributable		
TH	Note	Depositors' savings fund RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Accumulated reserve of TKJHM and TWT RM'000	Retained earnings RM'000	
At 1 January 2016		62,547,762	-	(3,957,272)	263,743	607,957	59,462,190
Remeasurement of retirement benefit liability		-	-	-	-	(78,909)	(78,909)
Net surplus of TKJHM and TWT		-	-	-	1,518	-	1,518
Changes in fair value of securities available-for-sale		-	-	(568,474)	-	-	(568,474)
Total other comprehensive income for the year		-	-	(568,474)	1,518	(78,909)	(685,918)
Profit for the year		-	-	-	-	2,485,807	2,485,807
Total comprehensive income for the year		-	-	(568,474)	1,518	2,406,898	1,839,942
Net deposits during the year		2,285,810	-	-	-	-	2,285,810
Reductions during the year		-	-	-	(15,047)	-	(15,047)
Transfers between reserves		-	64,843	-	-	(64,843)	-
Depositors' bonus:	43						
- Annual bonus		2,645,625	-	-	-	(2,645,625)	-
- Hajj bonus		225,197	-	-	-	(225,197)	-
		2,870,822	-	-	-	(2,870,822)	-
At 31 December 2016		67,704,394	64,843	(4,525,746)	250,214	79,190	63,572,895
(Note 45)							
At 1 January 2015		54,357,750	-	(867,533)	223,366	292,704	54,006,287
Net surplus of TKJHM and TWT		-	-	-	4,277	-	4,277
Changes in fair value of securities available-for-sale		-	-	(3,089,739)	-	-	(3,089,739)
Total other comprehensive income for the year		-	-	(3,089,739)	4,277	-	(3,085,462)
Profit for the year		-	-	-	-	3,535,627	3,535,627
Total comprehensive income for the year		-	-	(3,089,739)	4,277	3,535,627	450,165
Net deposits during the year		4,969,638	-	-	-	-	4,969,638
Additions during the year		-	-	-	36,100	-	36,100
Depositors' bonus:	43						
- Annual bonus		2,807,369	-	-	-	(2,807,369)	-
- Hajj bonus		413,005	-	-	-	(413,005)	-
		3,220,374	-	-	-	(3,220,374)	-
At 31 December 2015		62,547,762	-	(3,957,272)	263,743	607,957	59,462,190

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	2,286,331	3,461,414	2,485,807	3,535,627
Adjustments for:				
Depreciation of property, plant and equipment	210,214	198,678	30,259	27,155
(Gain)/Loss on disposal of property, plant and equipment	(568)	(3,575)	112	(3,142)
Gain on disposal of assets held for sale	-	(17,674)	-	(17,674)
Gain on sale of investment properties	(15,726)	-	(15,726)	-
Dividends from subsidiaries	-	-	(210,683)	(1,347,006)
Dividends from associates	-	-	(7,758)	(17,581)
Dividends from quoted equities	(463,535)	(440,395)	(463,535)	(440,359)
Dividends from unquoted equities	(49,162)	-	(49,162)	-
Dividends from fund managers	(30,494)	(30,994)	(30,494)	(30,994)
Dividends from unit trusts	(35,188)	-	(46,000)	-
Bonus from fund managers	(8,007)	-	(8,007)	-
Coupons from debt securities	(509,303)	(471,324)	(651,786)	(604,646)
Share of loss after tax and zakat of associates	102,331	11,863	-	-
Share of loss/(profit) after tax and zakat of jointly controlled entities	20,230	(27,584)	-	-
Gain on trading of equities	(254,246)	(460,999)	(254,246)	(460,999)
Gain on disposal of subsidiaries	(112,584)	(1,303)	(604,544)	(85,967)
Loss/(Gain) on disposal of associates	18,044	(247)	11,796	-
Gain on sale of securities	(88,861)	(12,597)	(88,861)	(12,597)
Gain on trading of derivatives	(18,245)	(5,445)	(22,760)	(6,597)
Changes in fair value of derivatives	(4,389)	1,480	7,864	15,264
Profit from financing to subsidiaries	-	-	(45,025)	(71,513)
Gain on negotiable debt certificates	(131,777)	(145,502)	(134,198)	(147,107)
Additions of debt securities	(95,126)	(85,565)	(95,126)	(85,565)
Impairment of equities and debt securities	56,441	17,726	56,441	17,726
Impairment of quoted associates	55,137	28,109	55,137	28,109
Impairment on financing from banking operations	91,752	73,819	-	-
Changes in fair value of investment properties	332,371	(127,025)	51,073	106,011
Changes in fair value of forestry	15,333	(14,461)	-	-
Changes in fair value of government grant	(3,120)	(5,180)	-	-

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment written off	213	(1,692)	31	71
Impairment of property, plant and equipment	45,547	-	-	-
Write back of impairment of investment in equities	-	(2,647)	-	-
Investment in a subsidiary written off	-	-	-	25,777
Derivative financial instruments written off	928	-	928	-
Amortisation of deferred expenditure	(311)	(311)	(311)	(311)
Amortisation of intangible assets	(21,367)	(14,500)	-	-
Dividend income from banking operations	(5,871)	(3,572)	-	-
Fair value of employees share option	(15)	(47)	-	-
Provision for retirement benefit plan	40,755	40,280	40,755	40,280
Gain on foreign exchange	(32,675)	(489,215)	59,274	(358,420)
Zakat	78,384	73,158	60,291	59,262
Financing costs	95,202	83,960	-	-
Operating profit before changes in working capital	1,568,228	1,628,633	131,546	164,804
Changes in working capital:				
Inventories	24,474	(38,277)	-	-
Trade and other receivables	(2,282,708)	2,207,076	(254,047)	(134,737)
Trade and other payables	(136,920)	(138,491)	(91,712)	(176,782)
Statutory deposits with Bank Negara Malaysia	216,584	(256,460)	-	-
Bills payable	(76,299)	(4,947)	-	-
Financing of banking customers	(5,086,913)	(4,973,658)	-	-
Deposits from banking customers	5,270,990	3,116,255	-	-
Deposits and placements of banks and other financial statements	30,000	(300,000)	-	-
Cash (used in)/generated from operations	(472,149)	1,240,131	(214,213)	(146,715)
Bonus paid to depositors	(2,870,822)	(3,220,374)	(2,870,822)	(3,220,374)
Zakat paid	(70,935)	(62,715)	(59,132)	(49,774)
Tax paid	(233,890)	(290,669)	-	-
Tax refund	12,968	11,956	-	-
Retirement benefits paid	(14,221)	(11,417)	(14,221)	(11,361)
Plantation development expenditure	(187,347)	(524,313)	-	-
Forestry	(23,348)	(23,568)	-	-
Property development costs	(66,036)	(3,243)	-	-
Net cash used in operating activities	(3,925,780)	(2,884,212)	(3,158,388)	(3,428,224)

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	2,108	221,577	416	6,499
Proceeds from disposal of investment properties	20,000	1,629,696	20,000	-
Proceeds from disposal of assets held for sale	-	20,326	-	20,326
Proceeds from disposal of subsidiaries	153,065	16,250	2,072,764	278,899
Proceeds from disposal of associates	13,300	247	3,881	-
Purchase of equities	(4,073,989)	(3,245,462)	(4,073,989)	(3,245,462)
Proceeds from trading of financial derivatives	56,492	6,796	56,492	6,796
(Purchase)/Disposal of debt securities	(63,167)	8,556	(63,167)	8,556
Disposal of other financial assets	906,476	793,961	906,476	793,961
Derivative investments	(170,446)	-	(170,446)	-
Purchase of property, plant and equipment	(249,742)	(562,048)	(122,228)	(57,957)
Acquisition of subsidiaries	-	-	(2,124,404)	(627,209)
Net investment in associates	-	(274,307)	-	(274,307)
Net investment in jointly controlled entities	86,522	(87,516)	-	-
Net proceeds from banking securities	(68,464)	416,931	-	-
Investment properties	(481,884)	(619,387)	(421,807)	(619,377)
Dividends from subsidiaries	-	-	53,303	1,357,321
Dividends from associates	16,854	29,486	9,854	15,486
Dividends from quoted equities	423,509	335,271	423,509	335,271
Dividends from unquoted equities	50,764	-	50,764	-
Dividends from unit trusts	33,357	-	33,357	-
Coupons from debt securities	634,616	616,241	634,616	616,241
Net cash used in investing activities	(2,710,629)	(693,382)	(2,710,609)	(1,384,956)
Cash flows from financing activities				
Proceeds from long term financing	963,772	897,067	-	-
Repayment of financing to subsidiaries	(793,102)	585,007	(137,565)	688,541
Dividends paid to non-controlling interests	(142,993)	(117,430)	-	-
Depositors' savings fund	5,156,632	8,190,012	5,163,426	8,190,012
Net cash generated from financing activities	5,184,309	9,554,656	5,025,861	8,878,553

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

	Note	Group		TH	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net (decrease)/increase in cash and cash equivalents		(1,452,100)	5,977,062	(843,136)	4,065,373
Cash and cash equivalents at 1 January		16,028,632	10,242,686	10,990,864	6,981,887
Net decrease in cash and cash equivalents of TKJHM		(16,116)	(64,448)	(16,116)	(64,448)
Currency translation differences		(70,711)	(126,668)	(1,435)	8,052
Cash and cash equivalents at 31 December		14,489,705	16,028,632	10,130,177	10,990,864
Cash and cash equivalents comprise:					
Cash and cash equivalents	4	13,625,636	15,502,837	10,412,703	11,390,436
Deposits and placements with banks and other financial institutions	5	1,153,138	976,830	-	-
Cash held by external fund managers		(282,526)	(399,572)	(282,526)	(399,572)
Deposits pledged		(6,543)	(51,463)	-	-
		14,489,705	16,028,632	10,130,177	10,990,864

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Corporate information

Lembaga Tabung Haji ("**TH**") is a statutory body established under the Tabung Haji Act, 1995 (Act 535).

The principal place of business is located at Bangunan Tabung Haji, 201 Jalan Tun Razak, 50400 Kuala Lumpur.

TH is principally engaged in the management of Hajj operations, acceptance and management of deposits from depositors, investment holding and letting of properties. The principal activities of the subsidiaries, associates and jointly controlled entities are stated in Note 22, 21 and 20 respectively to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The consolidated financial statements for the financial year ended 31 December 2016 comprise **TH** and its subsidiaries, associates and jointly controlled entities (together referred to as the Group).

The financial statements were authorised for issue by the Board of Directors on 11 May 2017.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and **TH** have been prepared in accordance with Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") for entities other than private entities, modified to comply with Syariah principles and requirements.

On 19 November 2011, the MASB issued MFRS Framework to replace the FRS Framework. MFRS Framework is a framework that complies with International Financial Reporting Standards that are applicable to all Non-Private Entities for annual periods beginning on or after 1 January 2012, except for Transitioning Entities, are allowed to defer the adoption of MFRS 141- Agriculture and IC Interpretation 15- Agreements for The Construction of Real Estate. Transitioning Entities are entities that fall under the scope of MFRS 141 and IC Interpretation 15, including the parent company, the main investors and the joint venture company which are the substantial investment holders in transitioning entities.

Following the amendments to MFRS 141 and MFRS 15- Revenue from Contracts with Customers on 28 October 2015, MASB announced that Transitioning Entities will adopt MFRS Framework effectively for annual periods beginning on or after 1 January 2018.

The Group and **TH**, of which are Transitioning Entities, will comply to FRS Framework until the adoption of MFRS Framework effectively not later than the financial period beginning 1 January 2018.

The following accounting standards, amendments and interpretations have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and **TH**:

(i) Standards, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- *Amendments to FRS 12, Disclosure of Interests in Other Entities (Annual Improvements 2014- 2016 Cycle)*
- *Amendments to FRS 107, Statement of Cash Flows- Disclosure Initiative*
- *Amendments to FRS 112, Income Taxes- Recognition of Deferred Tax Assets for Unrealised Losses*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (*cont'd.*)

2. Basis of preparation (*cont'd.*)

(a) Statement of compliance (*cont'd.*)

(ii) Standards, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- Amendments to FRS 1, First Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014- 2016 Cycle)
- FRS 9, Financial Instruments (2014)
- FRS 15, Revenue from Contracts with Customers
- Amendments to FRS 128, Investment in Associates and Joint Ventures (Annual Improvements 2014- 2016 Cycle)
- Amendments to FRS 140, Transfers of Investment Property

(iii) Standards, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- FRS 16, Leases

(iv) Standards, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to FRS 10, Consolidated Financial Statements
- Amendments to FRS 128, Investments in Associates and Joint Ventures- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned standards, amendments and interpretations:

- from annual period beginning on 1 January 2017 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017, whichever applicable.
- from annual period beginning on 1 January 2018 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018, whichever applicable; and
- from annual period beginning on 1 January 2019 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019, whichever applicable.

(b) Basis of measurement

The financial statements of the Group and **TH** have been prepared on the historical cost basis except for investment property and financial assets and liabilities which have been stated at fair value or amortised costs as disclosed in Note 3 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the functional currency of **TH**. All financial information presented in RM has been rounded to the nearest thousands, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by entities within the Group.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by **TH**. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are stated by **TH** at cost less any impairment loss.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus follows:
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any differences between the Group's share of net assets before and after the changes, and any consideration received or paid, is adjusted to or against Group reserves.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed off and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group adopted FRS11, Joint Arrangement in the current financial year. Therefore, the joint venture arrangements are classified as follows:

- A joint arrangement is classified as "joint operation" when the Group or **TH** has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and **TH** account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to **TH**, are presented in the consolidated statement of financial position and statement of changes in fund, separately from fund attributable to **TH**. Non-controlling interests in the results of the Group is presented in the consolidated statement of income and other comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between non-controlling interests and **TH**.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment 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.

(b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and placements with banks and financial institutions, money at call and interbank placements and highly liquid investments which have an insignificant risk of change in value. For the purpose of the statement of cash flow, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(c) Financial instruments

Recognition

Purchases and sales of financial instruments are recognised on the date that the Group and **TH** commits to purchase or sell the instruments.

Initial measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (*cont'd.*)

3. Significant accounting policies (*cont'd.*)

(c) Financial instruments (*cont'd.*)

Financial instrument categories and subsequent measurement

The Group and **TH** categorise financial instruments as follows:

(i) Financing and receivables

Financing and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market.

These financial assets are subsequently measured at amortised cost using effective profit rate method, less any impairment loss.

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

Financial assets at fair value through profit or loss are either:

(a) Held-for-trading

Financial assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term or it is part of a portfolio that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(b) Designated under fair value option

Financial assets meet at least one of the following criteria upon designation:

- it eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets, or recognising gains or losses on them, using different bases; or
- the financial asset contains an embedded derivative that would otherwise need to be disclosed separately.

These financial assets are subsequently measured at their fair values and any gain or loss arising from a change in the fair value will be recognised in the profit or loss.

(iii) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. These financial assets are subsequently measured at amortised cost using effective profit rate method, less any impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(c) Financial instruments (cont'd.)

(iii) Financial assets held-to-maturity (cont'd.)

Any sale or reclassification of more than insignificant amount of financial assets held-to-maturity not close to their maturity would result in the reclassification of all financial assets held-to-maturity to financial assets available-for-sale and the Group would be prevented from classifying any financial assets as financial assets held-to-maturity for the current and following two financial years.

(iv) Financial assets available-for-sale

Financial assets available-for-sale are financial assets that are either designated in this category or not classified in any other category and are measured at fair value.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any impairment loss.

Any gain or loss arising from a change in the fair value is recognised in the fair value reserve through other comprehensive income until the securities are sold, disposed off or impaired, at which time the cumulative gains or losses previously recognised in equity will be transferred to the profit or loss. Profit or loss from sale of the available-for-sale securities is recognised in statement of income.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment as disclosed in Note 3(n) to the financial statements.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and profit rate exposures. Foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at the date of the statement of financial position and the resultant gains and losses for the financial year are recognised in the statements of income.

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 at fair value through 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.

Financial liabilities

Financial liabilities are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost using the effective profit rate method, except for derivatives that are liabilities, which shall be measured at fair value.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

Financial guarantee contracts (cont'd.)

Financial guarantee is initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, each guarantee is measured at the higher of the initial amount less amortisation calculated to recognise the initial measurement in the income statement over the year of the financial guarantee and the best estimate of the amount required to settle the guarantee.

When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

Determination of fair value

The fair values of financial instruments traded in active markets (such as over the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. For unquoted financial instruments, fair value is determined using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Reclassification of financial assets

A non-derivative financial asset held for trading may be reclassified if the financial asset is no longer held for the purpose of selling in the near term. In addition, a financial asset that meets the definition of financing and receivables may be reclassified out of held-for-trading or available-for-sale categories if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. The fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective profit rates for financial assets reclassified to financing and receivables and held-to maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective profit rate prospectively.

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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires.

(d) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of receivables, deposits and prepayments as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the deferred income in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(e) Inventories

(i) Development properties

Completed properties held for sale are measured at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs are appropriate proportions of common costs attributable to developing the properties to completion.

(ii) Palm based products

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

The cost of palm based products is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Stores are stated at cost.

(iii) Computer equipments

Inventories are valued at the lower of cost and net realisable value after an adequate allowance has been made for all deteriorated, damaged, obsolete or slow moving inventories. Cost is determined on a weighted average basis and includes import duties, transport and handling costs and any other directly attributable costs.

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

(f) Property development costs

(i) Land held for property development

Land held for property development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

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

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

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(f) Property development costs (cont'd.)

(ii) Property development costs (cont'd.)

Costs incurred on development projects where the development activities are expected to be completed within the Group's normal operating cycle of 2 to 3 years are classified as current assets. Common costs allocated to future development projects within the same geographical location as existing development projects are classified as non-current assets.

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

(g) Plantation development expenditure

All expenditure relating to development of oil palm estate (immature estate) will be capitalised under plantation development expenditure. An estate is declared mature when they are ready for its intended purpose. This cost will be depreciated over useful life when the expenditure is transferred to property, plant and equipment when the estate matures.

Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature to immature areas.

(h) Forestry

Forestry are measured on initial recognition and at subsequent reporting dates at fair value, with any changes in fair value of forestry during a year recognised in profit or loss. The fair value of forestry is determined independently by professional valuers.

Nurseries fair value are deemed at cost. This cost relates to nursery maintenance costs.

(i) Investment properties

Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of services or for administrative purposes. These include land held for a currently undetermined future use and property work-in-progress which is intended for future use as investment property.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. The fair value is based on market values valued by an independent valuation firm.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Reclassifications to/from investment properties

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(j) Property, plant and equipment

Items of property, plant and equipment except for freehold land and work-in-progress are measured at cost or valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised from the financial statements. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

Items of property, plant and equipment which have been retired from active used are transferred to assets held for sale at the lower of net carrying amount and net realisable value.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income and other expenses respectively in statements of income.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

(i) The estimated useful lives for the current and comparative years are as follows

Buildings	5- 99 years
Building improvement and renovations	5- 10 years
Plant, machinery and equipments	2- 10 years
Computer equipment and software	2- 7 years
Motor vehicles	4- 10 years

(ii) Estates consist of matured plantation development expenditure and are depreciated over 30 years, based on estimated annual production yield table. An estate is declared mature when the palm age has reached 36 months or more at the beginning of the financial year.

Amortisation

Leasehold land and buildings are amortised over a lease period as follows:

Leasehold land	20- 999 years
Leasehold building	50 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(k) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(l) Takaful Fund

(i) Family Takaful Fund

Included in Family Takaful Fund are funds arising from:

- (i) Family Takaful;
- (ii) Group Family Takaful; and
- (iii) Family retakaful funds.

The Family Takaful Fund is maintained in accordance with the requirements of the Islamic Financial Services Act, 2013 and includes the amounts attributable to participants which represents the participants' share of the underwriting surplus and return on the investments, where applicable and are distributable in accordance with the terms and conditions prescribed by the Group.

The surplus transfer from the Family Takaful Fund to the profit or loss is based on the predetermined profit sharing ratio of the underwriting surplus and return on investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(l) Takaful Fund (cont'd.)

(i) Family Takaful Fund (cont'd.)

Contribution income

Contribution is recognised as soon as the amount of the contribution can be reliably measured. Initial contribution is recognised from inception date and subsequent contribution is recognised when it is due.

At the end of each financial period, all due contributions are accounted for to the extent that they can be reliably measured.

Actuarial reserves

Actuarial reserves comprise the Prospective Actuarial Valuation, Cash Flow Projection Valuation and Unearned Contribution Valuation as explained below:

(i) Prospective actuarial valuation

For credit-related products, the liabilities of Family Takaful Fund shall be valued based on the sum of present value of future benefits and any expected future expenses payable from the takaful funds, less the present value of future gross tabarru' arising from the certificate, discounted at the appropriate risk discount rate as defined in the valuation guidelines.

For a credit-related takaful certificate whose sustainability of tabarru' deductions is dependent on the performance of Participants Investment Fund ("PIF"), the calculation is subject to adjusting the future gross tabarru' cash flow such that it is limited to the period where the PIF can sustain the tabarru' and assuming that the takaful coverage is in force for the full duration of the takaful contract.

(ii) Cash flow projection valuation

For products with PIF other than credit-related products, the liabilities shall be valued by projecting future cash flows to ensure that all future obligations can be met without recourse to additional finance or capital support at any future time during the duration of the certificate. The cash flow projection shall use a basis that is consistent with the requirements of the valuation guidelines.

(iii) Unearned contribution valuation

For yearly renewable products or extensions shall be valued according to the following:

- (a) For a certificate covering death or survival, the liabilities shall be valued on an unexpired risk basis using a prospective estimate of expected future payments arising from future events covered as at the valuation date. These future payments shall include allowance for direct claims related expenses, direct investment-related expenses, cost of retakaful and expected future contribution refunds expected during the unexpired period.
- (b) For a certificate covering contingencies other than death or survival, the net liability is the maximum of unexpired risk reserve or unearned contribution reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (*cont'd.*)

3. Significant accounting policies (*cont'd.*)

(l) Takaful Fund (*cont'd.*)

(i) Family Takaful Fund (*cont'd.*)

Provision for outstanding claims

Claims and provisions for claims arising on family and group family takaful certificates, including settlement costs, are accounted for using the case basis method and for this purpose the benefits payable under a family takaful certificate are recognised as follows:

- (i) Maturity or other policy benefit payments due on specified dates are accounted for as claims payable on the due dates.
- (ii) Death, surrender and other benefits without due dates are treated as claims payable on the date of receipt of intimation of death of the participant or occurrence of contingency covered.
- (iii) For individual family, group health and medical business, provision is made for the cost of claims (together with related expenses) and IBNR at the end of the reporting period, using a mathematical method of estimation by a qualified internal actuary where historical claims experience are used to project future claims. The provision includes a risk margin for adverse deviation. As with all projections, there are elements of uncertainty and the projected claims may be different from actual. These uncertainties arise from changes in underlying risk, changes in spread of risks, claim settlement pattern as well as uncertainties in the projection model and underlying assumptions.

(ii) General Takaful Fund

The General Takaful Fund is maintained in accordance with the Islamic Financial Services Act, 2013. Included in General Takaful Fund are funds arising from:

- (i) General Takaful; and
- (ii) General retakaful funds.

The General Takaful underwriting results are determined for each class of takaful business after taking into account retakaful, unearned contributions, claims incurred and administrative fees.

Contribution income

Contributions are recognised in financial period in respect of risk assumed during that particular financial period based on the inception date. Inward treaty retakaful contributions are recognised on the basis of periodic advice received from ceding takaful operators.

Unearned contribution reserves

The Unearned Contribution Reserves ("UCR") represent the portion of the net contributions of takaful certificates written that relate to the unexpired periods of the certificates at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (*cont'd.*)

3. Significant accounting policies (*cont'd.*)

(l) Takaful Fund (*cont'd.*)

(ii) General Takaful Fund (*cont'd.*)

Unearned contribution reserves (*cont'd.*)

In determining the UCR at the end of the reporting period, the method that most accurately reflects the actual unearned contributions is used, as follows:

- (i) 1/365th method for all General Takaful business.
- (ii) 1/8th method for all classes of General Treaty Inward Retakaful business.

Provision for outstanding claims

A liability for outstanding claims is recognised in respect of direct takaful business. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries, if any, to settle the present obligation at the end of the reporting period. Any difference between the current estimated cost and subsequent settlement is dealt with in the takaful statement of comprehensive income of the Group and of the Company in the year in which the settlement takes place.

Provision is also made for the cost of claims (together with related expenses) and Incurred But Not Reported Claims ("IBNR") at the end of the reporting period, using a mathematical method of estimation by a qualified external actuary where historical claims experience are used to project future claims. The provision includes a risk margin for adverse deviation. As with all projections, there are elements of uncertainty and the projected claims may be different from actual. These uncertainties arise from changes in underlying risk, changes in spread of risks, claims settlement pattern as well as uncertainties in the projection model and underlying assumptions.

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the acquisition cost over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortised but is reviewed annually to determine whether impairment exists, or is reviewed more frequently if events or changes in circumstances indicates that it might be impaired. An impairment loss is charged directly to the statement of income and is not reversed in the subsequent period.

(ii) Bancatakaful service fees

Bancatakaful service fees is amortised using the straight-line method over its useful lives of five years. The amortisation methods, useful lives and residual values are reviewed at the end of each reporting and changed, if necessary.

(iii) Other intangible assets

Other intangible assets comprise intangible core deposits, customers' relationship and brands arising from the acquisition of banking and takaful business. It is stated at its fair value on the date of the acquisition and is amortised over the amortisation period of 10 to 12 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(n) Impairment

(i) Financial assets

The Group and the Company assess at each reporting date whether there is objective evidence that financing and receivables, financial assets held-to-maturity or financial assets available-for-sale are impaired as a result of one or more events having an impact on the estimated future cash flows of the asset. A financial asset or a group of financial assets are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and prior to the statement of financial position date ("a loss event") and that loss event or events has an impact on the estimated future cash flow of the financial asset that can be reliably estimated.

The criteria used by the Group to determine whether there is an objective evidence of impairment to occur for the financial assets include the followings:

- (i) Significant financial problems faced by issuers of financial instruments;
- (ii) Breach of contracts such as default in paying principal and interest according to repayment schedule;
- (iii) Cease business operations, bankruptcy (upon filing of the case), winding up order on business operations or restructuring of financial position; or
- (iv) Decline in investment grade rating in a row up to two levels by external rating agencies.

In addition to the criterias above, the objective evidence of the existence of impairment of an investment in an equity instrument includes information about significant changes that give rise to adverse effects that have been happening to the environment, technology, market, economic or legislative in which the issuers of financial instruments that operate, which gives an indication that the cost of investments in equity instruments are unlikely to be recovered.

For securities available for sale, a prolonged decline in fair value is taken into account in determining whether there is an impairment. If there is evidence of the existence of impairment, losses recognised in equity is recognised in the income statement. For debt securities classified as available for sale, impairment is reviewed based on the same criteria as other financial assets. Reversal of an impairment of debt securities is recognised in other comprehensive income. Reversal of an impairment of equity is not recognised in the income statement. The increase in the fair value of equity less impairment are recognised in equity.

Financing undertaken by banking operation is classified as impaired when the principal or profit or both are past due for three (3) months or more or where a financing is in arrears for less than three (3) months, the financing exhibits indications of credit weakness.

For financing and receivables, the Group first assesses whether objective evidence of impairment exists individually for financing and receivables that are individually significant, and collectively for financing and receivables that are not individually significant. If the Group determines that no objective evidence of impairment exist for an individually assessed financing and receivables, whether significant or not, it includes the assets in a group of financing and receivables with similar credit risk characteristics and collectively assesses them for impairment. Financing and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment for impairment.

The impairment loss is measured as the difference between the carrying amount compared to the present value of estimated future cash flows discounted at the original effective profit rate. The loss is recognised in the income statement.

When a financing is uncollectible, it is written off against the allowance for diminution in value. This financing is written off after all the necessary procedures have been completed and the loss can be ascertained. If the written off amount is recoverable, the amount is credited to the income statement. If in the subsequent year, the impairment loss decreases, of which can be related objectively to an event occurring after the impairment was recognised, the impairment loss recognised is reversed to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(n) Impairment (cont'd.)

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in the statements of income.

Impairment losses recognised in prior years are assessed at the end of each reporting year for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(p) Finance lease

Property, plant and equipment acquired through a finance lease is capitalised and depreciated on the same basis with other assets of the Group as stated in Note 3(j) and the corresponding obligation relating to the remaining principal payments is accounted for as liability. Financing costs are charged to the statements of income over the lease period so as to produce a constant periodical rate of charges on the remaining balance of the obligations for each accounting period.

(q) Deferred income

Deferred income represents a grant from the Government for the purpose of the constructions of Hajj pilgrims complex. It is stated at cost less accumulated amortisation over a period of 50 years based on the useful life of the Hajj pilgrims complex.

(r) Employees benefit

(i) Short term benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group and **TH**. Short term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, whereas short term non-accumulated compensated absences such as sick leave are recognised when absences occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(i) Short term benefits (cont'd.)

(ii) Defined contribution plans

The Group and **TH** contributes to Employment Provident Fund and approved pension scheme for its employees. The contribution constitute a defined contribution plan, whereby it is recognised as an expense in the income statement in the year to which they relate. Once the contribution have been paid, the Group and **TH** have no further payment obligations.

The Group and **TH** adopted FRS 119- Employee Benefits, which is long term employee benefits payable upon retirement recognised on an accrual basis in the statements of income as employee benefits payable and in the statements of financial position as liabilities, described as Provision for Retirement Benefits Plan.

The liability in respect of defined benefit plan is the present value of the defined obligations at the statement of financial position date. The plan is applicable to all permanent employees of **TH** who has been confirmed in service. The benefits payable on retirement are based on the last drawn salary and length of service. The provision for retirement benefits is charged to the statements of income so as to spread the cost over the service lives of employees in accordance with actuarial valuation.

(iii) Long term benefits

The calculation of the defined benefit obligation or amount of liabilities to retirees was performed by qualified actuaries based on the Projected Unit Credit Method. Factors which have been taken into account are the estimated future cash outflows, using market yields of government securities in which the maturity period approximates the terms of related liabilities at the statement of financial position date.

Types of long term retirement benefits recognised on an accrual basis is as follows:

- (i) Medical benefits;
- (ii) Accumulated annual leave reward;
- (iii) Hajj performance; and
- (iv) Gratuity payment.

It is the Group's policy to undertake an actuarial valuation once every three years.

(s) Foreign currency

(i) Transaction and balance in foreign currency

In preparing the financial statements of the individual entities, transactions in foreign currencies are translated into the respective entity's functional currency at the exchange rates prevailing at the dates of the transactions.

Financial assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange closing rate at the date of the statement of financial position.

Foreign currency differences arising from settlement or translation of financial assets or liabilities at the statement of financial position date are recognised in statements of income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (*cont'd.*)

3. Significant accounting policies (*cont'd.*)

(s) Foreign currency (*cont'd.*)

(i) Transaction and balance in foreign currency (*cont'd.*)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in statements of income, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising from consolidation are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at average exchange rates for the period. Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve in equity.

(t) Recognition of income

(i) Investment income

Profits from Syariah compliance investments are recognised in the income statement on accrual basis.

Dividend income from investments are recognised when the rights to receive the dividend payment is established.

Gain arising from equity trading, debt securities financial instruments, investment in money market and rental income are accounted for on accrual basis.

Income from non-Syariah sources are not recognised in the statement of income, in accordance with the guidelines issued by Syariah Advisory Council of the Securities Commission. These income are accounted for in the statement of financial position.

(ii) Financing income

Financing income is recognised in the profit or loss using the effective profit rate method. The effective profit rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial instruments. When calculating the effective profit rate, the Group has considered all contractual terms of the financial instruments but does not consider future credit losses. The calculation includes all fees and transaction costs integral to the effective profit rate, as well as premium or discounts.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, income is recognised using the profit rate used to discount the future cash flows for the purpose of measuring the impairment loss.

(iii) Goods and services

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(t) Recognition of income (cont'd.)

(iii) Goods and services (cont'd.)

Revenue from services is recognised when the services have been rendered. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iv) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(v) Property development

Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in the statement of income.

Revenue from the land sales are recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(vi) Fee and other income recognition

Financing arrangement, management and participation fees, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Fees from advisory and corporate finance activities are recognised net of service taxes and discounts on completion of each stage of the assignment.

(u) Borrowing costs

Borrowing costs are recognised in the statements of income using the effective interest method except for borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is incurred, borrowing costs are incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

3. Significant accounting policies (cont'd.)

(v) Income tax

From year of assesment 2012 to 2016, **TH** is exempted from income tax on all types of income except for statutory dividend income under Section 127(3A) of the Income Tax Act, 1967.

Taxation charged on subsidiaries for the year comprised current tax expense and deferred tax. Current tax expense refers to the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax assets are recognised for all deductible temporary differences, tax losses and unutilised tax credits to the extent that it is probable that taxable income will arise in the foreseeable future. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

(w) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

This classification can only be done if the sale is highly probable to occur and the asset (or group of assets) can be sold immediately at the existing conditions, subject to the terms and customary use.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

A component of the Group is classified as a discontinued operation when the criteria to be classified as assets held for sale have been met or the asset has been disposed off and that component represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

(x) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- a) Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- b) Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- c) Level 3- Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that causes the transfers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

4. Cash and cash equivalents

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Placements with licensed financial institutions	8,254,069	10,825,753	9,874,046	10,709,444
Cash and bank balances	1,616,695	1,795,676	256,131	281,420
Money at call and interbank placements with remaining maturity not exceeding one month	3,472,346	2,481,836	-	-
Cash held by external fund managers	282,526	399,572	282,526	399,572
	13,625,636	15,502,837	10,412,703	11,390,436

Cash and cash equivalents are denominated in the following currencies:

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	13,115,762	14,702,016	10,082,337	10,919,988
Rial Saudi	19,115	64,464	15,210	9,362
Pound Sterling	177,157	257,979	12,974	2,227
U.S Dollar	284,595	455,512	284,176	455,101
Australian Dollar	24,053	19,363	13,052	255
Others	4,954	3,503	4,954	3,503
	13,625,636	15,502,837	10,412,703	11,390,436

Included in placements with licensed financial institutions and cash and bank balances of the Group and TH were short term placements and cash and bank balances of TKJHM and TWT amounting to RM234,663,000 (2015: RM250,779,000).

Included in cash and bank balances of the Group was RM11,476,000 (2015: RM8,178,000) the utilisation of which is subject to the Housing Developers (Control and Licensing) (Amendment) Act 2002.

Placements with licensed financial institutions of the Group and TH registered profit margins ranging between 2.10% and 5.40% (2015: 2.20% and 4.80%).

Included in cash and bank balances of the Group was RM6,543,000 (2015: RM51,463,000) pledged to banks for bank guarantee facilities.

5. Deposits and placements with banks and other financial institutions

	Group	
	2016	2015
	RM'000	RM'000
Licensed banks and financial institutions	1,153,138	976,830

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

6. Derivative assets/(liabilities)

Group 2016	Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Forward contracts	3,117,570	117,445	(107,469)
Warrants	1,082,699	153,951	-
Profit rate swaps	836,027	7,127	(3,620)
	5,036,296	278,523	(111,089)
2015			
Forward contracts	2,322,286	106,402	(98,593)
Warrants	805,710	7,268	-
Profit rate swaps	862,568	12,857	(3,320)
	3,990,564	126,527	(101,913)
TH			
2016			
Warrants	1,082,699	141,699	-
2015			
Warrants	805,710	60,107	-

7. Securities held-for-trading

	Group	
	2016 RM'000	2015 RM'000
At fair value		
Quoted securities		
Shares	121,240	125,650
Unit trusts	19,908	14,647
	141,148	140,297
Unquoted securities		
Malaysian Government Investment Issues	324,500	241,717
Islamic debt securities	311,962	287,992
	636,462	529,709
	777,610	670,006

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

8. Securities available-for-sale

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At fair value				
Shares				
Quoted shares	18,422,114	15,172,289	18,047,550	14,517,842
Less: Impairment during the year	(51,931)	(13,656)	(51,931)	(13,656)
	18,370,183	15,158,633	17,995,619	14,504,186
Fund managers	1,177,590	1,070,551	1,177,590	1,070,551
Less: Impairment during the year	(4,510)	-	(4,510)	-
	1,173,080	1,070,551	1,173,080	1,070,551
Unquoted shares	1,478,090	1,138,169	1,450,044	1,111,274
Less: Impairment during the year	(20,497)	(20,883)	-	(1,555)
	1,457,593	1,117,286	1,450,044	1,109,719
	21,000,856	17,346,470	20,618,743	16,684,456
Debt Securities				
Government debt securities	11,218,065	11,135,498	1,059,369	1,182,245
Corporate debt securities	7,918,519	7,234,646	8,024,284	7,234,646
Less: Impairment during the year	-	(2,515)	-	(2,515)
	7,918,519	7,232,131	8,024,284	7,232,131
	19,136,584	18,367,629	9,083,653	8,414,376
Other Financial Assets				
Unit trusts	1,216,876	918,032	703,165	455,447
Negotiable Islamic Debt Certificate	5,281,300	6,327,047	2,663,502	3,685,780
	6,498,176	7,245,079	3,366,667	4,141,227
	46,635,616	42,959,178	33,069,063	29,240,059

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

9. Assets held for sale

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	1,910	8,970	1,910	8,970
	1,910	8,970	1,910	8,970

10. Trade and other receivables

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Trade receivables	815,455	562,313	583,051	409,790
Other receivables				
Clients' and dealers' debit balances	63,599	215,265	-	-
Other receivables, deposits and prepayments	892,235	799,785	168,374	171,354
Staff financing	95,698	105,196	13,848	19,628
Amount due from:				
- Subsidiaries	-	-	663,264	422,601
- Associates	3,279	2,095	3	2,095
- Jointly controlled entities	603,687	222,397	4	2
	1,658,498	1,344,738	845,493	615,680
	2,473,953	1,907,051	1,428,544	1,025,470

11. Inventories

	Group	
	2016	2015
	RM'000	RM'000
Stores	3,646	21,367
Finished goods	28,531	38,018
Completed properties	21,185	19,203
	53,362	78,588

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

12. Financing

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash line	1,236,920	1,059,397	-	-
Credit cards	459,392	443,543	-	-
Discounted trade bills	921,047	1,139,827	-	-
Trust receipts	5,169	20,210	-	-
Term financing	37,158,910	32,223,366	-	-
Pawn broking	85,315	73,883	-	-
Investment Account Platform	5,690	-	-	-
Financing to subsidiaries	-	-	1,119,682	1,038,779
	39,872,443	34,960,226	1,119,682	1,038,779
Less: Accumulated impairment				
- Collective assessment	(554,971)	(541,065)	-	-
- Individual assesment	(128,198)	(124,471)	-	-
	(683,169)	(665,536)	-	-
	39,189,274	34,294,690	1,119,682	1,038,779

Financing to local subsidiaries were charged at a profit margin of 5% to 7% (2015: 5% to 7%).

Financing to overseas subsidiaries were charged at a profit margin of 3% to 5% (2015: 5%).

13. Takaful assets

	Group	
	2016	2015
	RM'000	RM'000
Retakaful assets:		
Claims liabilities	261,426	404,205
Contribution liabilities	62,969	55,893
Actuarial liabilities	144,096	242,477
	468,491	702,575
Takaful receivables:		
- Due contributions	136,214	119,350
- Due from retakaful/co-Takaful	42,869	36,440
	179,083	155,790
Less: Allowance for impaired receivables	(9,375)	(7,517)
	169,708	148,273
	638,199	850,848

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

14. Securities held-to-maturity

	Group		TH	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At amortised cost				
Debt Securities				
Malaysian Government Islamic papers	105,037	145,157	-	-
Corporate Debt Securities	2,881,761	3,322,143	4,720,059	5,134,675
Less: Accumulated impairment	(6,887)	(6,887)	-	-
	2,979,911	3,460,413	4,720,059	5,134,675

15. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits were maintained with Bank Negara Malaysia ("BNM") in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amount of which are determined as set percentages of total eligible liabilities.

16. Property development costs

	Group	
	2016 RM'000	2015 RM'000
Property development costs comprise:		
Land	671,755	618,205
Development costs	1,305,506	1,197,913
	1,977,261	1,816,118
Add: Development costs incurred during the year		
Land	22,500	15,550
Development costs	178,666	107,593
	2,178,427	1,939,261
Less: Development costs recognised as expense in the statement of income		
- Previous years	(963,530)	(843,631)
- Current year	(135,130)	(119,899)
	1,079,767	975,731

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

17. Plantation development expenditure

	Group 2016 RM'000	2015 RM'000
At 1 January	687,160	681,262
Changes in fair value before tax recognised in other comprehensive income	-	(6,949)
Transfer to forestry (Note 18)	-	(107,105)
	687,160	567,208
Additions	88,077	478,681
Transfer to property, plant and equipment (Note 24)	(167,895)	(362,368)
Write off	(1,625)	-
Disposal of a subsidiary	(3,382)	-
Foreign exchange difference	5,239	3,639
At 31 December	607,574	687,160
Included in additions during the year were:		
Depreciation (Note 24 (a))	5,310	5,322
Personnel expenses:		
- Wages, salaries and others	25,500	25,828

Transfer to forestry

During the board meetings of the subsidiaries of the Group in 2015, the respective Board of the subsidiaries decided to change the intended purpose of the plantation development expenditure from tapping of latex to timber. As a result of the change in the business use, the Boards of the subsidiaries had decided to record the plantation development expenditure at fair value instead of cost. The plantation development expenditure related to rubber was transferred to forestry which was carried at fair value. The plantation development expenditure were revalued at 1 January 2015 before it was transferred to forestry. As a result of the revaluation, the changes in fair value was recognised in statement of income and statement of other comprehensive income.

18. Forestry

	Group 2016 RM'000	2015 RM'000
At 1 January	145,905	-
Additions	25,455	24,339
Transfer from plantation development expenditure (Note 17)	-	107,105
Changes in fair value recognised in statements of income	(15,333)	14,461
At 31 December	156,027	145,905
Included in additions during the year are:		
Depreciation (Note 24 (a))	806	771
Personnel expenses:		
- Wages, salaries and others	1,888	2,033
Finance cost	1,301	3,738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

19. Deferred tax

Total deferred tax assets and liabilities, after appropriate offsetting are as follows:

	Group 2016 RM'000	2015 RM'000
Deferred tax assets	195,018	155,309
Deferred tax liabilities	(232,323)	(209,195)
	(37,305)	(53,886)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to adjust current tax assets against current tax liabilities and where the deferred taxes relate to the same tax authority.

The recognised deferred tax assets and liabilities after offsetting are as follows:

	Group 2016 RM'000	2015 RM'000
Property, plant and equipment		
- capital allowances	(338,170)	(396,900)
Investment properties	2,320	1,593
Impairment	41,223	49,508
Unabsorbed capital allowances	138,721	217,203
Unutilised tax losses	103,431	94,498
Others	15,170	(19,788)
	(37,305)	(53,886)

20. Investment in jointly controlled entities

	Group 2016 RM'000	2015 RM'000	TH 2016 RM'000	2015 RM'000
At cost				
Unquoted shares	401,802	471,088	295,961	295,961
Add:				
Shares in jointly controlled entities				
- Accumulated losses	(82,539)	(49,070)	-	-
- Other reserves	(5,116)	(5,116)	-	-
- Foreign exchange differences	2,813	4,024	-	-
	(84,842)	(50,162)	-	-
	316,960	420,926	295,961	295,961

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

20. Investment in jointly controlled entities (cont'd.)

The Group's interest in the assets, liabilities, income and expenses of jointly controlled entities are as follows:

Name of company	Principal activities	Effective ownership interest	
		2016	2015
		%	%
Direct holding			
Unquoted and incorporated in Malaysia			
Trurich Resources Sdn. Bhd.	Investment holding	50	50
TH Alam Management Sdn. Bhd.	Ship operating and chartering	50	50
Abraj Sdn. Bhd.	Property investment	50	50
Abraj Management Sdn. Bhd.	Provision of management and administrative services to a diverse portfolio of properties and real estate investments	50	50
Indirect holding			
Theta Edge Berhad and its jointly controlled entity:			
Taha Alam Sdn. Bhd.	Provision of advisory services for Hajj and Umrah	50	50
Unquoted and incorporated in Indonesia			
TH Indo Industries Sdn. Bhd. and its jointly controlled entity:			
PT Synergy Oil Nusantara	Processing of crude palm oil and marketing of refined palm oil products	50	50
Unquoted and incorporated in Australia			
TH Properties Sdn. Bhd. and its jointly controlled entities:			
Piety Capital Pty. Ltd.	Property development	50	50
Piety THP Capital Pty. Ltd.	Property development	50	50
Piety THP Developments Pty. Ltd	Property development management services	50	50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

20. Investment in jointly controlled entities (cont'd.)

	Group	
	2016	2015
	RM'000	RM'000
Summarised financial information at 31 December		
Assets	2,659,288	2,838,496
Liabilities	(1,909,318)	(1,885,706)
Net assets	749,970	952,790
Year ended 31 December		
(Loss)/Profit from continuing operations	(40,460)	55,168
Other comprehensive income	14,292	8,108
Total comprehensive (loss)/income	(26,168)	63,276
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	374,985	471,137
Carrying amount in the statement of financial position	316,960	420,926
Group's share of results for the year ended 31 December		
Group's share of (loss)/profit from continuing operations	(20,230)	27,584
Group's share of other comprehensive income	7,146	4,054
	(13,084)	31,638
Dividends received by the Group	181	32,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

21. Investment in associates

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At cost				
Quoted shares	891,559	891,559	891,559	891,559
Less: Accumulated impairment	(285,627)	(230,490)	(285,627)	(230,490)
	605,932	661,069	605,932	661,069
Unquoted shares	234,342	252,820	234,342	250,019
Less: Accumulated impairment	(94,820)	(94,821)	(94,820)	(94,821)
	139,522	157,999	139,522	155,198
Add:				
Share of results of associates:				
- Accumulated (loss)/profit	(66,673)	82,461	-	-
- Other reserves	46,335	25,910	-	-
	(20,338)	108,371	-	-
	725,116	927,439	745,454	816,267
Market value of quoted shares	406,025	439,726	406,025	439,726

Details of associates, of which all are incorporated in Malaysia, are as follows:

Name of company	Principal activities	Effective ownership interest	
		2016	2015
		%	%
Direct holding			
Quoted and incorporated in Malaysia			
TH Heavy Engineering Berhad	Construction and fabrication of oil and gas offshore structures	30	30
Pelikan International Corporation Berhad	Manufacture and distribution of stationeries	28	28
Unquoted and incorporated in Malaysia			
CCM Fertilizers Sdn. Bhd.	Production and marketing of fertilizers	50	50
Maju-TH Sdn. Bhd.	Property management	49	49
Nihon Canpack (Malaysia) Sdn. Bhd.	Manufacture and sale of canned beverages	40	40
Express Rail Link Sdn. Bhd.	Design, construction, maintenance and management of express railway system	36	36
Perumahan Kinrara Berhad	Property development	25	25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

21. Investment in associates (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Direct holding (cont'd.)			
Unquoted and incorporated in Malaysia (cont'd.)			
I&P Kota BayuEmas Sdn. Bhd.	Property management	23	23
Bata (Malaysia) Sdn. Bhd.	Manufacture and marketing of footwear and allied products	20	20
Consolidated Fertiliser Corporation Sdn. Bhd.	Production and marketing of fertilizers	-	20
Top Priority Sdn. Bhd.*	Property management	30	30
Prizevest Sdn. Bhd.*	Property management	30	30
Victec Enterprise Sdn. Bhd.*	Property management	30	30
Indirect holding			
Unquoted and incorporated in Malaysia			
THP Bina Sdn. Bhd. and its associates:			
HCM-TH Technologies JV Sdn. Bhd.	Dormant	40	40
HCM-TH Technologies Sdn. Bhd.	Dormant	30	30
Roadcare (M) Sdn. Bhd.	Maintenance and upgrading the road	-	28

* **TH** no longer has significant influence towards the financial and operational policies of these companies because these companies had been placed under the supervision of Receivers and Managers, even though **TH** still holds a certain amount of shares. Therefore, these companies were not consolidated and the investments had been fully written off.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

21. Investment in associates (cont'd.)

Summarised information of the associates are as follows:

2016

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering Berhad RM'000	Other associates RM'000	Total RM'000
Summarised Statements of Financial Position				
Assets	1,498,693	1,087,717	3,871,485	6,457,895
Liabilities	(1,074,363)	(914,091)	(3,173,201)	(5,161,655)
Net assets	424,330	173,626	698,284	1,296,240
Summarised Statements of Income and Statements of Comprehensive Income				
Revenue	1,321,301	17,775	894,212	2,233,288
Profit/(Loss) for the year	5,251	(365,841)	2,767	(357,823)
Other comprehensive (loss)/income	(45,564)	3,256	-	(42,308)
Total comprehensive (loss)/income	(40,313)	(362,585)	2,767	(400,131)

Comparison of the Group's total net assets with investments in associates are as follows:

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering Berhad RM'000	Other associates RM'000	Total RM'000
Summarised Statement of Financial Position				
Group's share of net assets in associates	120,552	51,758	254,861	427,171
Total investments in associates	246,264	235,387	243,465	725,116
Summarised Statements of Income and Statements of Comprehensive Income				
Profit/(Loss) for the year	1,636	(109,220)	5,253	(102,331)
Other comprehensive (loss)/income	(11,944)	5,745	-	(6,199)
Total comprehensive (loss)/income	(10,308)	(103,475)	5,253	(108,530)
Dividends	-	-	14,759	14,759

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

21. Investment in associates (cont'd.)

2015

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering Berhad RM'000	Other associates RM'000	Total RM'000
Summarised Statements of Financial Position				
Assets	1,544,219	1,386,189	4,367,459	7,297,867
Liabilities	(1,080,582)	(737,119)	(3,603,191)	(5,420,892)
Net assets	463,637	649,070	764,268	1,876,975
Summarised Statements of Income and Statements of Comprehensive Income				
Revenue	1,331,508	100,573	1,639,487	3,071,568
(Loss)/Profit for the year	(49,467)	(44,789)	85,803	(8,453)
Other comprehensive (loss)/income	22,477	(137)	-	22,340
Total comprehensive (loss)/income	(26,990)	(44,926)	85,803	13,887

Comparison of the Group's total net assets with investments in associates are as follows:

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering Berhad RM'000	Other associates RM'000	Total RM'000
Summarised Statement of Financial Position				
Group's share of net assets in associates	131,719	193,488	139,487	464,694
Total investments in associates	256,571	382,672	288,196	927,439
Summarised Statements of Income and Statements of Comprehensive Income				
(Loss)/Profit for the year	(14,890)	(13,350)	16,377	(11,863)
Other comprehensive (loss)/income	3,167	(41)	21	3,147
Total comprehensive (loss)/income	(11,723)	(13,391)	16,398	(8,716)
Dividends	-	-	31,581	31,581

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries

	<i>TH</i>	
	2016	2015
	RM'000	RM'000
At cost		
Quoted shares	3,525,128	2,944,030
Less: Accumulated impairment	(47,312)	(47,312)
	3,477,816	2,896,718
Unquoted shares	2,243,673	2,063,961
	5,721,489	4,960,679
Market value of quoted shares	5,849,146	3,908,492

Details of subsidiaries are as follows:

Name of company	Principal activities	Effective ownership interest	
		2016	2015
		%	%
Quoted and incorporated in Malaysia			
BIMB Holdings Berhad and its subsidiaries:	Investment holding	51	53
Bank Islam Malaysia Berhad and its subsidiaries:	Islamic banking business	51	53
BIMB Investment Management Berhad	Management of Unit Trust Funds	51	53
Al-Wakalah Nominees (Tempatan) Sdn. Bhd.	Nominee services	51	53
Farihan Corporation Sdn. Bhd.	Provision of manpower for the provision of Islamic pawn broking services	51	53
Bank Islam Trust Company (Labuan) Ltd. and its subsidiaries:	Provision of services as Labuan registered trust company	51	53
BIMB Offshore Company Management Services Sdn. Bhd.	Resident corporate secretary and director for offshore companies	51	53

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Quoted and incorporated in Malaysia (cont'd.)			
BIMB Foreign Currency Clearing Agency Sdn. Bhd.	Dormant (In the process of members' voluntary liquidation)	-	53
BIMB Securities (Holdings) Sdn. Bhd. and its subsidiary:	Investment holding	51	53
BIMB Securities Sdn. Bhd. and its subsidiaries:	Stockbroking	51	53
BIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	51	53
BIMSEC Nominees(Asing) Sdn. Bhd.	Nominee services	51	53
Syarikat Al-Ijarah Sdn. Bhd.	Leasing of assets	51	53
Syarikat Takaful Malaysia Berhad and its subsidiary:	Family and general takaful business	31	32
ASEAN Retakaful International (L) Ltd.	Family and general retakaful business	-	20
TH Plantations Berhad and its subsidiaries:	Investment holding, cultivation of oil palm, processing and marketing of palm products	74	73
THP Ibok Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	74	73
THP Gemas Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	-	73
THP Bukit Belian Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	74	73
THP Kota Bahagia Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	74	73
THP Agro Management Sdn. Bhd.	Management services	74	73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Quoted and incorporated in Malaysia (cont'd.)			
Bumi Suria Ventures Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	74	73
Maju Warisanmas Sdn. Bhd.	Letting of investment property	74	73
THP Suria Mekar Sdn. Bhd.	Special services	74	73
Manisraya Sdn. Bhd.	The provision of financing services	74	73
TH Ladang (Sabah & Sarawak) Sdn. Bhd. and its subsidiaries	Investment holding	74	73
Cempaka Teratai Sdn. Bhd. and its subsidiary:	Investment holding	74	73
TH PELITA Gedong Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	52	51
Kee Wee Plantations Sdn. Bhd. and its subsidiary:	Investment holding	74	73
TH PELITA Sadong Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	52	51
TH-Bonggaya Sdn. Bhd.	Rubber plantation	74	73
Ladang Jati Keningau Sdn. Bhd.	Teak plantation	61	61
TH-USIA Jatimas Sdn. Bhd.	Rubber plantation	52	51
TH PELITA Meludam Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	44	44
TH PELITA Simunjan Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	44	44
TH PELITA Beladin Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	41	40
Derujaya Sdn. Bhd.	Dormant	74	73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Quoted and incorporated in Malaysia (cont'd.)			
Halus Riang Sdn. Bhd.	Dormant	74	73
Kuni Riang Sdn. Bhd.	Dormant	74	73
THP Saribas Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	59	58
THP-YT Plantation Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	52	51
Hydroflow Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	52	51
THP Sabaco Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	38	37
Theta Edge Berhad and its subsidiaries:	Investment holding	69	69
Advanced Business Solutions (M) Sdn. Bhd. and its subsidiary:	Provision of manpower for information technology industry	69	69
Theta Mobile Sdn. Bhd.	Services related to information technology industry	69	69
Impianas Sdn. Bhd.	Public mobile data network operator	69	69
Konsortium Jaya Sdn. Bhd.	Sales and maintenance of computers and telecommunication equipments	69	69
Lityan Applications Sdn. Bhd.	Marketing of computer products and application development services	69	69
Sistem Komunikasi Gelombang Sdn. Bhd.	Supply of telecommunication equipments and system integration services	69	69
THT Integrated Solutions Sdn. Bhd.	Information technology solutions	69	69
TH Computers Sdn. Bhd.	Distributor of computer equipments	69	69
TH2.0 Sdn. Bhd.	Investment holding	69	69

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Unquoted and incorporated in Malaysia			
TH Properties Sdn. Bhd. and its subsidiaries:	Investment holding	100	100
THP Bina Sdn. Bhd. and its subsidiaries:	Infrastructure concessions construction	100	100
THT-HCM JV Sdn. Bhd.	Dormant	60	60
Ultimate Building Machine (Malaysia) Sdn. Bhd	Dormant	60	60
TH Universal Builders Sdn. Bhd.	Construction, implementation and management of construction projects	100	100
THP Development Consultancy Sdn. Bhd.	Property development consultancy and management of construction project	100	100
THP Hartanah Sdn. Bhd.	Property development	100	100
THP Pelindung Sdn. Bhd.	Property development	100	100
THP Enstek Development Sdn. Bhd. and its subsidiary:	Property development	100	100
TH Connectivity Sdn. Bhd.	Dormant	100	100
THP-SBB JV Sdn. Bhd.	Dormant	100	100
THP Timur Sdn. Bhd.	Property development	100	100
THP Mutiara Sdn. Bhd.	Property development	100	100
THP Australia Capital Sdn. Bhd.	Investment holding	100	100
THP Australia Developments Corporation	Investment holding	100	100
THP Bay Pavilions Corporation	Investment holding	100	100
THP Sinar Sdn. Bhd. and its subsidiary:	Provision of building management services	60	60
THPS Capital Sdn. Bhd.	Dormant	60	60

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Unquoted and incorporated in Malaysia (cont'd.)			
THP Perlis Sdn. Bhd.	Property development	100	100
THP Sydney Bay Views Sdn. Bhd.	Dormant	100	100
Keramat Green Development Sdn. Bhd.	Property development	100	100
THP Bayan Sdn. Bhd.	Property development	100	-
THP Wentworth Point Corporation	Property development	100	-
THP Citaglobal Sdn. Bhd.	Property development	100	-
TH Hotel & Residence Sdn. Bhd. and its subsidiaries:	Investment holding	100	100
TH Travel & Services Sdn. Bhd.	Provision of umrah and Hajj services and ticketing	100	100
TH Global Services Sdn. Bhd.	Supply of halal food products	100	100
TH Hotel Alor Setar Sdn. Bhd.	Hospitality services	100	100
TH Hotel Terengganu Sdn. Bhd.	Hospitality services	100	100
THV Management Sdn. Bhd.	Hotel management	100	100
TH Marine Holding (L) Inc. and its subsidiaries:	Investment Holding	100	100
Marine 1 (L) Inc.	Provision of marine service	100	100
TH Alam Holding (L) Inc. and its subsidiaries:	Invesment holding	51	51
Alam JVDP 1 (L) Inc.	Ship owning	51	51
Alam JVDP 2 (L) Inc.	Dormant	51	51
TH Marine Sdn. Bhd.	Provision of marine service	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Unquoted and incorporated in Malaysia (cont'd.)			
TH Estates (Holdings) Sdn. Bhd.	Investment holding	100	100
TH Indo Industries Sdn. Bhd.	Investment holding and leasing of transportation	100	100
TH Indopalms Sdn. Bhd.	Investment holding	100	100
LTH Property Investment (L) Inc.	Rental of property	100	100
Deru Semangat Sdn. Bhd.	Cultivation of oil palm	55	55
Diperbadankan di United Kingdom			
LTH Property Holdings Limited and its subsidiaries:	Investment holding	100	100
10 Queen Street Place London Limited	Rental of property	100	100
151 BPR One Limited	Investment holding	100	100
151 BPR Two Limited	Investment holding	100	100
LTH Property Holdings 2 Limited and its subsidiary:	Investment holding	100	100
Leatherhead Properties Limited and its subsidiaries	Property holding	100	100
LTH Leatherhead Limited	Property holding	100	100
Millstream Property Limited	Rental of property	100	-
THPS Capital Sdn. Bhd. and its subsidiary:			
THPS OCS Services Limited	Property management services	60	60

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2016 %	2015 %
Incorporated in Australia			
LTH Property Investment (L) Inc. and its trust fund:	Rental of property	100	100
TH Trust * and its trust fund:	Rental of property	100	100
747 CS Melbourne Trust *	Rental of property	100	100
THP Australia Capital Sdn. Bhd. and its subsidiaries:			
THP Amanah Pty. Ltd.	Investment holding	100	100
THP Treasury Pty. Ltd.	Investment holding	100	-
Incorporated in Saudi Arabia			
TH Hotel & Residence Sdn. Bhd. and its subsidiary:			
TH Real Estate Company	Management of property	100	100
Incorporated in Indonesia			
Syarikat Takaful Malaysia Berhad and its subsidiary:			
P.T. Syarikat Takaful Indonesia and its subsidiaries:	Investment holding	17	17
P.T. Asuransi Takaful Keluarga	Family takaful business	13	13
P.T. Asuransi Takaful Umum	General takaful business	11	11
TH Plantations Berhad and its subsidiary:			
P.T. Persada Kencana Prima	Cultivation of oil palm and marketing of fresh fruit bunches	69	69

* Trust funds

All subsidiaries, associates and jointly controlled entities of **TH** are not audited by the Auditor General.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Non-controlling interests in subsidiaries

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

2016

	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	%	%	%	
Percentage of ownership and voting interest by non-controlling interest	49	26	31- 49	
	RM'000	RM'000	RM'000	RM'000
Carrying amount of non-controlling interest	1,550,542	444,618	117,417	2,112,577
Total comprehensive income/(loss) attributable to non-controlling interest	321,366	41,844	(30,445)	332,765

Summarised financial information before intra-group elimination:

	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000
Summarised Statements of Financial Position				
Assets	63,145,127	3,609,117	500,583	67,254,827
Liabilities	(58,927,990)	(1,841,622)	(317,233)	(61,086,845)
Net assets	4,217,137	1,767,495	183,350	6,167,982
Summarised Statements of Income and Statements of Comprehensive Income				
Revenue	3,528,198	562,310	217,986	4,308,494
Profit for the year	629,664	150,469	(60,633)	719,500
Total comprehensive income	587,751	150,331	(60,633)	677,449
Cash flows from operating activities	1,615,084	17,168	56,963	1,689,215
Cash flows from investing activities	(105,189)	32,636	(42,085)	(114,638)
Cash flows from financing activities	(116,107)	38,412	(36,519)	(114,214)
Net decrease in cash and cash equivalents	1,393,788	88,216	(21,641)	1,460,363
Dividends paid to non-controlling interest	120,169	6,694	869	127,732

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

22. Investment in subsidiaries (cont'd.)

Non-controlling interests in subsidiaries (cont'd.)

2015

	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	%	%	%	
Percentage of ownership and voting interest by non-controlling interest	47	27	31- 49	
	RM'000	RM'000	RM'000	RM'000
Carrying amount of non-controlling interest	1,103,166	479,855	106,547	1,689,568
Total comprehensive income/(loss) attributable to non-controlling interest	286,694	(15,814)	4,017	274,897

Summarised financial information before intra-group elimination:

	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000
Summarised Statements of Financial Position				
Assets	57,363,828	3,459,416	983,403	61,806,647
Liabilities	(53,668,102)	(1,835,543)	(615,620)	(56,119,265)
Net assets	3,695,726	1,623,873	367,783	5,687,382

Summarised Statements of Income and Statements of Comprehensive Income

Revenue	3,310,607	455,304	470,075	4,235,986
Profit for the year	612,947	23,929	19,306	656,182
Total comprehensive income	536,920	40,420	19,306	596,646
Cash flows from operating activities	(1,144,222)	(249,818)	(51,228)	(1,445,268)
Cash flows from investing activities	285,874	(141,200)	(14,207)	130,467
Cash flows from financing activities	600,609	104,236	8,112	712,957
Net decrease in cash and cash equivalents	(257,739)	(286,782)	(57,323)	(601,844)
Dividends paid to non-controlling interest	106,168	9,362	1,900	117,430

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

23. Investment properties

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At fair value				
At 1 January	7,977,663	8,291,494	5,727,009	5,196,758
Additions	780,940	619,387	421,807	619,376
Disposal	(4,274)	(1,630,566)	(4,274)	-
Transfer from property, plant and equipment (Note 24)	(323,344)	17,894	(23,631)	15,853
Transfer from assets held for sale	5,630	2,729	5,630	1,033
Changes in fair value	(332,371)	127,025	(51,073)	(106,011)
Foreign exchange difference	(221,344)	549,700	-	-
At 31 December	7,882,900	7,977,663	6,075,468	5,727,009

Fair value of the Group's investment properties are categorised as follows:

	Group			TH		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016						
Freehold land and buildings	5,775,692	4,990	5,780,682	5,679,144	-	5,679,144
Leasehold land and buildings	2,087,923	14,295	2,102,218	-	396,324	396,324
	7,863,615	19,285	7,882,900	5,679,144	396,324	6,075,468
2015						
Freehold land and buildings	5,727,009	4,980	5,731,989	5,216,996	-	5,216,996
Leasehold land and buildings	2,231,503	14,171	2,245,674	-	510,013	510,013
	7,958,512	19,151	7,977,663	5,216,996	510,013	5,727,009

Transfer policy between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 2

Level 2 fair values of land and buildings have been generally derived using the sales price comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3

Level 3 fair value is estimated using Group's unobservable inputs for the investment property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

24. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Estates RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost									
At 1 January 2016	74,635	719,513	1,343,593	523,863	248,963	236,225	2,010,333	63,281	5,220,406
Additions	-	141,377	-	6,442	-	35,213	80,257	111,474	374,763
Disposals	-	-	-	(58)	-	(44)	(13,887)	-	(13,989)
Write off	-	(30)	(7,639)	(845)	(539)	(16,831)	(117,087)	(43)	(143,014)
Transfer from plantation development expenditure (Note 17)	-	(160)	168,055	-	-	-	-	-	167,895
Transfer from/(to) investment property (Note 23)	41	255	-	299,879	22,091	3,219	-	(2,077)	323,408
Transfer from assets held for sale	-	-	-	-	1,430	-	-	-	1,430
Reclassifications	-	-	-	14,318	1	11,208	7,700	(33,227)	-
Disposal of a subsidiary	-	(27,129)	(19,627)	(7,544)	-	-	(17,462)	(2,535)	(74,297)
Foreign exchange difference	-	19	-	30	948	-	1,725	2	2,724
At 31 December 2016	74,676	833,845	1,484,382	836,085	272,894	268,990	1,951,579	136,875	5,859,326

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

24. Property, plant and equipment (cont'd.)

Group	Freehold land RM'000	Leasehold land RM'000	Estates RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2016	-	57,994	209,160	128,878	116,850	116,224	1,048,223	-	1,677,329
Depreciation for the year (Note 24 (a))	-	10,379	31,826	13,619	5,441	17,670	138,439	-	217,374
Disposals	-	-	-	(58)	-	(10)	(12,513)	-	(12,581)
Write off	-	(30)	(7,639)	(845)	(539)	(16,831)	(116,908)	-	(142,792)
Transfer (to)/from investment property (Note 23)	-	-	-	-	64	-	-	-	64
Disposal of a subsidiary	-	(4,530)	(18,486)	(3,777)	-	-	(13,362)	-	(40,155)
Foreign exchange difference	-	-	-	2	468	-	2,020	-	2,490
At 31 December 2016	-	63,813	214,861	137,819	122,284	117,053	1,045,899	-	1,701,729
Impairment									
At 1 January 2016	-	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	45,547	-	45,547
At 31 December 2016	-	-	-	-	-	-	45,547	-	45,547
Net carrying amount at 31 December 2016	74,676	770,032	1,269,521	698,266	150,610	151,937	860,133	136,875	4,112,050

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

24. Property, plant and equipment (cont'd.)

Group	Freehold land RM'000	Leasehold land RM'000	Estates RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost									
At 1 January 2015	82,029	567,199	986,085	495,359	279,587	193,290	1,954,616	66,932	4,625,097
Additions	-	151,860	-	7,008	-	19,121	333,853	50,206	562,048
Disposals	(3,210)	-	(482)	(59)	-	-	(266,482)	-	(270,233)
Write off	-	-	(4,378)	(518)	-	(3,530)	(26,105)	(76)	(34,607)
Transfer from plantation development expenditure (Note 17)	-	-	362,368	-	-	-	-	-	362,368
Transfer from/(to) investment property (Note 23)	4,345	(2,156)	-	1,338	(34,666)	(5,372)	-	-	(36,511)
Transfer from assets held for sale	-	147	-	-	2,771	-	-	-	2,918
Reclassifications	-	-	-	12,708	-	34,128	6,951	(53,787)	-
Adjustments	(8,529)	2,439	-	8,007	34	(1,416)	5,994	-	6,529
Foreign exchange difference	-	24	-	20	1,237	4	1,506	6	2,797
At 31 December 2015	74,635	719,513	1,343,593	523,863	248,963	236,225	2,010,333	63,281	5,220,406

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

24. Property, plant and equipment (cont'd.)

Group	Freehold land RM'000	Leasehold land RM'000	Estates RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2015	-	49,494	190,169	115,362	121,207	116,646	980,682	-	1,573,560
Depreciation for the year (Note 24 (a))	-	9,457	23,523	13,926	5,973	9,912	142,974	-	205,765
Disposals	-	-	(154)	(59)	-	-	(51,968)	-	(52,181)
Write off	-	-	(4,378)	(436)	-	(3,363)	(24,700)	-	(32,877)
Transfer (to)/from investment property (Note 23)	-	(957)	-	85	(10,764)	(6,981)	-	-	(18,617)
Reclassifications	-	-	-	-	-	6	(6)	-	-
Foreign exchange difference	-	-	-	-	434	4	1,241	-	1,679
At 31 December 2015	-	57,994	209,160	128,878	116,850	116,224	1,048,223	-	1,677,329
Net carrying amount at 31 December 2015	74,635	661,519	1,134,433	394,985	132,113	120,001	962,110	63,281	3,543,077

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

24. Property, plant and equipment (cont'd.)

<i>TH</i>	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost								
At 1 January 2016	23,745	15,482	130,459	209,889	196,406	203,131	34,497	813,609
Additions	-	-	3,875	-	32,788	10,860	74,705	122,228
Disposals	-	-	-	-	-	(9,513)	-	(9,513)
Write off	-	-	-	-	(16,274)	(83)	(31)	(16,388)
Transfer from/(to) investment property (Note 23)	41	255	103	22,091	3,219	-	(2,077)	23,632
Transfer from assets held for sale	-	-	-	1,430	-	-	-	1,430
Reclassifications	-	-	6,114	-	12,794	11	(18,919)	-
At 31 December 2016	23,786	15,737	140,551	233,410	228,933	204,406	88,175	934,998
Accumulated depreciation								
At 1 January 2016	-	4,245	29,376	108,706	91,335	170,950	-	404,612
Depreciation for the year (Note 24 (a))	-	406	2,469	4,277	14,924	9,227	-	31,303
Disposals	-	-	-	-	-	(8,972)	-	(8,972)
Write off	-	-	-	-	(16,274)	(83)	-	(16,357)
At 31 December 2016	-	4,651	31,845	112,983	89,985	171,122	-	410,586
Net carrying amount at 31 December 2016	23,786	11,086	108,706	120,427	138,948	33,284	88,175	524,412

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

24. Property, plant and equipment (cont'd.)

<i>TH</i>	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
Cost								
At 1 January 2015	26,545	17,491	126,176	237,854	153,328	195,642	40,310	797,346
Additions	-	-	1,470	-	16,766	9,918	29,803	57,957
Disposals	(3,211)	-	-	-	-	(1,854)	-	(5,065)
Write off	-	-	-	-	(3,037)	(575)	(71)	(3,683)
Transfer to investment property (Note 23)	411	(2,156)	1,989	(30,736)	(5,372)	-	-	(35,864)
Transfer from assets held for sale	-	147	-	2,771	-	-	-	2,918
Reclassifications	-	-	824	-	34,721	-	(35,545)	-
At 31 December 2015	23,745	15,482	130,459	209,889	196,406	203,131	34,497	813,609
Accumulated depreciation								
At 1 January 2015	-	5,079	27,883	115,206	94,102	159,524	-	401,794
Depreciation for the year (Note 24 (a))	-	123	2,285	4,781	7,251	13,709	-	28,149
Disposals	-	-	-	-	-	(1,708)	-	(1,708)
Write off	-	-	-	-	(3,037)	(575)	-	(3,612)
Transfer to investment property (Note 23)	-	(957)	(792)	(11,281)	(6,981)	-	-	(20,011)
At 31 December 2015	-	4,245	29,376	108,706	91,335	170,950	-	404,612
Net carrying amount at 31 December 2015	23,745	11,237	101,083	101,183	105,071	32,181	34,497	408,997

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

24. Property, plant and equipment (cont'd.)

(a) Depreciation for the year is allocated as follows:

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Statements of income	210,214	198,678	30,259	27,155
Accumulated reserve of TKJHM and TWT (Note 42)	1,044	994	1,044	994
Capitalised in plantation development expenditure (Note 17)	5,310	5,322	-	-
Capitalised in forestry (Note 18)	806	771	-	-
	217,374	205,765	31,303	28,149

(b) Included in property, plant and equipment, were motor vehicles and computers of RM10,266,000 (2015: RM11,800,000) of the Group acquired under hire-purchase.

(c) Marine vessels of a subsidiary with a net carrying value of RM297,424,000 (2015: RM358,466,000) were pledged as security for bank borrowings amounting to RM177,314,000 (2015: RM217,506,000).

(d) Leasehold land of a subsidiary with a net carrying value of RM23,731,000 (2015: RM15,886,000) were pledged as security for bank borrowings amounting to RM129,888,000 (2015: RM95,130,000).

25. Intangible assets

Group

	Goodwill	Bancatakaful services fees	Other intangible assets	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January 2016	317,643	61,321	123,698	502,662
Additions	27,277	-	2,052	29,329
Remeasurement of retirement benefits	-	-	(26,843)	(26,843)
At 31 December 2016	344,920	61,321	98,907	505,148
Accumulated amortisation				
At 1 January 2016	-	5,110	55,207	60,317
Amortisation for the year	-	12,264	9,103	21,367
At 31 December 2016	-	17,374	64,310	81,684
Net carrying amount at 31 December 2016	344,920	43,947	34,597	423,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

25. Intangible assets (cont'd.)

Group

	Goodwill RM'000	Bancatakaful services fees RM'000	Other intangible assets RM'000	Total RM'000
Cost				
At 1 January 2015	266,493	-	121,765	388,258
Additions	51,150	61,321	1,933	114,404
At 31 December 2015	317,643	61,321	123,698	502,662
Accumulated amortisation				
At 1 January 2015	-	-	45,817	45,817
Amortisation for the year	-	5,110	9,390	14,500
At 31 December 2015	-	5,110	55,207	60,317
Net carrying amount at 31 December 2015	317,643	56,211	68,491	442,345

TH

	Other intangible assets RM'000	Total RM'000
At 1 January 2016	24,791	24,791
Additions	2,052	2,052
Remeasurement of retirement benefits	(26,843)	(26,843)
At 31 December 2016	-	-
At 1 January 2015	22,859	22,859
Additions	1,932	1,932
At 31 December 2015	24,791	24,791

Bancatakaful services fees refer to a ten-year term service agreement between a subsidiary of the Group with an Islamic banking institution to distribute its products via the banking institution's distribution channel.

26. Deposits from banking customers

	Group 2016 RM'000	2015 RM'000
Mudharabah fund	422,183	504,860
Non-Mudharabah fund	42,968,919	42,261,631
	43,391,102	42,766,491

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

27. Investment accounts of banking customers

	Group	
	2016	2015
	RM'000	RM'000
Unrestricted Mudharabah investment account	1,516,844	461,312
Unrestricted Wakalah investment account	2,057,027	214,793
	3,573,871	676,105

28. Deposits and placements of banks and other financial institutions

	Group	
	2016	2015
	RM'000	RM'000
Mudharabah fund	30,000	-

29. Trade and other payables

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Trade payables	232,408	253,531	10,315	52,354
Deposits received	41,494	34,321	41,494	34,321
Retention sum	512	511	512	511
Amount due to contract customers (Note 29 (a))	222,725	214,624	-	-
Bill and acceptance payables	46,278	122,577	-	-
	543,417	625,564	52,321	87,186
Other payables				
Other payables and accruals	1,001,522	1,281,349	101,003	134,100
Amount due to jointly controlled entities	41,319	31,920	-	-
Clients' and dealers' credit balances	63,205	214,578	-	-
	1,106,046	1,527,847	101,003	134,100
	1,649,463	2,153,411	153,324	221,286

Note 29 (a)- Amount due to contract customers

	Group	
	2016	2015
	RM'000	RM'000
Development costs	(838,776)	(732,512)
Attributable profits	(38,975)	(40,928)
	(877,751)	(773,440)
Progress billings	1,100,476	988,064
Amount due to contract customers	222,725	214,624

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

30. Takaful Liabilities

	Group 2016 RM'000	2015 RM'000
Expense reserves	159,310	142,258
Takaful payables		
- Due to retakaful companies	65,610	73,198
- Due to intermediaries/participants	17,801	22,449
Takaful contract liabilities		
- Provision for outstanding claims	582,184	741,069
- Provision for unearned contributions	316,569	297,773
- Participants' fund	5,497,622	5,312,141
	6,639,096	6,588,888

31. Finance lease

	Group 2016 RM'000	2015 RM'000
Payable within:		
Less than one year	6,217	4,138
Between one and five years	4,019	3,865
	10,236	8,003

Finance lease liabilities are payable as follows:

	Payments RM'000	Financing cost RM'000	Principals RM'000
2016			
Less than one year	6,799	582	6,217
Between one and five years	4,406	387	4,019
	11,205	969	10,236
2015			
Less than one year	4,525	387	4,138
Between one and five years	4,317	452	3,865
	8,842	839	8,003

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

32. Financing

	Group 2016 RM'000	2015 RM'000
Current:		
<i>Secured</i>		
Term financing	24,384	42,517
Flexi term financing-i	13,000	9,000
Trust receipts	-	41,575
Ijarah term financing-i	7,680	12,000
Murabahah financing	4,800	-
<i>Unsecured</i>		
Islamic trade financing-i	17,671	5,493
Revolving credit	1,900	-
	69,435	110,585
Non-current:		
<i>Secured</i>		
Murabahah financing	1,218,577	1,136,216
Term financing	627,113	520,563
Flexi term financing-i	30,715	43,715
Ijarah term financing-i	-	7,768
<i>Unsecured</i>		
Sukuk Murabahah	523,622	704,380
Term financing	20,966	17,154
	2,420,993	2,429,796
	2,490,428	2,540,381

Leasehold land and marine vessels of subsidiaries with a net carrying amount of RM23,731,000 (2015: RM15,886,000) and RM297,424,000 (2015: RM358,466,000) were pledged as security for term financing.

Three foreign subsidiaries had entered into Murabahah financing and pledged its investment properties at the fair value of RM2,058,004,000 (2015: RM2,231,503,000).

Financing are payable as follows:

	Group 2016 RM'000	2015 RM'000
Less than one year	309,923	110,585
Between one and five years	1,535,006	1,680,102
More than five years	645,499	749,694
	2,490,428	2,540,381

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

33. Deferred income

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Development fund	9,975	10,286	9,975	10,286
Less: Amortised to statement of income during the year	(311)	(311)	(311)	(311)
	9,664	9,975	9,664	9,975

Development fund represents grant from the Government for the construction of Hajj pilgrims complexes at Bayan Lepas, Pulau Pinang and Kota Kinabalu, Sabah.

34. Provision for retirement benefits

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 January	435,534	406,731	435,534	406,615
Remeasurement of retirement benefit liability	52,066	-	52,066	-
Provision for the year	42,808	40,280	42,808	40,280
Write back of provision	-	(67)	-	-
Payment during the year	(14,221)	(11,417)	(14,221)	(11,361)
Foreign exchange difference	-	7	-	-
At 31 December	516,187	435,534	516,187	435,534

The provisions recognised in the statement of financial position are as follows:

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded retirement benefit plan	516,187	435,534	516,187	435,534

The provisions recognised in the statement of income are as follows:

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current service cost	16,376	15,736	16,376	15,736
Interest cost	26,432	24,544	26,432	24,544
Total	42,808	40,280	42,808	40,280

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

34. Provision for retirement benefits (cont'd.)

The principal assumptions used in the actuarial valuation to determine the amount of the provision in the statements of income are as follows:

	Group		TH	
	2016	2015	2016	2015
	%	%	%	%
Inflation rate	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0
Discount rate	6.0	6.0	6.0	6.0
Salary increment rate	6.0	6.0	6.0	6.0

TH provides for several retirement plans on an unfunded basis. These plans are briefly described as follows:

Types of retirement benefits

i) Post-employment medical benefits

TH provides post-employment medical benefits for its employees and dependants covering cost of medical treatment at private and/or government hospitals after employees' retirement. The costs of medical treatment at the hospital for retired employees are borne directly by TH.

ii) Accumulated annual leave reward

TH provides a plan that allows its employees to accumulate their annual leave which can be converted into cash upon retirement in accordance with the number of accumulated leave up to a maximum of 120 or 150 days.

iii) Hajj performance

TH provides for employees and a spouse or family member the opportunity to perform Hajj as employees attain retirement age and fulfil the number of years in service that entitles them for this benefit.

iv) Gratuity plan

TH provides a retirement gratuity plan for retiring employees who have achieved a specified period of service subject to certain terms and conditions.

Actuarial assumptions

Actuarial assumptions used to determine defined benefit obligations for retirement benefits as set out in the statement of financial position are as follows:

	31 December 2016	31 December 2015
Discount rate	5.8%	6.0%
Future medical cost inflation rate	4.5%- 5.5%	5.0%
Future salary increase rate	3.0%	6.0%
Hajj cost inflation rate	3.0%	3.0%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

34. Provision for retirement benefits (cont'd.)

Additional disclosure information

i) Description of the Plan characteristics and associated risks

The Plan covers several sub-plans, of which the largest (in terms of the size of the liability) is the post-employment medical plan followed by the local gratuity plan. As such, the valuation results are particularly sensitive to changes in the discount rate, the assumed medical cost inflation rate and the assumed salary increase rate.

ii) Description of funding arrangements and policies

The Plan is unfunded. Benefits are paid out directly by **TH** as and when a Plan member leaves the Plan (upon retirement age or death in services).

iii) Maturity profile of defined benefit obligation

Duration of defined benefit obligation by plan and in aggregate as at valuation date 31 December were as follows:

TH

	Post- Employment Medical	Accumulated Annual Leave	Hajj Performance	Staff Gratuity	Total
31 December 2016					
Obligation (RM'000)	317,776	16,577	26,495	155,339	516,187
(%) of total	61.6	3.2	5.1	30.1	100.0
Duration (Year)	19.9	8.1	5.4	8.2	14.8
31 December 2015					
Obligation (RM'000)	253,009	11,738	20,710	150,077	435,534
(%) of total	58.1	2.7	4.8	34.4	100.0
Duration (Year)	20.9	9.1	6.4	9.2	15.8

iv) Administrative expenses

Administrative expenses of the plan were paid by **TH** and accounted for separately in the statements of income.

v) Curtailment, settlement and plan amendments

There was no events of curtailment or settlement for the financial year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

34. Provision for retirement benefits (cont'd.)

Significant actuarial assumptions and sensitivity analysis

i) Significant actuarial assumptions

The following analysis shows the impact on the defined benefit obligation for the year ended 2016.

Assumptions	Base rate	Sensitivity analysis	Comparison rate	31 December 2016 RM '000
Discount rate	5.8%	1% Increase	14.2%	65,989
Discount rate	5.8%	1% Decrease	(18.2%)	(82,800)
Future medical cost inflation rate	4.5%- 5.5%	1% Increase	13.3%	63,513
Future medical cost inflation rate	4.5%- 5.5%	1% Decrease	(10.3%)	(50,437)
Future salary increment rate	3.0%	1% Increase	4.1%	12,264
Future salary increment rate	3.0%	1% Decrease	(3.6%)	(10,915)

The key assumptions identified such as the discount rate, the medical cost inflation rate and the salary increment rate can have a material effect on the outcome of the valuation.

ii) Methods and assumptions used in sensitivity analysis

Other assumptions are held constant when quantifying the sensitivity of results to a particular assumption.

The sensitivity results above determine their individual impact on the defined benefit obligation plan. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions. The plan's sensitivity to such changes can vary over time.

35. Depositors' savings fund

	Group / TH	
	2016 RM'000	2015 RM'000
At 1 January	62,547,762	54,357,750
Deposits during the year	18,200,953	19,226,698
Less: Withdrawals during the year	(15,915,143)	(14,257,060)
Bonus to depositors for the year	64,833,572	59,327,388
At 31 December	2,870,822	3,220,374
	67,704,394	62,547,762

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

36. Revenue and gross profit

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue				
Investment	1,453,906	1,413,741	2,267,784	1,798,684
Dividends	582,687	537,669	807,633	1,908,984
Islamic banking	3,528,198	3,310,607	-	-
Plantations	557,412	455,784	-	-
Services	509,884	589,862	3,498	3,310
Properties and construction	600,711	673,449	396,122	372,426
	7,236,798	6,981,112	3,475,037	4,083,404
Less:				
Cost of sales				
Direct expenses attributable to investment of banking depositors' and shareholders' funds	20,387	22,911	-	-
Plantations	453,099	387,254	-	-
Services	493,646	551,962	-	-
Properties and construction	95,966	102,182	-	-
	1,063,098	1,064,309	-	-
Gross profit	6,173,700	5,916,803	3,475,037	4,083,404

37. Income attributable to banking depositors

	Group	
	2016	2015
	RM'000	RM'000
Deposits from customers		
- Mudharabah fund	18,467	62,413
- Non-Mudharabah fund	972,814	835,659
Deposits and placements of banks and other financial institutions		
- Mudharabah fund	-	2,261
- Non-Mudharabah fund	30,640	4,037
Unrestricted investment accounts	26,775	2,743
	1,048,696	907,113

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

38. Operating profit

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Operating profit was arrived at after crediting/ (charging):				
Dividend income				
- quoted subsidiaries	-	-	110,195	117,434
- unquoted subsidiaries	-	-	100,488	1,229,572
- unquoted associates	-	-	7,758	17,581
- jointly controlled entities	-	-	175	1,910
- quoted shares	463,535	440,359	463,535	440,359
- unquoted shares	45,090	32,898	44,615	31,287
- fund managers	30,494	30,994	30,494	30,994
- unit trusts	35,188	31,377	46,001	39,846
Return from fund managers	8,008	5,277	8,008	5,277
Gain/(Loss) on disposals of:				
- quoted subsidiaries	-	-	604,544	59,404
- unquoted subsidiaries	112,584	1,303	-	26,563
- unquoted associates	(18,044)	247	(11,796)	-
Gain on trading of equities:				
- quoted shares	230,590	399,778	230,590	399,778
- unquoted shares	10,546	8,939	10,546	8,939
- fund managers	13,110	52,282	13,110	52,282
Net derivatives gain	18,245	5,445	22,760	6,597
Gain on debt securities	693,290	569,485	835,773	702,807
Profit from financing to subsidiaries	-	-	45,025	71,513
Gain on negotiable debt certificates	131,777	145,502	134,198	147,107
Rental income	480,267	541,490	399,620	375,736
Gain/(Loss) on disposal of property, plant and equipment	568	3,575	(112)	3,142
Gain on disposal of investment properties	15,726	-	15,726	-
Property, plant and equipment written off	(213)	(1,692)	(31)	(71)
Write back of doubtful debts	348	425	8	279
Net gain/(loss) on foreign exchange differences	32,675	489,215	(59,274)	358,420
Amortisation of intangible assets (Note 25)	(21,367)	(14,500)	-	-
Depreciation of property, plant and equipment (Note 24 (a))	(210,214)	(198,678)	(30,259)	(27,155)
Audit fees	(4,996)	(4,604)	(346)	(314)
Rental of premises	(77,191)	(72,565)	(10,405)	(7,315)
Provision for retirement benefits	(42,808)	(40,280)	(42,808)	(40,280)
Staff costs	(1,111,475)	(1,095,298)	(245,401)	(277,776)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

39. Impairment and fair value adjustments

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Impairment:				
- quoted associates	55,137	-	55,137	-
- unquoted associates	-	28,109	-	28,109
- quoted shares	51,931	13,656	51,931	13,656
- unquoted shares	-	1,555	-	1,555
- external fund managers	4,510	-	4,510	-
- debt securities	-	2,515	-	2,515
Allowance for impairment on banking's financing and assets	91,752	73,819	-	-
Impairment of property, plant and equipment	45,547	-	-	-
Write off:				
- derivatives	928	-	928	-
- receivables	22	40	22	40
- subsidiaries	-	-	-	25,777
Changes in fair value of investment properties	332,371	(127,025)	51,073	106,011
Changes in fair value of forestry	15,333	(14,461)	-	-
Changes in fair value of Government grant	(3,120)	(5,180)	-	-
Changes in fair value of derivatives	(4,389)	1,480	7,864	15,264
	590,022	(25,492)	171,465	192,927

40. Zakat

Zakat refers to payment of business zakat mandatorily imposed upon **TH** and its subsidiaries in accordance with the shariah principles. The basis of calculating the business zakat is based on the adjusted working capital method. The basis period for the calculation of zakat is based on the financial year.

41. Tax expense

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	279,306	261,105	-	-
- (Over)/Under provision in prior years	(13,073)	(11,330)	-	-
	266,233	249,775	-	-
Deferred tax				
- Current year	(19,428)	(2,364)	-	-
- Prior year	(11,545)	(3,544)	-	-
- Effect of changes in tax rate	-	1,196	-	-
	235,260	245,063	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

41. Tax expense (cont'd.)

From year of assesment 2012 to 2016, **TH** is exempted from income tax on its income except for statutory dividend income under Section 127(3A) of the Income Tax Act, 1967.

A reconciliation of income tax expense of the Group applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate are as follows:

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	2,286,331	3,461,414	2,485,807	3,535,627
Income tax using Malaysian tax rate of 24% (2015: 25%)	548,719	865,354	596,594	883,907
Effect of differences in tax rates	10,924	(13,511)	-	-
Non-deductible expenses	172,794	81,062	-	-
Non-assessable income	(247,403)	(328,671)	(400,740)	(476,977)
Tax exempt income	(204,661)	(376,451)	(195,854)	(406,930)
Effects of unrecognised deferred tax	(5,313)	(8)	-	-
Recognition of deferred tax assets previously not recognised	-	(30,149)	-	-
Share of tax of associates	(24,559)	(2,966)	-	-
Share of tax of jointly controlled entities	(4,855)	6,896	-	-
Effects of changes in tax rates	-	2,081	-	-
Others	14,232	56,300	-	-
	259,878	259,937	-	-
Overprovision in prior years				
- Current	(13,073)	(11,330)	-	-
- Deferred tax	(11,545)	(3,544)	-	-
	235,260	245,063	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

42. Net surplus of Tabung Kebajikan Jemaah Haji Malaysia ("TKJHM") and Tabung Warga Tua ("TWT")

	Group / TH 2016 RM'000	2015 RM'000
Surplus for the year		
- TKJHM	1,668	4,422
- TWT	(150)	(145)
	1,518	4,277

Reserve of TKJHM can only be utilised for the purpose of community services, protection, monitoring and general welfare of Hajj pilgrims, in accordance with the guidelines of TKJHM. Reserve of TWT can only be utilised for funding elderly to perform Hajj based on guidelines set by the Committee of TWT.

Statement of income and expenditure of TKJHM is summarised as follows:

	Group / TH 2016 RM'000	2015 RM'000
Receipts and income	22,080	21,276
Less:		
Expenses and welfare contributions	(19,368)	(15,860)
Depreciation (Note 24 (a))	(1,044)	(994)
Net surplus for the year	1,668	4,422

43. Bonus to depositors

For the year ended 31 December 2016, **TH** had announced an annual bonus at the rate of 4.25% (2015: 5.00%) and Hajj bonus at the rate of 1.50% (2015: 3.00%). The annual bonus were paid to all active depositors as at 31 December 2016 while the Hajj bonus is a special bonus to **TH** depositors who have not performed Hajj with an average monthly minimum balances restricted to RM9,980 being Hajj payment for year 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

44. Other reserves

Group	Capital reserve RM'000	Revaluation reserve RM'000	Statutory reserve RM'000	Employees' shares option scheme reserve RM'000	Fair value reserve RM'000	Translation reserve RM'000	Total RM'000
At 1 January 2016	57,026	9,585	933,100	8,738	(3,960,379)	(31,484)	(2,983,414)
Changes in fair value of securities available-for-sale	-	-	-	-	(581,948)	-	(581,948)
Currency translation differences in respect of foreign operations	-	-	-	-	-	(29,605)	(29,605)
Revaluation of assets of an associate	-	11,328	-	-	-	-	11,328
Issuance of shares pursuant to ESOS of subsidiaries	-	-	-	(17)	-	-	(17)
Transfer between reserves	-	-	197,595	(1,897)	-	-	195,698
At 31 December 2016	57,026	20,913	1,130,695	6,824	(4,542,327)	(61,089)	(3,387,958)
At 1 January 2015	57,038	9,682	679,684	7,271	(875,034)	(100,316)	(221,675)
Changes in fair value of securities available-for-sale	-	-	-	-	(3,085,345)	-	(3,085,345)
Currency translation differences in respect of foreign operations	-	-	-	-	-	68,832	68,832
Issuance of shares pursuant to ESOS of subsidiaries	-	-	-	1,467	-	-	1,467
Changes in Group structure	(12)	(97)	-	-	-	-	(109)
Transfer between reserves	-	-	253,416	-	-	-	253,416
At 31 December 2015	57,026	9,585	933,100	8,738	(3,960,379)	(31,484)	(2,983,414)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

45. Statutory reserves

During the financial year 2016, **TH** has established a statutory reserve in accordance with the provisions of Tabung Haji Act, 1995 (Act 535). Any excess is retained as reserves under accumulated profits.

46. Segment information

2016	Investment RM'000	Banking & Takaful RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	2,402,563	3,528,198	557,887	748,150	-	7,236,798
Inter-segment revenue	1,072,474	-	4,903	382,535	(1,459,912)	-
	3,475,037	3,528,198	562,790	1,130,685	(1,459,912)	7,236,798
Profit for the year						
Operating profit	2,717,563	1,071,462	181,779	228,544	(1,026,847)	3,172,501
Financing costs	-	(110,509)	(49,556)	(99,604)	164,466	(95,203)
Impairment and fair value adjustments	(171,465)	(91,752)	(12,213)	(326,890)	12,298	(590,022)
Zakat	(60,291)	(13,517)	(554)	(4,022)	-	(78,384)
Share of loss after tax and zakat of associates	-	-	-	-	(102,331)	(102,331)
Share of profit/(loss) after tax and zakat of jointly controlled entities	-	-	-	1,173	(21,403)	(20,230)
Tax expense	-	(226,020)	16,657	(18,549)	(7,348)	(235,260)
	2,485,807	629,664	136,113	(219,348)	(981,165)	2,051,071
Segment assets						
Assets by segment	63,575,194	63,074,692	4,840,271	5,772,153	(13,404,427)	123,857,883
Investments in associates	745,454	-	-	-	(20,338)	725,116
Deferred tax assets	-	70,435	117,771	6,812	-	195,018
Total	64,320,648	63,145,127	4,958,042	5,778,965	(13,424,765)	124,778,017
Segment liabilities						
Liabilities by segment	747,753	58,927,990	1,621,707	4,360,218	(7,106,226)	58,551,442
Deferred tax liabilities	-	-	331,787	3,466	(102,930)	232,323
Total	747,753	58,927,990	1,953,494	4,363,684	(7,209,156)	58,783,765

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

46. Segment information (cont'd.)

	Investment RM'000	Banking & Takaful RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2015						
Revenue						
Revenue from external customers	2,286,103	3,310,607	455,784	928,618	-	6,981,112
Inter-segment revenue	1,797,301	-	-	312,492	(2,109,793)	-
	4,083,404	3,310,607	455,784	1,241,110	(2,109,793)	6,981,112
Profit for the year						
Operating profit	3,787,816	991,650	185,166	284,248	(1,671,561)	3,577,319
Financing costs	-	(83,395)	(23,112)	(140,619)	163,166	(83,960)
Impairment and fair value adjustments	(192,927)	(73,819)	19,641	233,044	39,553	25,492
Zakat	(59,262)	(9,170)	-	(4,726)	-	(73,158)
Share of loss after tax and zakat of associates	-	-	-	9,135	(20,998)	(11,863)
Share of profit/(loss) after tax and zakat of jointly controlled entities	-	-	-	43,092	(15,508)	27,584
Tax expense	-	(212,319)	(1,930)	(23,632)	(7,182)	(245,063)
	3,535,627	612,947	179,765	400,542	(1,512,530)	3,216,351
Segment assets						
Assets by segment	59,380,137	57,299,739	4,692,075	5,940,561	(10,560,641)	116,751,871
Investments in associates	816,267	-	-	18,322	92,850	927,439
Deferred tax assets	-	64,089	85,525	5,695	-	155,309
Total	60,196,404	57,363,828	4,777,600	5,964,578	(10,467,791)	117,834,619
Segment liabilities						
Liabilities by segment	734,214	53,668,102	1,655,188	4,189,117	(4,853,505)	55,393,116
Deferred tax liabilities	-	-	348,012	1,061	(139,878)	209,195
Total	734,214	53,668,102	2,003,200	4,190,178	(4,993,383)	55,602,311

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

47. Capital commitment

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Contracted but not accounted for in the financial statements:				
Property, plant and equipment	98,127	75,110	-	-
Investment properties	344,393	634,074	344,393	634,074
Plantation development expenditure	268	-	-	-
Property development costs	89,360	85,174	-	-
Investments	200,146	194,625	200,146	194,625
	732,294	988,983	544,539	828,699
Authorised but not contracted for:				
Property, plant and equipment	91,161	93,318	-	-
Investment properties	2,238,550	43,560	2,238,550	43,560
Plantation development expenditure	166,778	224,614	-	-
	2,496,489	361,492	2,238,550	43,560

48. Related party transactions

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

The Group has related party relationship with its subsidiaries (Note 22), associates (Note 21), jointly controlled entities (Note 20), Directors and key management personnel (Note 48(b)).

(a) Significant related party transactions

In addition to transactions presented in the financial statements, the aggregate value of transactions and outstanding balances relating to entities over which the Group and **TH** have controls or significant influence are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

48. Related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

	Group		TH	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Jointly controlled entities				
Charter hire of vessels	23,627	49,054	-	-
Dividend	-	-	175	1,910
Management fees	(3,480)	(2,580)	-	-
Balance at year end	562,368	190,477	4	2
Associates				
Dividend	-	-	7,759	17,581
Income from debt securities	3,795	3,500	3,795	3,500
Balance at year end	3,279	2,095	3	2,095
Subsidiaries				
Dividend	-	-	210,683	1,347,006
Profit from financing	-	-	45,025	71,513
Income from debt securities	-	-	142,483	130,313
Rental	-	-	37,175	34,044
Balance at year end	-	-	663,264	422,601

(b) Remuneration of directors and key management personnel

	TH	
	2016	2015
	RM'000	RM'000
Directors:		
Fees and other emoluments	581	585
Other key management personnel:		
Short term employee benefits	37,822	33,907

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (*cont'd.*)

48. Related party transactions (*cont'd.*)

(b) Remuneration of directors and key management personnel (*cont'd.*)

Directors include Chairman and non-executive and non-independent directors. Other key management personnel comprise Group Managing Director and Chief Executive Officer of **TH** and other personnel having authority and responsibility for planning, directing and controlling the activities of the Group and **TH** either directly or indirectly.

In accordance with Section 7 of **TH** Act (Act 535), the Board of Directors of **TH** shall not be entitled to any remuneration but may be paid such honorarium and travelling and subsistence allowances as the Minister may determine. The Chairman and the Board of Directors of **TH** received monthly allowances of RM18,500 and RM2,500 respectively, and RM1,000 meeting allowance and RM500 meeting allowance for any other committees that the Board represents.

49. Financial risk management policies

The Group has exposure to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Market risk
- iii) Liquidity risk

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its investments in financial instruments, financing and advances undertaken by banking operations and trade receivables.

- **Investments in financial instruments**

Credit risk arising from trade and investment activities are monitored by providing guidelines for the specific limits including counterparty trading limits and investment limits allowed for instruments issued by private entities, subject to the prescribed minimum scoring limits.

Investments are allowed only in highly liquid securities and only with counterparties that have a same credit scoring or better than the Group.

- **Financing**

The management of credit risk for financing activities is principally carried out by using sets of policies and guidelines approved by Board of Directors.

The credit risk management of the banking sector includes the establishment of comprehensive credit risk policies, guidelines and procedures which documents the financing standards, discretionary powers for financing approval, credit risk ratings methodologies and models, acceptable collaterals and valuation, and the review, rehabilitation and restructuring of problematic and delinquent financing of the banking sector.

The banking sector monitors its credit exposures either on a portfolio basis or individual basis by annual reviews. Credit risk is proactively monitored through a set of early warning signals that could trigger immediate reviews of the portfolio. The affected portfolio or financing is placed on a watch list to enforce close monitoring and prevent financing from turning non-performing and to increase chances of full recovery.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

49. Financial risk management policies (cont'd.)

Credit risk (cont'd.)

- **Takaful**

The takaful sector has takaful and other receivables and investment securities balances that are subject to credit risk. To mitigate the risk of the counterparties not paying the amount due, Takaful has established certain business and financial guidelines for brokers/retakaful approval, incorporating ratings by major agencies where applicable and considering currently available market information. Takaful also periodically review the financial stability of brokers/retakaful companies from public and other sources and the settlement trend of amounts due from these parties.

- **Trade receivables**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and period.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of trade receivables as at the end of the reporting period were:

	Gross RM'000	Impairment RM'000	Net RM'000
Group			
2016			
Between 1 and 30 days	632,170	-	632,170
Past due 31 to 60 days	6,487	-	6,487
Past due 61 to 90 days	41,479	(1,037)	40,442
Past due more than 90 days	140,361	(4,005)	136,356
	<u>820,497</u>	<u>(5,042)</u>	<u>815,455</u>
2015			
Between 1 and 30 days	449,296	-	449,296
Past due 31 to 60 days	64,127	-	64,127
Past due 61 to 90 days	20,388	(257)	20,131
Past due more than 90 days	34,573	(5,814)	28,759
	<u>568,384</u>	<u>(6,071)</u>	<u>562,313</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

49. Financial risk management policies (cont'd.)

Market risk

Market risk is the risk that market prices and rates will move, affecting financial position and results of the Group's cash flows. Furthermore, significant or sudden movements in rates could affect the Group's liquidity/funding position. The Group is exposed to the following main market factors:

- **Rate of return or profit rate risk**

The potential impact on the Group's profitability caused by changes in the market rate of return, either due to general market movements or due to issuer/borrower specific causes.

- **Foreign exchange risk**

Changes in exchange rates may have an impact on the Group's foreign currency position. The Group controls the overall foreign exchange risk by limiting the open exposure to non-Ringggit positions on an aggregate basis. Foreign exchange limits are approved by the set up committees and independently monitored daily by the Market Risk Management Department ("MRMD") of the banking sector.

- **Equity investment risk**

The Group's equity positions or investments are exposed to the changes in equity prices or values that may affect the profitability of the Group.

- **Commodity inventory risk**

The risk of loss is due to movements in commodity prices.

- **Displaced commercial risk**

The risk arising from assets managed by the banking sector on behalf of depositors/investors as the banking sector follows the practice of potentially foregoing part or all of its Mudharib share of profit on these assets.

The objective of the Group's market risk management is to manage and control market risk exposures in order to optimise return on risk while maintaining a market risk profile consistent with the Group's approved risk appetite.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or might have to fund these obligations at excessive cost. This risk can arise from mismatches in the timing of cash flows. The Group's exposure to liquidity risk arises primarily from trade payables, financing, deposits from banking customers and deposits and placements of banks and other financial institutions.

The management of liquidity and funding of the banking sector is primarily carried out in accordance with the Bank Negara Malaysia Liquidity Framework and practices, and approved limits and triggers. These limits and triggers vary to take account of the depth and liquidity of the local market in which the banking sector operates. The banking sector maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments to ensure that cash flows are appropriately balanced and all obligations are met when due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

50. Fair value of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the amount at which the financial assets could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices, where available, are used as the measure of fair values of the financial instruments. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors.

Fair value of financial instruments of the Group and **TH** which comprise cash and cash equivalents, deposits and placements with banks and other financial institutions and short-term financing are not very sensitive to changes in market gains due to the limited maturity of these financial instruments. Therefore, the carrying amount of financial assets and liabilities at the balance sheet date approximated their fair values.

The fair values are based on the following methodologies and assumptions:

Deposits and placements with banks and other financial institutions

For deposits and placements with financial instruments with maturities of less than six months, the carrying value is a reasonable estimate of fair values. For deposits and placements with maturities six months and above, the estimated fair values are based on discounted cash flows using prevailing money market profit rates at which similar deposits and placements would be made with financial instruments of similar credit risk and remaining year to maturity.

Financial assets held-for-trading and financial assets available-for-sale

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

Financing

Their fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financings with similar credit risks and maturities. The fair values are represented by their carrying value, net of specific allowance, being the recoverable amount.

Deposits from banking customers

The fair values of deposits are deemed to approximate their carrying amounts as rate of returns are determined at the end of their holding periods based on the profit generated from the assets invested.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for deposits and placements with similar remaining year to maturities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (*cont'd.*)

50. Fair value of financial assets and liabilities (*cont'd.*)

Bills and acceptance payable

The estimated fair values of bills and acceptance payables with maturity of less than six months approximate their carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risks profile.

Fair value hierarchy

FRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques adopted are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's assumptions. The fair value hierarchy is as follows:

- a) Level 1 – Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes profit rates swap and structured debt. The sources of input parameters include Bank Negara Malaysia indicative yields or counterparty credit risk.
- c) Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

50. Fair value of financial assets and liabilities (cont'd.)

Fair value information

The table below analyses 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 shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016										
Group										
Financial assets										
Derivative assets	153,951	124,572	-	278,523	-	-	-	-	278,523	278,523
Securities held-for-trading	169,361	608,249	-	777,610	-	-	-	-	777,610	777,610
Securities available-for-sale	21,000,134	24,172,910	1,455,023	46,628,067	-	-	7,125	7,125	46,635,192	46,635,616
Financing	-	-	-	-	-	-	39,233,082	39,233,082	39,233,082	39,189,274
Securities held-to-maturity	-	-	-	-	93,990	2,831,202	57,703	2,982,895	2,982,895	2,979,911
	21,323,446	24,905,731	1,455,023	47,684,200	93,990	2,831,202	39,297,910	42,223,102	89,907,302	89,860,934
Financial liabilities										
Derivative liabilities	-	111,089	-	111,089	-	-	-	-	111,089	111,089
Financing	-	-	-	-	-	-	2,656,861	2,656,861	2,656,861	2,490,428
	-	111,089	-	111,089	-	-	2,656,861	2,656,861	2,767,950	2,601,517
TH										
Financial assets										
Derivative assets	141,699	-	-	141,699	-	-	-	-	141,699	141,699
Securities available-for-sale	20,175,824	11,443,195	1,450,044	33,069,063	-	-	-	-	33,069,063	33,069,063
Securities held-to-maturity	-	-	-	-	-	4,720,059	-	4,720,059	4,720,059	4,720,059
	20,317,523	11,443,195	1,450,044	33,210,762	-	4,720,059	-	4,720,059	37,930,821	37,930,821

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

50. Fair value of financial assets and liabilities (cont'd.)

Fair value information (cont'd.)

The table below analyses 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 shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Fair value	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total	amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015										
Group										
Financial assets										
Derivative assets	7,268	119,259	-	126,527	-	-	-	-	126,527	126,527
Securities held-for-trading	220,177	449,829	-	670,006	-	-	-	-	670,006	670,006
Securities available-for-sale	17,321,566	20,917,063	152,641	38,391,270	-	3,450,648	1,116,864	4,567,512	42,958,782	42,959,178
Financing	-	-	-	-	-	-	34,334,821	34,334,821	34,334,821	34,294,690
Securities held-to-maturity	-	-	-	-	61,770	3,339,299	59,352	3,460,421	3,460,421	3,460,413
	17,549,011	21,486,151	152,641	39,187,803	61,770	6,789,947	35,511,037	42,362,754	81,550,557	81,510,814
Financial liabilities										
Derivative liabilities	-	101,913	-	101,913	-	-	-	-	101,913	101,913
Financing	-	-	-	-	-	-	2,548,637	2,548,637	2,548,637	2,540,381
	-	101,913	-	101,913	-	-	2,548,637	2,548,637	2,650,550	2,642,294
TH										
Financial assets										
Derivative assets	60,107	-	-	60,107	-	-	-	-	60,107	60,107
Securities available-for-sale	16,287,305	8,157,254	-	24,444,559	-	3,685,780	1,109,720	4,795,500	29,240,059	29,240,059
Securities held-to-maturity	-	-	-	-	-	5,134,675	-	5,134,675	5,134,675	5,134,675
	16,347,412	8,157,254	-	24,504,666	-	8,820,455	1,109,720	9,930,175	34,434,841	34,434,841

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016 (cont'd.)

51. Contingent liabilities

	Group	
	2016	2015
	RM'000	RM'000
Guarantees		
i) Bank guarantee issued to trade customers	7,049	9,479
ii) Corporate guarantee issued for banking facilities extended to subsidiary companies	51,947	95,147

Litigation

A minority shareholder of a former subsidiary in Indonesia had taken legal action against two subsidiary companies of **TH** at District Court of South Jakarta. Based on the decision of the District Court dated 16 January 2014, the District Court had decided that the Extraordinary Shareholders' General Meeting held on 26 November 2006 was invalid. The subsidiary companies of **TH** filed an appeal at the High Court on 24 January 2014 and the High Court, on 11 December 2014, had decided in favour of the subsidiary companies. The decision of the High Court was presented to the Plaintiff on 6 January 2015. The Plaintiff filed an appeal at the Supreme Court of the Republic of Indonesia against the decision of the High Court. On 28 August 2015, the Supreme Court rejected the appeal that was made by the Plaintiff and the full judgement of the Supreme Court was issued on 17 March 2016. The Board of Directors of the two subsidiary companies are of the opinion that there is no significant financial impact on their financial position for the year ended 31 December 2016 as the decision by the Supreme Court of the Republic of Indonesia is in favor of **TH**.

On 21 July 2016, the Plaintiff filed for Judicial Review in relation to the judgment of the Supreme Court of the Republic of Indonesia. Subsequently, on 25 October 2016, **TH** filed counter Memorandum of Judicial Review against the Memorandum of Judicial Review submitted by the Plaintiff to the Supreme Court of the Republic of Indonesia via District Court of South Jakarta. The Judicial Review submitted by the Plaintiff could take up a period of up to three years to be decided by panel of judges.

52. Comparative figures

Statements of financial position of the Group and **TH** as at 31 December 2015 have been restated in accordance with reclassifications of certain assets. Effects of the reclassification on the statements of financial position of the Group and **TH** are as follows:

	At 31.12.2015			
	Group		TH	
Statements of Financial Position	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Assets				
Cash and cash equivalents	15,502,837	15,103,265	11,390,436	10,990,864
Securities available-for-sale	42,959,178	43,465,824	29,240,059	29,901,837
Trade and other receivables	1,907,051	1,799,977	1,025,470	918,396
Investment in subsidiaries	-	-	4,960,679	4,805,547

