

Mengekalkan Kejayaan...

Melalui perancangan yang strategik dan pengurusan berhemah, Tabung Haji terus mengukuhkan prestasi kewangan dari tahun ke tahun dan meningkatkan keupayaan untuk berkongsi lebih banyak manfaat dengan semua.

Sustaining Success...

Through strategic planning and prudent management, Tabung Haji has increased its financial strength from year to year and heightened its ability to share greater benefits with all.

FINANCIAL STATEMENTS

- > Certificate of The Auditor General on The Financial Statements of Lembaga Tabung Haji
- > Statement by Chairman and A Member of the Board of Directors
- > Statutory Declaration by the Principal Officer Primarily Responsible for the Financial Management of Lembaga Tabung Haji
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**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
LEMBAGA TABUNG HAJI
FOR THE YEAR ENDED 31 DECEMBER 2013**

Report on the Financial Statements

I have audited the financial statements of Lembaga Tabung Haji and the Group as at 31 December 2013 and the Statement of Financial Position, Statements of Income, Statement of Comprehensive Income, Statements of Changes in Fund and Statements of Cash Flows of Lembaga Tabung Haji and the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with financial reporting standards approved in Malaysia and Tabung Haji Act 1995 (Act 535). The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit. The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing in Malaysia. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial

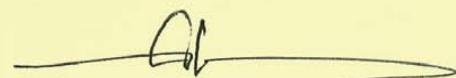
statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of Lembaga Tabung Haji and the Group as at 31 December 2013 and of their financial performance and cash flows for the year the ended in accordance with approved accounting standards in Malaysia and Tabung Haji Act 1995 (Act 535).

I have considered the financial statements and the auditors' reports of the subsidiary companies of which I have not acted as auditor as indicated in the notes to the financial statements. I am satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of Lembaga Tabung Haji are in appropriate form and content for the purpose in the preparation of the financial statements. I have received satisfactory information and explanations required for those purposes. The auditors' reports on the financial statements of the subsidiary companies were not subjected to any observations that could affect the financial statements.



(TAN SRI DATO' SETIA HAJI AMBRIN BIN BUANG)
KETUA AUDIT NEGARA
MALAYSIA

PUTRAJAYA
19 MAY 2014



STATEMENT BY CHAIRMAN AND A MEMBER OF THE BOARD OF DIRECTORS

We, DATUK ABDUL AZEEZ ABDUL RAHIM and DATO' PADUKA ISMEE ISMAIL 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 Reserves and Statements of Cash Flows 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 2013 and of the results and cash flows for the year ended on that date.

On behalf of the Board,


DATUK ABDUL AZEEZ ABDUL RAHIM
CHAIRMAN

Bangunan Tabung Haji
201, Jalan Tun Razak
50400 Kuala Lumpur

On behalf of the Board,


DATO' PADUKA ISMEE ISMAIL
GROUP MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

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 Reserves and Statements of Cash Flows 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 : 9 April 2014


DATUK ROZAIDA OMAR
GROUP CHIEF FINANCIAL
OFFICER

Before me:



Lot LG 27B, Lower Ground Floor,
Wilayah Complex,
2, Jalan Munshi Abdullah,
50100 Kuala Lumpur.



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

			Group		TH	
	Note	31.12.2013 RM'000	31.12.2012 RM'000 <i>Restated</i>	31.12.2011 RM'000 <i>Restated</i>	31.12.2013 RM'000	31.12.2012 RM'000
Assets						
Cash and cash equivalents	4	8,675,527	7,279,356	10,612,734	8,557,140	5,211,930
Deposits and placements with banks and other financial institutions	5	701,302	519,646	1,692,220	–	–
Derivative assets	6	53,041	25,802	28,822	149,510	9,066
Securities held-for-trading	7	1,405,198	1,831,606	1,403,344	–	–
Securities available-for-sale	8	37,137,618	35,854,894	29,746,367	20,660,894	19,052,183
Assets held for sale	9	3,579,656	3,815,776	616,750	2,954,648	3,172,303
Tax recoverable		91,080	124,152	143,839	64,204	64,204
Trade and other receivables	10	1,110,607	2,148,498	938,082	705,395	1,586,063
Inventories	11	59,377	60,848	110,898	–	–
Financing	12	23,740,948	19,508,612	14,165,290	2,186,960	1,693,188
Takaful assets	13	753,089	531,316	525,238	–	–
Securities held-to-maturity	14	2,967,935	2,468,721	1,144,333	4,498,837	2,400,000
Statutory deposits with Bank Negara Malaysia	15	1,297,100	1,059,900	912,000	–	–
Deferred expenditure		–	–	14,227	–	–
Property development costs	16	354,409	299,658	236,842	–	–
Plantation development expenditure	17	703,001	455,920	520,180	–	–
Deferred tax assets	18	76,047	64,451	50,664	–	–
Investment in jointly controlled entities	19	184,807	147,045	249,451	215,961	215,961
Investment in associates	20	950,196	983,568	1,546,462	757,748	809,328
Investment in subsidiaries	21	–	–	–	3,408,987	2,596,226
Investment property	22	6,333,449	4,146,080	2,580,092	3,921,032	3,253,262
Property, plant and equipment	23	2,993,111	2,392,317	3,068,777	643,926	448,540
Intangible assets	24	396,358	340,536	330,352	52,511	48,340
Total assets		93,563,856	84,058,702	70,636,964	48,777,753	40,560,594

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013 (cont'd.)

		Group		TH		
	Note	31.12.2013 RM'000	31.12.2012 RM'000 <i>Restated</i>	31.12.2011 RM'000 <i>Restated</i>	31.12.2013 RM'000	31.12.2012 RM'000
Liabilities						
Deposits from banking customers	25	32,410,964	31,932,539	27,119,313	–	–
Deposits and placements of banks and other financial institutions	26	1,529,975	860,278	384,628	–	–
Derivative liabilities	6	13,565	14,339	23,299	–	–
Liabilities held for sale	9	174,085	150,200	–	–	–
Provision for zakat and tax		102,195	76,145	151,796	54,394	49,066
Trade and other payables	27	1,742,054	1,683,114	1,436,168	152,548	151,539
Takaful liabilities	28	6,082,001	5,580,755	5,124,602	–	–
Finance lease	29	632	415	129	–	–
Financing	30	1,416,280	388,642	1,055,841	–	–
Deferred income	31	10,597	10,908	11,220	10,597	10,908
Deferred tax liabilities	18	143,067	110,788	93,855	–	–
Provision for retirement benefits	32	391,414	223,901	222,487	391,221	223,787
Total liabilities		44,016,829	41,032,024	35,623,338	608,760	435,300
Fund represented by:						
Depositors' savings fund	33	45,719,459	38,284,221	31,694,409	45,719,459	38,284,221
Reserves		2,270,728	2,160,054	903,508	2,449,534	1,841,073
Total TH depositors' fund		47,990,187	40,444,275	32,597,917	48,168,993	40,125,294
Non-controlling interests		1,556,840	2,582,403	2,415,709	–	–
Total fund		49,547,027	43,026,678	35,013,626	48,168,993	40,125,294
Total liabilities and fund		93,563,856	84,058,702	70,636,964	48,777,753	40,560,594

The notes set out on pages 216 to 290 form an integral part of these financial statements.





STATEMENTS OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		TH	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	34	6,366,076	5,743,441	3,521,552	2,753,963
Cost of sales		(899,576)	(840,033)	–	–
Gross profit	34	5,466,500	4,903,408	3,521,552	2,753,963
Other income		230,648	64,298	208,795	24,633
Income attributable to banking depositors	35	(656,536)	(567,187)	–	–
Administrative expenses		(1,648,036)	(1,327,059)	(407,254)	(323,779)
Other expenses		(346,282)	(343,523)	(311,491)	(153,755)
Operating profit	36	3,046,294	2,729,937	3,011,602	2,301,062
Financing costs		(23,858)	(30,554)	–	–
Impairment and write off	37	(289,039)	(214,002)	(305,563)	(136,001)
Zakat	38	(69,640)	(58,222)	(52,900)	(47,100)
Share of profit/(loss) after tax and zakat of associates		13,059	(26,772)	–	–
Share of (loss)/profit after tax and zakat of jointly controlled entities		(23,429)	6,182	–	–
Profit before tax		2,653,387	2,406,569	2,653,139	2,117,961
Tax expense	39	(292,253)	(245,225)	(19,346)	(28,371)
Profit from continuing operations		2,361,134	2,161,344	2,633,793	2,089,590
Profit from discontinued operations	40	149,286	87,397	–	56,270
Profit for the year		2,510,420	2,248,741	2,633,793	2,145,860
Profit for the year attributable to:					
Depositors of TH		2,153,033	1,915,009	2,633,793	2,145,860
Non-controlling interests		357,387	333,732	–	–
		2,510,420	2,248,741	2,633,793	2,145,860

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		TH	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the year		2,510,420	2,248,741	2,633,793	2,145,860
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive income/(loss) of associates		8,503	(18,859)	–	–
Share of other comprehensive income/(loss) of jointly controlled entities		243	(3,323)	–	–
Changes in fair value of securities available-for-sale		483,890	1,792,990	597,057	1,784,199
Fair value reserve transferred to profit or loss		(14,547)	–	–	–
Currency translation differences in respect of foreign operations		(27,843)	(75,209)	–	–
		450,246	1,695,599	597,057	1,784,199
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of retirement benefit liability		(9,625)	–	(9,625)	–
Net surplus of TKJHM and TWT	41	9,983	10,846	9,983	10,846
		358	10,846	358	10,846
Total other comprehensive income		450,604	1,706,445	597,415	1,795,045
Total comprehensive income for the year		2,961,024	3,955,186	3,231,208	3,940,905
Total comprehensive income for the year attributable to:					
Depositors of TH		2,667,657	3,619,406	3,231,208	3,940,905
Non-controlling interests		293,367	335,780	–	–
		2,961,024	3,955,186	3,231,208	3,940,905

The notes set out on pages 216 to 290 form an integral part of these financial statements.





STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2013

Attributable to Depositors of <i>TH</i>									
Group	Note	Non-distributable					Distributable		Total
		Depositors' savings fund	Fair value reserve	Translation reserve	Accumulated reserve of TKJHM and TWT	Other reserves (Note 43)	Retained earnings	Total <i>TH</i> depositors' fund	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013		38,284,221	1,053,748	(151,672)	298,640	317,290	642,048	40,444,275	2,582,403
Total comprehensive income for the year									
- Profit for the year		-	-	-	-	-	2,153,033	2,153,033	357,387
- Other comprehensive income		-	542,109	(27,843)	9,983	-	(9,625)	514,624	(64,020)
		-	542,109	(27,843)	9,983	-	2,143,408	2,667,657	293,367
Net deposits for the year		4,803,330	-	-	-	-	-	4,803,330	-
Additions for the year		-	-	-	9,161	-	-	9,161	-
Depositors' bonus:	42								
- Annual bonus		2,409,015	-	-	-	-	(2,409,015)	-	-
- Hajj bonus		222,893	-	-	-	-	(222,893)	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	6,428	6,428	(105,767)
Issuance of shares to non-controlling interests		-	-	-	-	-	-	-	2,036
Issuance of shares pursuant to ESOS of subsidiaries		-	-	-	-	(1,491)	-	(1,491)	-
Transfers between reserves		-	(9,425)	(95,199)	-	122,594	(121,899)	(103,929)	-
Changes in Group structure		-	-	-	-	122	164,634	164,756	(1,215,199)
		7,435,238	(9,425)	(95,199)	9,161	121,225	(2,582,745)	4,878,255	(1,318,930)
At 31 December 2013		45,719,459	1,586,432	(274,714)	317,784	438,515	202,711	47,990,187	1,556,840



STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2013 *(cont'd.)*

Attributable to Depositors of <i>TH</i>									
Group	Note	Non-distributable					Distributable		Total
		Depositors' savings fund	Fair value reserve	Translation reserve	Accumulated reserve of TKJHM and TWT	Other reserves (Note 43)	Retained earnings	Total <i>TH</i> depositors' fund	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012		31,694,409	(737,300)	(71,406)	271,008	230,104	1,163,042	32,549,857	2,410,873
Effect of changes in accounting policies		-	-	-	-	-	48,060	48,060	4,836
Restated		31,694,409	(737,300)	(71,406)	271,008	230,104	1,211,102	32,597,917	2,415,709
Total comprehensive income for the year									
- Profit for the year		-	-	-	-	-	1,915,009	1,915,009	333,732
- Other comprehensive income		-	1,791,048	(80,266)	10,846	(17,231)	-	1,704,397	2,048
		-	1,791,048	(80,266)	10,846	(17,231)	1,915,009	3,619,406	335,780
Net deposits for the year		4,131,966	-	-	-	-	-	4,131,966	-
Additions for the year		-	-	-	16,786	-	-	16,786	-
Depositors' bonus:	42								
- Annual bonus		2,140,554	-	-	-	-	(2,140,554)	-	-
- Special bonus		317,292	-	-	-	-	(317,292)	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(177,510)
Issuance of shares to non-controlling interests		-	-	-	-	-	-	-	5,910
Issuance of shares pursuant to ESOS of subsidiaries		-	-	-	-	(836)	-	(836)	18,271
Transfers between reserves		-	-	-	-	105,247	(46,276)	58,971	(58,971)
Changes in Group structure		-	-	-	-	6	20,059	20,065	43,214
		6,589,812	-	-	16,786	104,417	(2,484,063)	4,226,952	(169,086)
At 31 December 2012		38,284,221	1,053,748	(151,672)	298,640	317,290	642,048	40,444,275	2,582,403



STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

	Note	Attributable to Depositors of <i>TH</i>				
		Depositors' savings fund RM'000	Non-distributable		Distributable	Total <i>TH</i> depositors' fund RM'000
			Fair value reserve RM'000	Accumulated reserve of TKJHM and TWT RM'000	Retained earnings RM'000	
<i>TH</i>						
At 1 January 2013		38,284,221	959,302	298,640	583,131	40,125,294
Total comprehensive income for the year:						
- Profit for the year		-	-	-	2,633,793	2,633,793
- Other comprehensive income		-	597,057	9,983	(9,625)	597,415
		-	597,057	9,983	2,624,168	3,231,208
Net deposits for the year		4,803,330	-	-	-	4,803,330
Additions for the year		-	-	9,161	-	9,161
Depositors' bonus:	42					
- Annual bonus		2,409,015	-	-	(2,409,015)	-
- Hajj bonus		222,893	-	-	(222,893)	-
		2,631,908	-	-	(2,631,908)	-
At 31 December 2013		45,719,459	1,556,359	317,784	575,391	48,168,993
At 1 January 2012		31,694,409	(824,897)	271,008	895,117	32,035,637
Total comprehensive income for the year:						
- Profit for the year		-	-	-	2,145,860	2,145,860
- Other comprehensive income		-	1,784,199	10,846	-	1,795,045
		-	1,784,199	10,846	2,145,860	3,940,905
Net deposits for the year		4,131,966	-	-	-	4,131,966
Additions for the year		-	-	16,786	-	16,786
Depositors' bonus:	42					
- Annual bonus		2,140,554	-	-	(2,140,554)	-
- Special bonus		317,292	-	-	(317,292)	-
		2,457,846	-	-	(2,457,846)	-
At 31 December 2012		38,284,221	959,302	298,640	583,131	40,125,294

The notes set out on pages 216 to 290 form an integral part of these financial statements.



STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		<i>TH</i>	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax from:					
Continuing operations		2,653,387	2,406,569	2,653,139	2,117,961
Discontinued operations		171,407	70,064	-	56,270
		2,824,794	2,476,633	2,653,139	2,174,231
Adjustments for:					
Depreciation of property, plant and equipment		159,256	239,151	26,454	29,835
(Gain)/Loss on disposal of property, plant and equipment		(6,977)	7,635	(8,271)	7,561
Gain on disposal of investment properties		-	(1,000)	-	(1,000)
Dividends from associates		-	-	(27,323)	(18,980)
Share of (profit)/loss after tax and zakat of associates		(13,059)	26,772	-	-
Share of loss/(profit) after tax and zakat of jointly controlled entities		23,429	(6,182)	-	-
Gain on trading of equities		(921,322)	(595,197)	(921,322)	(595,197)
Gain on disposal of subsidiaries		-	-	(752,103)	(134,573)
Loss/(Gain) on disposal of associates		31,675	(237,386)	31,675	(414,896)
Gain on sale of securities		(19,931)	(91,056)	(19,931)	(91,056)
Gain on sale of other financial assets		(209)	(8,136)	(209)	(3,785)
Net derivatives gain		(93,483)	(21,153)	(84,320)	(11,348)
Changes in fair value of derivatives		(127,773)	2,455	(127,773)	2,455
Loss/(Profit) from corporate financing		80	(246)	80	(246)
Profit from financing to subsidiaries		-	-	(144,004)	(48,573)
Gain from capital repayment		(556)	(841)	(556)	(841)
Gain on negotiable debt certificates		(91,008)	(60,873)	(91,008)	(60,873)
Impairment of equities and debt securities		407,940	63,906	407,940	63,906
Impairment of receivables		39	1,069	39	402
Impairment of investment in associates		-	53,229	-	53,229
Impairment on financing from banking operations		(11,368)	77,429	-	-
Changes in fair value of investment properties		20,118	15,914	25,274	16,009
Property, plant and equipment written off		5,528	4,640	50	1
Plantation development expenditure written off		-	70,572	-	-
Write back of impairment on investment in subsidiaries and associates		-	-	(43,442)	(12,568)
Amortisation cost on financing to subsidiaries		-	-	(809)	(1,713)
Write back of doubtful debts		(79)	(2,697)	(79)	(12)
Amortisation of deferred expenditure		-	3,703	-	-
Amortisation of deferred income		(311)	(312)	(311)	(312)
Amortisation of intangible assets		8,236	8,236	-	-
Dividend income from banking operations		(7,232)	(38,382)	-	-
Fair value of employees share option		(492)	1,156	-	-
Provision for contingent liability		-	14,769	-	-



STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

Note	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Provision for retirement benefits	195,851	38,139	195,778	25,696
Gain on foreign exchange	(146,275)	(8,719)	(146,249)	(6,841)
Zakat	69,640	58,222	52,900	47,100
Financing costs	23,858	30,554	–	–
Operating profit before changes in working capital	2,330,369	2,122,004	1,025,619	1,017,611
Changes in working capital:				
Inventories	2,233	(5,048)	–	–
Trade and other receivables	203,306	(186,381)	298,601	(401,374)
Trade and other payables	572,700	456,833	57,634	(10,692)
Statutory deposits with Bank Negara Malaysia	(237,200)	(147,900)	–	–
Bills payable	(214,540)	125,985	–	–
Financing of banking customers	(4,453,873)	(5,360,731)	–	–
Deposits from banking customers	4,545,367	4,170,797	–	–
Amount due from related companies	–	–	–	–
Deposits and placements of banks and other financial statements	669,697	475,650	–	–
Cash generated from operations	3,418,059	1,651,209	1,381,854	605,545
Bonus paid to depositors	(2,631,908)	(2,457,846)	(2,631,908)	(2,457,846)
Zakat paid	(58,232)	(53,314)	(47,572)	(45,655)
Tax paid	(266,377)	(276,806)	–	–
Tax refund	11,661	42,566	–	40,246
Retirement benefits paid	(37,969)	(5,820)	(37,969)	(5,805)
Plantation development expenditure	(172,960)	(210,082)	–	–
Property development costs	(55,228)	(42,803)	–	–
Deferred expenditure paid	(1,413)	(1,328)	–	–
Net cash used in operating activities	205,633	(1,354,224)	(1,335,595)	(1,863,515)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	10,617	24,225	9,483	23,320
Proceeds from disposal of investment properties	–	24,000	–	24,000
Proceeds from disposal of assets held for sale	38,303	18,921	33,903	18,325
Proceeds from disposal of subsidiaries	–	–	1,177,875	29,922
Proceeds from disposal of associates	16,726	–	16,726	–
Proceeds from reduction of share capital of an associate	45,800	17,150	45,800	17,150
Purchase of equities	(82,152)	(321,370)	(82,152)	(321,370)
Proceeds from trading of financial derivatives	86,817	13,657	86,817	13,657
Proceeds from capital repayment	–	1,922	–	1,922
Purchase of debt securities	(1,590,994)	(2,787,251)	(1,590,994)	(2,787,251)
Purchase of other financial assets	(651,695)	(1,383,897)	(651,695)	(1,383,897)
Derivative investments	(15,168)	(25,194)	(15,168)	(25,194)
Purchase of property, plant and equipment	(514,584)	(290,087)	(224,262)	(59,891)
Acquisition of subsidiaries	(264,137)	(72,500)	(1,238,533)	(24,011)
Net investment in associates	150	(52,544)	–	(52,544)

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

Note	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net investment in jointly controlled entities	–	(3,000)	–	–
Decrease in deposits pledged	214	(979)	–	–
Net proceeds from/(purchase of) banking securities	753,825	(2,681,075)	–	–
Investment property	(2,221,046)	(1,610,820)	(692,810)	(749,095)
Dividends from associates	22,400	5,600	27,323	18,980
Foreign exchange differences	(1,617)	(12,815)	(1,617)	(12,815)
Net cash (used in)/generated from investing activities	(4,366,541)	(9,136,057)	(3,099,304)	(5,268,792)
Cash flows from financing activities				
Purchase of shares from non-controlling interests	(2,859,037)	(24,011)	–	–
Proceeds from long term financing	1,453,281	251,486	–	–
Repayment/(Proceeds) of financing to subsidiaries	–	–	344,340	(1,313,893)
Repayment of corporate financing	733	2,886	733	2,886
Repayment of bank borrowings	–	(531,338)	–	–
Dividends paid to non-controlling interests	(105,767)	(177,510)	–	–
Depositors' savings fund	7,435,238	6,589,811	7,435,238	6,589,811
Repayment of finance lease	(106)	(70)	–	–
Financing costs	(23,858)	(14,918)	–	–
Net cash generated from financing activities	5,900,484	6,096,336	7,780,311	5,278,804
Net increase/(decrease) in cash and cash equivalents	1,739,576	(4,393,945)	3,345,412	(1,853,503)
Cash and cash equivalents at 1 January	7,792,504	12,291,929	5,211,930	7,028,496
Net increase in cash and cash equivalents of TKJHM	19,144	36,937	19,144	36,937
Reclassification to assets held for sale	(143,092)	(142,417)	–	–
Currency translation differences	(37,587)	–	(19,346)	–
Cash and cash equivalents at 31 December	9,370,545	7,792,504	8,557,140	5,211,930
Cash and cash equivalents comprise:				
Deposits and placements with licensed financial institutions	4,397,224	4,891,542	8,490,025	5,038,732
Cash and bank balances	925,376	1,553,168	67,115	173,198
Money at call and interbank placements with remaining maturity not exceeding one month	3,352,927	834,646	–	–
	4	7,279,356	8,557,140	5,211,930
Deposits and placements with banks and other financial institutions	5	701,302	–	–
Deposits pledged		(6,284)	–	–
		7,792,504	8,557,140	5,211,930

The notes set out on pages 216 to 290 form an integral part of these financial statements.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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 are stated in Note 21, 20 dan 19 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 2013 comprise **TH** and its subsidiaries, associates and jointly controlled entities (together referred to as the Group).

The financial statements of the Group and **TH** for the year ended 31 December 2013 were approved and authorised for issue by the Board of Directors on 9 April 2014.

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.

Effective accounting standards, amendments and interpretations

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 2014

- *Amendments to FRS 10, Consolidated Financial Statements: Investment Entities*
- *Amendments to FRS 12, Disclosure of Interests in Other Entities: Investment Entities*
- *Amendments to FRS 127, Separate Financial Statements (2011): Investment Entities*
- *Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liability*
- *Amendments to FRS 136, Impairment of Assets - Recoverable Amount Disclosure for Non - Financial Assets*
- *Amendments to FRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- *IC Interpretation 21, Levies*

(ii) Standards, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- *Amendments to FRS 1, First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- *Amendments to FRS 2, Share-based Payment (Annual Improvements 2010 - 2012 Cycle)*
- *Amendments to FRS 3, Business Combinations (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)*
- *Amendments to FRS 8, Operating Segments (Annual Improvements 2010 - 2012 Cycle)*
- *Amendments to FRS 13, Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)*
- *Amendments to FRS 116, Property, Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)*
- *Amendments to FRS 119, Employee Benefits, Defined Benefits Plans: Employee Contributions*
- *Amendments to FRS 124, Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)*
- *Amendments to FRS 138, Intangible Assets (Annual Improvements 2010 - 2012 Cycle)*
- *Amendments to FRS 140, Investment Property (Annual Improvements 2011 - 2013 Cycle)*



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont’d.)

2. Basis of preparation (cont’d.)

(a) Statement of compliance (cont’d.)

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

- *FRS 9, Financial Instruments (2009)*
- *FRS 9, Financial Instruments (2010)*
- *FRS 9, Financial Instruments - Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139*
- *Amendments to FRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosure*

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

- a) from annual period beginning on 1 January 2014 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014; and
- b) from annual period beginning on 1 January 2015 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

(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.

3. Significant accounting policies

(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 adopted FRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exist when Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exist when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

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

(i) Subsidiaries (cont'd.)

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group 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. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiary companies 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.

Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- 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 the 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 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) Acquisition or disposal of non-controlling interest

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

(iv) Associate company

Associate company is an entity in which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the associate company, but not the power to exercise control over the policies. Investment in an associate company is accounted for in the Group's consolidated financial statements using the equity method less any impairment losses.

Investments in associates are stated in the Group's statement of financial position at cost less any impairment losses. The cost of 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

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

(iv) Associate company (cont'd.)

When the Group's share of losses exceeds its interest in the associate company, 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 company.

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 re-measured. 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 FRS 11, *Joint Arrangement* in the current financial year. As a result, joint arrangements are classified and accounted for 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.

(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 the depositors of **TH**, are presented in the consolidated statement of financial position and statement of changes in fund, separately from fund attributable to the depositors of **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 the depositors of **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

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

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(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

Financial instruments are classified and measured using accounting policies as mentioned below:

Recognition and derecognition

Purchases and sales of financial instruments are recognised on the date that the Group commits to purchase or sell the instruments. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognised from the statement of financial position when the obligation specified in the contract is expired.

Initial measurement

A financial instrument is initially recognised at 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 acquisition or issue of the financial assets.

Categories of financial instruments and subsequent measurement

The Group and **TH** categorise financial assets 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 separately recorded.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(c) Financial instruments (cont'd.)

(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.

Any sale or reclassification of more than an 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 statement of financial position date 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.

A financial liability is removed or derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(c) Financial instruments (cont'd.)

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.

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.

(d) Constructions contracts work-in-progress

Construction contracts 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 contract activities based on normal operating capacity.

Construction contracts work-in-progress is presented as part of receivables, deposits and prepayments in the statements of financial position. If payments received from customers exceed the income recognised, then the difference is presented as amount due to contract customers which is part of trade and other payables deferred income in the statements of financial position.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (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 measured based on weighted average cost formula, 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.

Nurseries are stated at cost. This cost relates to nursery maintenance costs.

(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) Deferred expenditure

Deferred expenditure are costs incurred by the subsidiary company in Indonesia that can bring long-term benefits and is amortised over the estimated useful period using the straight line method.

The expenditure includes to deepen, broaden and heighten canals, amortised over three years.

Included in deferred expenditure also, arrangement costs for acquisitions of land right certificate for land used by the subsidiary company in Indonesia for oil palm plantations. The cost is amortised over the term of the latest land rights.

(g) 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

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

(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.

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.

(h) Plantation development expenditure

All expenditure relating to development of oil palm estate (immature estate) will be capitalised under plantation development expenditure. This cost will be amortised when the expenditure is transferred to property, plant and equipment when the estate matures.

All expenditure relating to planting and maintenance of sentang trees will be capitalised under plantation development expenditure. The cost will be expensed off to statements of income once the trees are felled.

All expenditure relating to planting and maintenance of rubber trees will be capitalised under plantation development expenditure. The cost will be expensed off to statements of income once the trees are ready for tapping.

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

(i) Investment property

Investment properties are land and buildings which are held either to earn rental income or for capital appreciation or for both and are not significantly occupied by the Group. It includes 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, including acquisition costs, and is subsequently measured at fair value. The fair value is based on market values valued by an independent valuation firm. Increase or decrease in fair value is recognised directly in the statement of income for the period in which they arise.

Upon disposal of an investment property, the difference between the last fair value and net sales proceeds is recorded as gain or loss in the statements of income.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (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 21 to 25 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

Rights on land, leasehold land and leasehold building are amortised based on the following rates:

Rights on land	30 - 97 years
Leasehold land	20 - 999 years
Leasehold building	50 years



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(k) Leased assets

(i) Finance lease

Leases in terms of which the Group 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 profit rate 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 lease

Leases, where the Group does not assume substantially all 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 is fund 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 Takaful (Amendment) Act, 1984 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 statements of income is based on the predetermined profit sharing ratio of the underwriting surplus and return on investments.

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. For individual family takaful contribution, recognition is up to the extent of one due amount.

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(l) Takaful Fund (cont'd.)

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

Actuarial reserves

Actuarial reserves comprise unearned contribution valuation and the reserve computed under the net contribution valuation as explained below:

(i) Unearned contribution reserve

The Unearned Contribution Reserve ("UCR") of group family fund (except for Mortgage Reducing Term Takaful ("MRTT")) and family retakaful fund represents the portion of the net contributions of takaful certificates written that relate to the unexpired years of the certificates at the end of the financial year.

In determining the UCR at statement of financial position date, the method that most accurately reflects the actual unearned contributions is used, as follows:

- (a) 1/365th method for all group family takaful business within Malaysia
- (b) A pro-rata basis based on a time apportionment method for family retakaful business

(ii) Net contribution valuation

The actuarial liabilities for MRTT products managed under group family fund and Ordinary Participants' Special Account ("PSA") are calculated using the net contribution method of valuation ("NCV"). The liability is ascertained by deducting the present value of future net contribution from the present value of the future amount-at-risk. As with all projections, there are elements of uncertainty and the projected liability may be different from actual.

These uncertainties arise from changes in underlying risks, changes in spread of risks, claims settlement pattern as well as uncertainties in the projection model and underlying assumptions.

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 receipts 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 incurred but not reported ("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.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(l) Takaful Fund (cont'd.)

(ii) General Takaful Fund

The general takaful fund is maintained in accordance with the Takaful Act, 1984 (amendment). Included in general takaful fund is fund 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 a financial year in respect of risks assumed during that particular financial year based on the inception date. Inward treaty retakaful contributions are recognised on the basis of periodic advices received from ceding takaful operators.

Unearned contributions reserve

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

In determining the UCR at balance sheet date, the method that most accurately reflects the actual unearned contributions is used, as follows:

- (i) 1/365th method for all General Takaful business within Malaysia.
- (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 statement of financial position date. Any difference between the current estimated cost and subsequent settlement is dealt with in the takaful revenue accounts for the Group in the year in which the settlement takes place.

Provision is also made for the cost of claims, together with related expenses, incurred but not reported ("IBNR") at statement of financial position date, using a mathematical method of estimation by a qualified external actuary where historical claims experience are used to project future claims. 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.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(m) Intangible assets (cont'd.)

(ii) 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.

(n) Impairment

(i) Financial assets

The Group assesses 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. 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 or the group of financial assets as that can be reliably estimated.

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 amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The amount of loss is recognised in the statements of income.

When a financing is uncollectable, it is written off against the related allowance for impairment. Such financing are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequently recoveries of amounts previously written off are credited to the profit or loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in the statements of income.

In the case of available-for-sale equity securities, a significant or prolonged decline in their fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the statements of income. In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as all other financial assets. Reversals of impairment of debt instruments are recognised in other comprehensive income. Reversals of impairment of equity shares are not recognised in the statements of income. Increases in the fair value of equity shares after impairment are recognised directly in equity.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(n) Impairment (cont'd.)

(i) Financial assets (cont'd.)

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;
- (iv) Decline in investment grade rating in a row up to two levels by external rating agencies.

(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 “Kompleks Jemaah Haji”. It is stated at cost less accumulated amortisation over a period of 50 years based on the useful life of the “Kompleks Jemaah Haji”.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(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.

(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. Post employment medical benefits;
- ii. Cash award in lieu of annual leave upon retirement;
- iii. Hajj package for retirees;
- iv. Local gratuity plan; and
- v. Gratuity paid to staff stationed in Jeddah, Arab Saudi upon completion of service term.

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

(s) Foreign currency

(i) Foreign currency transaction and balances

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.

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



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

(s) Foreign currency (cont'd.)

(i) Foreign currency transaction and balances (cont'd.)

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. 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 in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates prevailing at the financial position date. The income and expenses of foreign operations are translated to RM at average exchange rates for the period. All resulting exchange differences are recognised in other comprehensive income in translation reserve.

(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 on an accrual basis 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 year 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 assets 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 sold 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.

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.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

3. Significant accounting policies (cont'd.)

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

(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 the statements of income in proportion to the stage of completion of the contract.

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 the statements of income.

(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 statements 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 cost

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 being incurred, borrowing costs are being 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 2013 (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 the 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 rather than through continuing use, are classified as held for sale.

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, 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 to sell and the difference are recognised in the statements of income.

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

From 1 January 2013, the Group adopted FRS 13, Fair Value Measurement which prescribed that 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.

In accordance with the transitional provision of FRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of FRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

4. Cash and cash equivalents

	Group		TH
	2013 RM'000	2012 RM'000	2013 RM'000
Placements with licensed financial institutions	4,397,224	4,891,542	8,490,025
Cash and bank balances	925,376	1,553,168	67,115
Money at call and interbank placements with remaining maturity not exceeding one month	3,352,927	834,646	–
	8,675,527	7,279,356	8,557,140

Cash and cash equivalents are denominated in the following currencies:

	Group		TH
	2013 RM'000	2012 RM'000	2013 RM'000
Ringgit Malaysia	8,548,962	7,186,226	8,545,243
Saudi Riyal	12,312	48,489	9,887
Pound Sterling	113,927	44,632	2,002
U.S. Dollar	326	9	8
	8,675,527	7,279,356	8,557,140

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 RM297,100,000 (2012: RM263,790,000).

Included in cash and bank balances of the Group was RM20,282,000 (2012: RM5,002,000), the utilisation of which is subject to the Housing Developers (Control and Licensing) (Amendment) Act 2002.

The range of profit margin on short term placements with licensed financial institutions of the Group and **TH** was from 1.00% to 3.50% (2012: 1.00% to 3.60%).

Included in cash and bank balances of the Group was RM6,284,000 (2012: RM6,498,000) pledged to banks for bank guarantee facilities.

5. Deposits and placements with banks and other financial institutions

	Group	
	2013 RM'000	2012 RM'000
Licensed banks	701,302	519,646





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

6. Derivative assets/(liabilities)

Group 2013	Fair value		
	Principal RM'000	Assets RM'000	Liabilities RM'000
Forward contracts	1,381,894	8,681	(6,594)
Warrants	21,737	23,923	–
Profit rate swaps	1,311,481	19,855	(6,389)
Structured deposits	110,495	582	(582)
	2,825,607	53,041	(13,565)
2012			
Forward contracts	680,789	2,523	(1,365)
Warrants	11,521	9,066	–
Profit rate swaps	1,434,000	12,200	(10,961)
Structured deposits	114,095	2,013	(2,013)
	2,240,405	25,802	(14,339)
TH 2013			
Warrants	21,737	149,510	–
2012			
Warrants	11,521	9,066	–

7. Securities held-for-trading

	Group	
	2013 RM'000	2012 RM'000
At fair value		
Quoted securities		
Shares	80,822	72,832
Unit trusts	18,451	29,580
	99,273	102,412
Unquoted securities		
Malaysian Government Investment Issues	726,353	20,190
Bank Negara Negotiable Notes	178,058	846,786
Islamic debt securities	401,514	742,865
Malaysian Islamic Treasury Bills	–	9,807
Islamic commercial papers	–	49,884
Investment funds	–	59,662
	1,305,925	1,729,194
	1,405,198	1,831,606

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

8. Securities available-for-sale

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At fair value				
Shares				
Quoted shares	10,418,160	8,870,075	9,486,607	8,352,854
Less : Impairment during the year	(394,494)	(62,549)	(394,494)	(62,549)
	10,023,666	8,807,526	9,092,113	8,290,305
Fund managers	1,240,850	722,937	1,240,849	722,937
Unquoted shares	482,859	320,492	433,313	296,662
Less : Impairment during the year	(16,061)	(15,118)	–	(1,356)
	466,798	305,374	433,313	295,306
	11,731,314	9,835,837	10,766,275	9,308,548
Debt Securities				
Government debt securities	13,789,772	12,255,071	914,357	1,180,661
Corporate debt securities	5,673,509	5,989,087	5,673,508	5,989,087
Less : Impairment during the year	(13,446)	–	(13,446)	–
	5,660,063	5,989,087	5,660,062	5,989,087
	19,449,835	18,244,158	6,574,419	7,169,748
Other Financial Assets				
Unit trusts	981,443	868,865	458,673	405,160
Negotiable Islamic Debt Certificate	4,975,026	6,896,243	2,861,527	2,158,936
Corporate notes	–	9,791	–	9,791
	5,956,469	7,774,899	3,320,200	2,573,887
	37,137,618	35,854,894	20,660,894	19,052,183





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

9. Assets held for sale

	Group		TH	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Assets classified as held for sale:				
Cash and cash equivalents	95,249	111,530	–	–
Trade and other receivables	215,380	97,572	–	–
Inventories	45,902	54,085	–	–
Deferred expenditure	12,597	11,852	–	–
Deferred tax assets	8,073	19,429	–	–
Plantation development expenditure	200,682	86,030	–	–
Investment in subsidiaries	–	–	2,406,330	2,572,010
Investment in associates	28,064	107,942	–	–
Investment property	–	6,316	–	–
Property, plant and equipment	1,212,731	1,393,502	548,318	600,293
Fair value adjustment of plantation assets	1,760,978	1,927,518	–	–
	3,579,656	3,815,776	2,954,648	3,172,303
Liabilities classified as held for sale:				
Trade and other payables	65,170	13,358	–	–
Provision for zakat and tax	46,431	66,679	–	–
Financing	29,000	41,000	–	–
Provision for retirement benefits	30,614	28,187	–	–
Deferred tax liabilities	2,870	976	–	–
	174,085	150,200	–	–

Subsidiaries held for sale

Certain subsidiaries have been classified as held for sale following the agreement signed between two investment holding subsidiaries with a third party on 20 April 2012 for the sale of PT TH Indo Plantations. At 31 December 2013, efforts to sell still continues. Accordingly, the assets and liabilities of subsidiary companies have been reclassified to assets and liabilities held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

10. Trade and other receivables

	Group		TH	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Trade receivables	530,893	1,436,036	376,868	1,271,023
Other receivables				
Clients' and dealers' debit balances	47,879	160,871	–	–
Other receivables, deposits and prepayments	445,682	521,522	121,205	111,530
Staff financing	24,704	23,261	24,051	23,261
Amount due from:				
- Subsidiaries	–	–	183,271	180,249
- Jointly controlled entities	61,449	6,808	–	–
	579,714	712,462	328,527	315,040
	1,110,607	2,148,498	705,395	1,586,063

11. Inventories

	Group	
	2013	2012
	RM'000	RM'000
Stores	23,047	24,610
Finished goods	20,318	24,853
Nurseries	13,761	8,213
Completed properties	2,251	3,172
	59,377	60,848





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

12. Financing

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash line	749,246	618,555	–	–
Credit cards	445,242	430,984	–	–
Discounted trade bills	819,488	1,480,215	–	–
Trust receipts	35,957	50,314	–	–
Term financing	22,112,726	17,304,054	15,760	16,573
Islamic Pawn broking	95,621	80,572	–	–
Financing to subsidiaries	–	–	2,186,960	1,692,375
	24,258,280	19,964,694	2,202,720	1,708,948
Less : Accumulated impairment				
- Collective assessment	(365,375)	(313,334)	–	–
- Individual assesment	(151,957)	(142,748)	(15,760)	(15,760)
	(517,332)	(456,082)	(15,760)	(15,760)
	23,740,948	19,508,612	2,186,960	1,693,188

Financing to overseas subsidiaries were chargeable at a profit margin of 5% to 6% (2012: 5% to 13%).

13. Takaful assets

	Group	
	2013 RM'000	2012 RM'000
Retakaful assets:		
Claims liabilities	407,393	301,150
Contribution liabilities	80,200	72,297
Actuarial liabilities	148,340	63,856
	635,933	437,303
Takaful receivables:		
Due contributions	88,353	82,378
Due from re-Takaful/co-Takaful	37,325	22,518
	125,678	104,896
	(8,522)	(10,883)
	117,156	94,013
	753,089	531,316

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

14. Securities held-to-maturity

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At amortised cost				
Debt Securities				
Malaysian Government Islamic papers	145,391	145,502	–	–
Unquoted debt securities	2,829,669	2,342,957	4,498,837	2,400,000
Less : Accumulated impairment	(7,125)	(19,738)	–	–
	2,967,935	2,468,721	4,498,837	2,400,000
	2,967,935	2,468,721	4,498,837	2,400,000

15. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits were maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958 (revised 1994), the amount of which were determined as set percentages of total eligible liabilities.

16. Property development costs

	Group	
	2013 RM'000	2012 RM'000
Property development costs comprise:		
Land	24,597	24,597
Development costs	842,158	732,943
	866,755	757,540
Add : Development costs incurred during the year	181,474	106,524
	1,048,229	864,064
Less : Transferred to inventories	(393)	(1,314)
Less : Development costs recognised as expense in the statement of income		
- Previous years	(563,092)	(500,685)
- Current year	(130,335)	(62,407)
	354,409	299,658





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

17. Plantation development expenditure

	Group	
	2013 RM'000	2012 RM'000
At 1 January	455,920	520,180
Acquisition of subsidiaries	74,121	4,201
Additions	172,960	213,791
Transfer to property, plant and equipment (Note 23)	–	(120,962)
Write off	–	(70,572)
Foreign exchange difference	–	(4,688)
Reclassification to assets held for sale	–	(86,030)
At 31 December	703,001	455,920
Included in additions during the year are as follows:		
Depreciation (Note 23(a))	7,957	3,709

18. Deferred tax

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

	Group	
	2013 RM'000	2012 RM'000
Deferred tax assets	76,047	64,451
Deferred tax liabilities	(143,067)	(110,788)
	(67,020)	(46,337)

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	
	2013 RM'000	2012 RM'000
Property, plant and equipment		
- capital allowances	(386,230)	(262,769)
Impairment	71,476	60,372
Unabsorbed capital allowance	216,286	142,036
Unutilised tax losses	40,474	20,171
Others	(9,026)	(6,147)
	(67,020)	(46,337)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

19. Investment in jointly controlled entities

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Shares at cost	218,961	255,712	215,961	215,961
Add:				
Shares in jointly controlled entities:				
- Retained (loss)/profit	(29,783)	13,096	–	–
- Other reserves	242	(4,028)	–	–
- Foreign exchange differences	(4,613)	(9,793)	–	–
	(34,154)	(725)	–	–
Reclassification to assets held for sale	–	(107,942)	–	–
	184,807	147,045	215,961	215,961

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

	Group	
	2013 RM'000	2012 RM'000
Assets	636,067	670,030
Liabilities	(450,869)	(405,417)
Net assets at 31 December	185,198	264,613
Income	121,996	914,202
Expenses	(144,114)	(899,288)
Net profit for the year ended 31 December	(22,118)	14,914

Details of jointly controlled entity are as follows:

Name of company	Principal activities	2013 %	2012 %
Direct holding			
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 Co. Sdn. Bhd.	Property investment	50	50





NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

Name of company	Principal activities	2013 %	2012 %
Indirect holding			
Incorporated in Malaysia			
Theta Edge Berhad and its jointly controlled entity:			
Taha Alam Sdn. Bhd.	Provision of advisory services for Haj and Umrah	50	50
Incorporated in Indonesia			
PT Synergy Oil Nusantara	Processing of crude palm oil and marketing of refined palm oil products	50	50

20. Investment in associates

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Quoted				
Shares at cost	583,790	640,421	583,790	640,421
Less : Accumulated impairment	–	(53,230)	–	(53,230)
	583,790	587,191	583,790	587,191
Unquoted				
Shares at cost	227,497	384,153	219,527	341,201
Less : Accumulated impairment	(50,587)	(136,650)	(45,569)	(119,064)
	176,910	247,503	173,958	222,137
Add:				
Share of results of associates:				
- Retained profit	180,993	167,734	–	–
- Reserves	8,503	(18,860)	–	–
	189,496	148,874	–	–
	950,196	983,568	757,748	809,328
Market value of quoted shares	360,533	273,251	360,533	273,251



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

20. Investment in associates (cont'd.)

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

Name of company	Principal activities	Effective ownership interest	
		2013 %	2012 %
Direct holding			
Quoted			
TH Heavy Engineering Berhad	Construction and fabrication of oil and gas offshore structures	29	32
Pelikan International Corporation Berhad	Manufacture and distribution of stationeries	31	31
High 5 Conglomerate Berhad (Formerly known as Silver Bird Group Berhad)	Manufacture and marketing of breads and bakery products	–	22
Unquoted			
CCM Fertilizers Sdn. Bhd.	Production and marketing of fertilizers	50	50
Maju TH Sdn. Bhd.	Property management	49	49
Express Rail Link Sdn. Bhd.	Design, construction, maintenance and management of express railway system	40	40
Nihon Canpack (Malaysia) Sdn. Bhd.	Manufacture and sale of canned beverages	40	40
Gallant Precision Tool & Engineering Enterprise (M) Sdn. Bhd.	Manufacture and repair of callibration tools, moulds and colouring	25	25
Perumahan Kinrara Bhd.	Property development	25	25
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	20
ASMT H Sdn. Bhd.*	Property management	49	49
Prizevest Sdn. Bhd.*	Property management	30	30
Victec Enterprise Sdn. Bhd.*	Property management	30	30
Top Priority Sdn. Bhd. *	Property management	30	30
Swasta Setia Holdings Sdn. Bhd.	Property management	–	30



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

20. Investment in associates (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2013 %	2012 %
Indirect holding			
Unquoted			
THP Bina Sdn. Bhd. and its associates:			
HCM-TH Technologies JV	Construction	40	40
HCM-TH Technologies Sdn. Bhd.	Construction	30	30
Roadcare (M) Sdn. Bhd.	Investment	28	28
BIMB Holdings Bhd and its associates:			
Islamic Banking and Finance Institute Malaysia Sdn. Bhd.	Training and consultancy services	26	25
TH Hotel & Residence Sdn. Bhd. and its associates:			
THV Management Services Sdn. Bhd.	Hotel management	30	–

* **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, despite the fact that **TH** still holds a portion of the 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 2013 (cont'd.)

20. Investment in associates (cont'd.)

Summarised information of the associate are as follows:

2013

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering RM'000	Other associates RM'000	Total RM'000
As at 31 December 2013				
Assets	1,506,206	896,650	4,511,807	6,914,663
Liabilities	(947,370)	(455,078)	(3,883,441)	(5,285,889)
Net assets	558,836	441,572	628,366	1,628,774
Year ended 31 December 2013				
Revenue	1,442,904	259,932	1,800,047	3,502,883
(Loss)/Profit for the year	(5,498)	1,603	68,941	65,046
Other comprehensive income	23,211	–	6,262	29,473
Total comprehensive income	17,713	1,603	75,203	94,519

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
As at 31 December 2013				
Group's share of net assets in associates	171,283	129,336	97,995	398,614
Total investments in associates				
	298,173	335,684	316,339	950,196
Total profit attributable to the Group				
Year ended 31 December 2013				
(Loss)/Profit for the year	(2,224)	469	14,814	13,059
Other comprehensive income	7,114	–	1,389	8,503
Total comprehensive income	4,890	469	16,203	21,562
Dividends				
	–	–	49,723	49,723



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

20. Investment in associates (cont'd.)

2012

As at 31 December 2012

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering Berhad RM'000	Other associates RM'000	Total RM'000
Assets	1,598,606	624,616	4,868,903	7,092,125
Liabilities	(955,007)	(313,596)	(4,165,352)	(5,433,955)
Net assets	643,599	311,020	703,551	1,658,170

Year ended 31 December 2012

Revenue	1,647,126	193,278	4,294,676	6,135,080
(Loss)/Profit for the year	(57,322)	24,175	(111,793)	(144,940)
Other comprehensive income	(6,903)	–	(1,909)	(8,812)
Total comprehensive income	(50,419)	24,175	(113,702)	(153,752)

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
As at 31 December 2012				
Group's share of net assets in associates	197,263	99,526	162,086	458,875
Total investments in associates	321,931	321,002	340,635	983,568
Total profit attributable to the Group				
Year ended 31 December 2012				
(Loss)/Profit for the year	(17,569)	7,736	(16,939)	(26,772)
Other comprehensive income	(2,116)	–	(16,743)	(18,859)
Total comprehensive income	(19,685)	7,736	(33,682)	(45,631)
Dividends	1,541	–	23,039	24,580



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

21. Investment in subsidiaries

Quoted

Shares at cost

Unquoted

Shares at cost

Less : Accumulated impairment

Market value of quoted shares

Details of subsidiaries are as follows:

Name of company

Principal activities

Incorporated in Malaysia

Quoted

TH Plantations Berhad

and its subsidiaries:

THP Gemas Sdn. Bhd.

THP Bukit Belian Sdn. Bhd.

THP Ibok Sdn. Bhd.

THP Kota Bahagia Sdn. Bhd.

THP Agro Management Sdn. Bhd.

Bumi Suria Ventures Sdn. Bhd.

Maju Warisanmas Sdn. Bhd.

TH Ladang (Sabah & Sarawak) Sdn. Bhd.

and its subsidiaries:

Cempaka Teratai Sdn. Bhd.

and its subsidiaries:

TH PELITA Gedong
Sdn. Bhd.

Investment holding, cultivation of oil palm,
processing and marketing of palm products

Cultivation of oil palm, processing and marketing
of palm products

Cultivation of oil palm and marketing of fresh fruit bunches

Cultivation of oil palm and marketing of fresh fruit bunches

Cultivation of oil palm, processing and marketing
of palm products

Management services

Cultivation of oil palm and marketing of fresh fruit bunches

Letting of investment property

Investment holding

Investment holding

Cultivation of oil palm, processing and marketing
of palm products

TH

2013
RM'000

2012
RM'000

2,748,331	1,568,226
662,156 (1,500)	1,029,500 (1,500)
660,656	1,028,000
3,408,987	2,596,226
4,899,272	2,601,327

Effective ownership interest

2013
%

2012
%

71	72
71	72
71	72
71	72
71	72
71	–
71	–
71	72
71	72
50	50



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2013 %	2012 %
Incorporated in Malaysia (cont'd.)			
Quoted (cont'd.)			
Kee Wee Plantations Sdn. Bhd. and its subsidiaries:	Investment holding	71	72
TH PELITA Sadong Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	50	50
TH-Bonggaya Sdn. Bhd.	Rubber plantation	71	72
Ladang Jati Keningau Sdn. Bhd.	Teak plantation	59	60
TH-USIA Jatimas Sdn. Bhd.	Rubber plantation	50	50
TH PELITA Meludam Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	43	43
TH PELITA Simunjan Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	43	43
TH PELITA Beladin Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	39	40
Derujaya Sdn. Bhd.	Dormant	71	72
Halus Riang Sdn. Bhd.	Dormant	71	72
Kuni Riang Sdn. Bhd.	Dormant	71	72
Manisraya Sdn. Bhd.	Dormant	71	72
Pinekey Enterprise Sdn. Bhd.	Dormant	71	72
THP Saribas Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	57	58
THP-YT Plantation Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	50	50
TH Bakti Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	50	50
Hydroflow Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	50	50
THP Sabaco Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	36	37
BIMB Holdings Berhad and its subsidiaries:	Investment holding	54	51
Bank Islam Malaysia Berhad and its subsidiaries:	Islamic banking business	54	45
BIMB Investment Management Berhad	Management of Islamic Unit Trust Funds	54	45
Al-Wakalah Nominees (Tempatan) Sdn. Bhd.	Nominee services	54	45



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2013 %	2012 %
Incorporated in Malaysia (cont'd.)			
Quoted (cont'd.)			
Farihan Corporation Sdn. Bhd.	Management of Islamic pawn broking business	54	45
Bank Islam Trust Company (Labuan) Ltd. and its subsidiaries:	Provision of services as Labuan registered trust company	54	45
BIMB Offshore Company Management Services Sdn. Bhd.	Resident corporate secretary and director for offshore companies	54	45
BIMB Foreign Currency Clearing Agency Sdn. Bhd.	Dormant	54	45
BIMB Securities (Holdings) Sdn. Bhd. and its subsidiaries:	Investment holding	54	51
BIMB Securities Sdn. Bhd. and its subsidiaries:	Stockbroking	54	51
BIMSEC Asset Management Sdn. Bhd.	Investment management services	54	51
BIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	54	51
BIMSEC Nominees (Asing) Sdn. Bhd.	Nominee services	54	51
Syarikat Al-Ijarah Sdn. Bhd.	Leasing of assets	54	51
Syarikat Takaful Malaysia Berhad and its subsidiaries:	Family and general takaful business	33	31
ASEAN Retakaful International (L) Ltd	Offshore retakaful business	34	20
Theta Edge Berhad	Investment holding	69	69
Advanced Business Solutions (M) Sdn. Bhd. and its subsidiaries:	Provision of manpower for information technology industry	69	69
Hi Pro Edar (M) Sdn. Bhd.	Services related to information technology industry	69	69
Impianas Sdn. Bhd.	Public mobile data network operator	69	69



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2013 %	2012 %
Incorporated in Malaysia (cont'd.)			
Quoted (cont'd.)			
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
Unquoted			
TH Estates (Holdings) Sdn. Bhd.	Investment holding	100	100
TH Indo Industries Sdn. Bhd.	Investment holding and leasing transportation equipment	100	100
TH Indopalms Sdn. Bhd.	Investment holding	100	100
TH Properties Sdn. Bhd.	Investment holding	100	100
and its subsidiaries:			
THP Bina Sdn. Bhd.	Infrastructure concessions construction	100	100
THT-HCM JV Sdn. Bhd.	Road construction	60	60
Ultimate Building Machine Sdn. Bhd.	Dormant	60	60
TH Universal Builders Sdn. Bhd.	Construction 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.	Property development	100	100
TH Connectivity Sdn. Bhd.	Dormant	100	100
THP-SBB JV Sdn. Bhd.	Housing development	100	100



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2013 %	2012 %
Incorporated in Malaysia (cont'd.)			
Quoted (cont'd.)			
THP Sinar Sdn. Bhd.	Provision of facilities management	60	60
TH Marine Sdn. Bhd.	Provision of marine services	100	100
TH Hotel & Residence Sdn. Bhd. and its subsidiaries:	Investment holding	100	100
TH Travel & Services Sdn. Bhd.	Provision of umrah and hajj services, ticketing and tour agency	100	100
TH Global Services Sdn. Bhd.	Supply of halal food products	100	100
TH Hotel Alor Setar Sdn. Bhd.	Hospitality services	100	–
TH Hotel Terengganu Sdn. Bhd.	Hospitality services	100	–
LTH Property Investment (L) Inc.	Investment holding	100	–
THC International Sdn. Bhd.	Dormant	60	60
TH Alam Holding (L) Inc. and its subsidiaries:	Investment holding	51	51
Alam JVDP 1 (L) Inc.	Leasing of ships	51	51
Alam JVDP 2 (L) Inc.	Dormant	51	51
Incorporated in Indonesia			
Unquoted			
TH Indopalms Sdn. Bhd. and its subsidiaries:			
P.T. TH Indo Plantations	Cultivation of oil palm, processing and marketing of palm products	95	95
Syarikat Takaful Malaysia Berhad and its subsidiaries:			
P.T. Syarikat Takaful Indonesia and its subsidiaries:	Investment holding	18	17
P.T. Asuransi Takaful Keluarga	Family takaful business	14	13
P.T. Asuransi Takaful Umum	General takaful business	12	11



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2013 %	2012 %
Incorporated in Saudi Arabia			
Unquoted			
TH Hotel & Residence Sdn. Bhd. and its subsidiary:			
TH Real Estate Company	Management of investment property	100	100
Incorporated in Jersey Island			
Unquoted			
LTH Property Holdings Limited and its subsidiary/trust funds:			
10 Queen Street Place London Limited	Rental of investment property	100	100
151 BPR One Limited	Investment holding	100	–
151 BPR Two Limited	Investment holding	100	–
Elizabeth Bridge Unit Trust*	Rental of investment property	100	–
Incorporated in Australia			
Unquoted			
LTH Property Investment (L) Inc. and its trust funds:			
TH Trust*	Rental of investment property	100	–

* 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 2013 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Non-controlling interests in subsidiaries

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

2013

	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	%	%	%	
NCI percentage of ownership interest and voting interest	46	29	5 - 49	
	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	990,639	450,484	115,717	1,556,840
Profit and other comprehensive income kattributable to NCI	257,175	30,931	5,261	293,367

Summarised financial information before intra-group elimination:

	BIMB Holdings Berhad RM'000	TH Plantations Berhad RM'000	Other subsidiaries RM'000	Total RM'000
As at 31 December 2013				
Assets	49,674,545	3,177,298	1,981,278	54,833,121
Liabilities	(46,624,605)	(1,591,317)	(1,354,502)	(49,570,424)
Net assets	3,049,940	1,585,981	626,776	5,262,697
Year ended 31 December 2013				
Revenue	2,809,395	469,952	255,242	3,534,589
Profit for the year	563,154	76,501	31,312	670,967
Total comprehensive income	407,592	76,501	31,312	515,405
Cash flows operating activities	1,587,764	131,215	241,067	1,960,046
Cash flows investing activities	(2,237,421)	(541,734)	(136,502)	(2,915,657)
Cash flows financing activities	2,749,608	428,063	(27,364)	3,150,307
Net increase in cash and cash equivalents	2,099,951	17,544	77,201	2,194,696
Dividends paid to NCI	89,998	13,879	1,890	105,767



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

21. Investment in subsidiaries (cont'd.)

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

2012

	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	%	%	%	
NCI percentage of ownership interest and voting interest	49	28	5 - 49	
	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	2,037,520	432,162	112,721	2,582,403
Total comprehensive income for the year attributable to NCI	291,069	49,460	(4,749)	335,780

Summarised financial information before intra-group elimination:

	BIMB Holdings Berhad RM'000	TH Plantations Berhad RM'000	Other subsidiaries RM'000	Total RM'000
As at 31 December 2012				
Assets	43,907,623	2,526,970	1,845,223	48,279,816
Liabilities	(40,140,430)	(1,013,985)	(1,182,422)	(42,336,837)
Net assets	3,767,193	1,512,985	662,801	5,942,979

Year ended 31 December 2012

Revenue	2,473,953	375,846	223,269	3,073,068
Profit for the year	497,631	167,536	(2,379)	662,788
Total comprehensive income	509,591	167,536	(2,379)	674,748
Cash flows operating activities	12,675	(29,380)	72,908	56,203
Cash flows investing activities	(2,674,846)	(198,792)	(114,094)	(2,987,732)
Cash flows financing activities	(237,548)	185,448	(8,513)	(60,613)
Net increase in cash and cash equivalents	(2,899,719)	(42,724)	(49,699)	(2,992,142)
Dividends paid to NCI	122,554	54,176	780	177,510



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

22. Investment property

	Group 2013 RM'000	2012 RM'000	TH 2013 RM'000	2012 RM'000
At fair value				
At 1 January	4,146,080	2,580,092	3,253,262	2,543,146
Additions	2,125,235	1,610,820	692,810	749,095
Disposal	–	(23,000)	–	(23,000)
Transfer from property, plant and equipment (Note 23)	(5,032)	30	235	30
Transfer to assets held for sale	(6,733)	(5,856)	–	–
Changes in fair value	(1,236)	(15,914)	(25,275)	(16,009)
Foreign exchange difference	75,135	(92)	–	–
At 31 December	6,333,449	4,146,080	3,921,032	3,253,262

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

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Freehold land and buildings	–	3,921,032	7,585	3,928,617
Leasehold land and buildings	–	2,068,376	336,456	2,404,832
	–	5,989,408	344,041	6,333,449

2012

Freehold land and buildings
Leasehold land and buildings

	–	3,254,555	10,053	3,264,608
	–	861,972	19,500	881,472
	–	4,116,527	29,553	4,146,080

Policy on transfer 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 1

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2

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

Level 2 fair values of land and buildings have been generally derived using the sales 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 unobservable inputs for the investment property.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

23. 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 2013	88,261	356,453	625,110	409,064	287,994	174,590	1,576,112	228,393	3,745,977
Acquisition of subsidiaries	-	193,888	92,001	7,122	-	-	2,413	836	296,260
Additions	-	961	-	12,692	-	28,264	199,205	273,462	514,584
Disposals	(572)	(13)	-	-	(706)	(1,958)	(18,356)	-	(21,605)
Write off	-	-	(9,461)	(538)	-	(2,368)	(31,139)	(135)	(43,641)
Transfer from/(to) plantation development expenditure (Note 22)	-	-	-	5,267	-	(235)	-	-	5,032
Reclassification	-	-	-	34,690	-	(109)	154,589	(189,170)	-
Foreign exchange difference	(20)	-	-	(23)	(2,059)	8	(1,409)	-	(3,503)
Transfer to assets held for sale	-	(11,063)	(19,841)	(4,119)	(1,060)	-	(1,033)	(138)	(37,254)
At 31 December 2013	87,669	540,226	687,809	464,155	284,169	198,192	1,880,382	313,248	4,455,850
Accumulated depreciation									
At 1 January 2013	-	34,296	174,444	89,578	109,895	126,301	819,146	-	1,353,660
Depreciation for the year (Note 23(a))	-	7,425	18,041	11,820	6,125	7,140	117,565	-	168,116
Disposals	-	(4)	-	-	(214)	(1,604)	(16,122)	-	(17,944)
Write off	-	-	(9,461)	(371)	-	(1,638)	(26,643)	-	(38,113)
Transfer to assets held for sale	-	(255)	(624)	(192)	(33)	-	(219)	-	(1,323)
Foreign exchange difference	-	-	-	(5)	(507)	10	(1,155)	-	(1,657)
At 31 December 2013	-	41,462	182,400	100,830	115,266	130,209	892,572	-	1,462,739
Net carrying amount at 31 December 2013	87,669	498,764	505,409	363,325	168,903	67,983	987,810	313,248	2,993,111



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

23. 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 2012	57,407	317,993	1,274,086	523,921	247,770	154,446	1,846,784	150,513	4,572,920
Reclassification	45,409	(4,675)	-	114,171	41,564	(224)	(75,374)	75,416	196,287
Restated	102,816	313,318	1,274,086	638,092	289,334	154,222	1,771,410	225,929	4,769,207
Acquisition of subsidiaries	-	87,020	13,878	245	-	-	66	-	101,209
Additions	-	7,549	431	15,563	-	21,564	134,724	115,156	294,987
Disposals	(14,544)	(46,988)	(24,171)	(3,666)	(85)	(537)	(19,830)	(45,623)	(155,444)
Write off	-	-	(12,132)	(438)	-	(579)	(7,493)	-	(20,642)
Transfer from plantation development expenditure (Note 17)	-	-	120,962	-	-	-	-	-	120,962
Transfer to investment property (Note 22)	-	-	-	-	-	(30)	-	-	(30)
Reclassification	-	-	-	14,092	-	(46)	12,204	(26,250)	-
Foreign exchange difference	(11)	(4,446)	(65,960)	(21,374)	(1,255)	(4)	(26,306)	(3,264)	(122,620)
Transfer to assets held for sale	-	-	(681,984)	(233,450)	-	-	(288,663)	(37,555)	(1,241,652)
At 31 December 2012	88,261	356,453	625,110	409,064	287,994	174,590	1,576,112	228,393	3,745,977
Accumulated depreciation									
At 1 January 2012	-	41,351	366,385	181,833	101,993	118,735	888,008	-	1,698,305
Reclassification	-	(128)	-	530	1,903	-	(180)	-	2,125
Restated	-	41,223	366,385	182,363	103,896	118,735	887,828	-	1,700,430
Depreciation for the year (Note 23(a))	-	5,501	64,986	25,972	6,298	8,491	132,523	-	243,771
Disposals	-	(11,791)	(6,154)	(3,587)	(49)	(429)	(18,849)	-	(40,859)
Write off	-	-	(8,199)	(204)	-	(439)	(7,160)	-	(16,002)
Transfer to assets held for sale	-	-	(222,903)	(105,477)	-	-	(159,588)	-	(487,968)
Reclassification	-	-	-	(1)	-	(54)	55	-	-
Foreign exchange difference	-	(637)	(19,671)	(9,488)	(250)	(3)	(15,663)	-	(45,712)
At 31 December 2012	-	34,296	174,444	89,578	109,895	126,301	819,146	-	1,353,660
Net carrying amount at 31 December 2012	88,261	322,157	450,666	319,486	178,099	48,289	756,966	228,393	2,392,317



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

TH	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 2013	32,537	17,504	113,975	237,939	134,574	185,765	100,919	823,213
Additions	-	-	-	-	23,055	12,224	188,983	224,262
Disposals	(572)	(13)	-	(85)	-	(6,790)	-	(7,460)
Write off	-	-	-	-	-	(182)	-	(182)
Transfer to investment property (Note 22)	-	-	-	-	(235)	-	-	(235)
At 31 December 2013	31,965	17,491	113,975	237,854	157,394	191,017	289,902	1,039,598
Accumulated depreciation								
At 1 January 2013	-	4,588	23,303	105,601	102,456	138,725	-	374,673
Depreciation for the year (Note 23(a))	-	247	2,280	4,828	4,912	15,090	-	27,357
Disposals	-	(3)	-	(50)	-	(6,173)	-	(6,226)
Write off	-	-	-	-	-	(132)	-	(132)
At 31 December 2013	-	4,832	25,583	110,379	107,368	147,510	-	395,672
Net carrying amount at 31 December 2013	31,965	12,659	88,392	127,475	50,026	43,507	289,902	643,926
Cost								
At 1 January 2012	47,081	17,517	113,975	238,024	117,912	167,931	93,070	795,510
Additions	-	-	-	-	19,204	19,999	24,116	63,319
Disposals	(14,544)	(13)	-	(85)	-	(1,528)	(16,267)	(32,437)
Write off	-	-	-	-	-	(49)	-	(49)
Transfer to investment property (Note 22)	-	-	-	-	(30)	-	-	(30)
Transfer to assets held for sale	-	-	-	-	(2,512)	(588)	-	(3,100)
At 31 December 2012	32,537	17,504	113,975	237,939	134,574	185,765	100,919	823,213
Accumulated depreciation								
At 1 January 2012	-	4,345	21,023	100,820	95,958	123,386	-	345,532
Depreciation for the year (Note 23(a))	-	247	2,280	4,830	6,498	16,891	-	30,746
Disposals	-	(4)	-	(49)	-	(1,504)	-	(1,557)
Write off	-	-	-	-	-	(48)	-	(48)
Pada 31 December 2012	-	4,588	23,303	105,601	102,456	138,725	-	374,673
Net carrying amount at 31 December 2012	32,537	12,916	90,672	132,338	32,118	47,040	100,919	448,540

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

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

	Group 2013 RM'000	2012 RM'000	TH 2013 RM'000	2012 RM'000
Statements of income	159,256	239,151	26,454	29,835
Accumulated reserve of TKJHM and TWT (Note 41)	903	911	903	911
Capitalised in plantation development expenditure (Note 17)	7,957	3,709	-	-
	168,116	243,771	27,357	30,746

- (b) Included herein for the financial year ended 31 December 2013, were motor vehicles of RM585,000 (2012: RM590,000) of the Group acquired under hire-purchase.
- (c) Marine vessels of a subsidiary with a net carrying value of RM388,542,000 (2012: RM411,877,000) were pledged as security for bank borrowings amounting to RM109,381,000 (2012: RM122,442,000).
- (d) Leasehold land of a subsidiary with a net carrying value of RM21,820,000 (2012: RM22,275,000) were pledged as security for bank borrowings amounting to RM97,513,000 (2012: RM90,562,000).

24. Intangible assets

Group	Goodwill RM'000	Other intangible assets RM'000	Total RM'000
Cost			
At 1 January 2013	222,593	146,769	369,362
Additions	59,410	4,648	64,058
At 31 December 2013	282,003	151,417	433,420
Accumulated amortisation			
At 1 January 2013	-	28,826	28,826
Amortisation for the year	-	8,236	8,236
At 31 December 2013	-	37,062	37,062
Net carrying amount at 31 December 2013	282,003	114,355	396,358
Cost			
At 1 January 2012	208,738	142,204	350,942
Additions	13,855	4,565	18,420
At 31 December 2012	222,593	146,769	369,362
Accumulated amortisation			
At 1 January 2012	-	20,590	20,590
Amortisation for the year	-	8,236	8,236
At 31 December 2012	-	28,826	28,826
Net carrying amount at 31 December 2012	222,593	117,943	340,536





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

24. Intangible assets (cont'd.)

<i>TH</i>	Other intangible assets RM'000	Total RM'000
At 1 January 2013	48,340	48,340
Additions	4,171	4,171
At 31 December 2013	52,511	52,511
At 1 January 2012	44,366	44,366
Additions	4,754	4,754
Insurance claimed	(780)	(780)
At 31 December 2012	48,340	48,340

25. Deposits from banking customers

	Group 2013 RM'000	2012 RM'000
Mudharabah fund	22,743,906	16,865,268
Non Mudharabah fund	9,667,058	15,067,271
	32,410,964	31,932,539

26. Deposits and placements of banks and other financial institutions

	Group 2013 RM'000	2012 RM'000
Mudharabah fund	1,483,873	808,650
Non Mudharabah fund	46,102	51,628
	1,529,975	860,278

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

27. Trade and other payables

Trade payables
Trade payables
Hajj reconciliations
Deposits received
Retention sum
Amount due to contract customers (Note 27 (a))
Bill and acceptance payables
Other payables
Other payables and accruals
Amount due to jointly controlled entities
Clients' and dealers' credit balances

2013 RM'000	2012 RM'000
124,951	87,803
3,955	12,941
31,604	31,782
516	28,620
147,473	24,036
170,598	385,138
479,097	570,320
1,201,427	958,035
13,669	327
47,861	154,432
1,262,957	1,112,794
1,742,054	1,683,114

Note 27 (a) - Amount due to contract customers

2013 RM'000	2012 RM'000
(332,231)	(150,522)
(18,502)	(8,786)
(350,733)	(159,308)
498,206	183,344
147,473	24,036
–	–
147,473	24,036
147,473	24,036

Development costs
Attributable profits
Progress billings
Amount due from contract customers
Amount due to contract customers

2013 RM'000	2012 RM'000
(332,231)	(150,522)
(18,502)	(8,786)
(350,733)	(159,308)
498,206	183,344
147,473	24,036
–	–
147,473	24,036
147,473	24,036





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

28. Takaful liabilities

	Group	
	2013 RM'000	2012 RM'000
Expense reserves	131,522	89,486
Takaful payables		
- Due to re-Takaful companies	61,359	31,743
- Due to intermediaries/participants	14,069	11,383
Takaful contract liabilities		
- Provision for outstanding claims	861,274	733,074
- Provision for unearned contributions	296,425	295,439
- Participants' fund	4,717,352	4,419,630
	6,082,001	5,580,755

29. Finance lease

	Group	
	2013 RM'000	2012 RM'000
Payable within:		
Less than one year	102	107
Between one and five years	530	308
	632	415

Finance lease liabilities are payable as follows:

	Payments RM'000	Financing cost RM'000	Principal RM'000
2013			
Less than one year	115	13	102
Between one and five years	581	51	530
	696	64	632
2012			
Less than one year	117	10	107
Between one and five years	353	45	308
	470	55	415

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

30. Financing

	Group	
	2013 RM'000	2012 RM'000
Current:		
Unsecured		
Revolving credit	1,000	500
Secured		
Trust receipts	1,711	–
Term financing	26,264	66,866
	28,975	67,366
Non-current:		
Secured		
Term financing	180,630	321,276
Murabahah financing	1,206,675	–
	1,387,305	321,276
	1,416,280	388,642

Leasehold land and marine vessels of subsidiaries with a net carrying amount of RM21,820,000 (2012: RM22,275,000) and RM388,542,000 (2012: RM411,877,000) were pledged as security for term financing.

In financial year 2013, a foreign subsidiary has entered into a Murabahah financing and pledged its investment properties at fair value of RM2,068,375,000.

Financing are payable as follows:

	Group	
	2013 RM'000	2012 RM'000
Less than one year	28,975	69,848
Between one and five years	1,318,536	282,514
More than five years	68,769	36,280
	1,416,280	388,642

31. Deferred income

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Development fund	10,908	11,220	10,908	11,220
Less : Amortised to statement of income during the year	(311)	(312)	(311)	(312)
	10,597	10,908	10,597	10,908

Deferred income in respect of accumulated development fund represents grant from the Government for the construction of Haj pilgrims complexes at Bayan Lepas, Pulau Pinang and Kota Kinabalu, Sabah.





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

32. Provision for retirement benefits

	Group		TH	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
At 1 January	223,901	222,487	223,787	199,921
Adjustments relating to the amendments FRS 119	9,625	–	9,625	–
Provision for the year	195,851	38,139	195,778	29,671
Payment during the year	(37,969)	(5,820)	(37,969)	(5,805)
Foreign exchange difference	6	(2,718)	–	–
Reclassification to liabilities related to assets held for sale	–	(28,187)	–	–
At 31 December	391,414	223,901	391,221	223,787

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

	Group		TH	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded retirement benefit plan	391,414	223,901	391,221	223,787

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

	Group		TH	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current service cost	177,776	16,613	177,703	10,921
Interest cost	18,075	19,212	18,075	16,658
Actuarial losses	–	2,314	–	2,092
Total	195,851	38,139	195,778	29,671

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	
	2013	2012	2013	2012
	%	%	%	%
Inflation rate	3.0 - 5.0	3.0 - 7.0	3.0 - 5.0	3.0 - 5.0
Discount rate	6.6	6.6 - 12.0	6.6	6.6
Salary increment rate	9.0	9.0 - 11.0	9.0	9.0



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

TH sponsors several plans generally on an unfunded basis. These plans are briefly described as follows:

Types of retirement benefits

(i) Post employment medical benefits

TH sponsors a post-employment medical plan for its employees and dependents covering cost of medical treatment at private and/or government medical centres after the employees retire from TH. This plan operates on an unfunded basis, apart from the hospital/inpatient claims being partly insured by a Company's subsidiary up to a covered member's age of 65 years.

(ii) Cash award in lieu of annual leave upon retirement

TH sponsors a plan whereby employees are allowed to accumulate their annual leave up to a maximum of 120 or 150 days for purpose of converting it into cash at retirement.

(iii) Hajj package for retirees

TH offers employees and their dependants a Hajj trip as employees approach or attain retirement age.

(iv) Local gratuity plan

TH sponsors an unfunded retirement gratuity plan for their employees in Malaysia.

(v) Gratuity paid to staff stationed in Jeddah, Arab Saudi

TH sponsors an unfunded retirement gratuity plan for their employees stationed in Jeddah, Saudi Arabia.

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 2013	31 December 2012
Discount rate	6.0%	6.6%
Future medical cost inflation rate	5.0%	5.0%
Future salary increase rate, Malaysia	6.0%	9.0%
Haj package cost inflation rate	3.0%	5.0%
Future salary increase rate, Jeddah	4.0%	9.0%



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

32. 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 2013 were as follows:

	Post Employment Medical	Accumulate Anndual Leave	Hajj Package	Local Gratuity	Jeddah Gratuity	Total
Obligation (RM'000)	229,281	10,481	18,327	132,873	259	391,221
% of Total	58.6	2.6	4.7	34	0.1	100
Duration (Years)	22.9	11.1	8.4	11.2	11.5	17.8

Total Duration of 17.8 years reflects the weighted average of the individual plans by the defined benefit obligation.

(iv) Breakdown of Defined Benefit Obligation by type of liability

Defined benefit obligation as at the Valuation Date 31 December 2013 analysed by participant type were as follows:

		Headcount	Defined benefit obligation at 31 December 2013 RM'000
Active Participants	- Employees	1,761	251,083
	- Dependents	1,909	67,877
Retired Participants	- Employees	318	35,572
	- Dependents	538	28,085
Deceased Participants	- Dependents	144	8,604
Total		4,670	391,221

(v) Administrative expenses

We assumed that administrative expenses of the Plan are paid by **TH** and accounted for separately in the statements of income.

(vi) Curtailment, settlement & plan amendments

There was no events of curtailment or settlement in the past year 2013. The increase in retirement age since the previous valuation was reflected as plan amendment - past service cost/credit in 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

Significant actuarial assumptions & sensitivity analysis

(i) Significant actuarial assumptions

The new FRS 119 requires sensitivity analysis to be carried out at the end of reporting period from 1 January 2013. The analysis shows the impact on the defined benefit obligation for the year ended 2013.

Assumption	Base rate	Sensitivity analysis	Comparison rate	31 December 2013 RM '000
Discount rate	6.0%	1% increase	(14.2%)	(55,691)
Discount rate	6.0%	1% decrease	18.2%	71,239
Future medical cost inflation rate	5.0%	1% increase	13.3%	52,206
Future medical cost inflation rate	5.0%	1% decrease	(10.3%)	(40,253)
Future salary increases	6.0%	1% increase	4.1%	15,961
Future salary increases	6.0%	1% decrease	(3.6%)	(13,971)

The key assumptions identified to affect the valuation results are the discount rate, the medical cost inflation and the salary increase assumptions.

(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 Plan's end of year Defined Benefit Obligation. 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.

33. Depositors' savings fund

	Group/TH	
	2013 RM'000	2012 RM'000
At 1 January	38,284,221	31,694,409
Deposits during the year	15,660,747	13,801,268
Bonus to depositors for the year	2,631,908	2,457,846
	56,576,876	47,953,523
Less : Withdrawals during the year	(10,857,417)	(9,669,302)
At 31 December	45,719,459	38,284,221





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

34. Revenue and gross profit

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue				
Investment	1,670,200	1,709,997	2,725,823	1,984,049
Dividends	366,492	340,733	484,753	549,957
Islamic banking	2,809,395	2,473,953	–	–
Plantations	452,751	485,155	–	–
Services	465,654	589,171	5,686	7,644
Properties	537,614	93,127	305,290	212,313
Construction contracts	63,970	51,305	–	–
	6,366,076	5,743,441	3,521,552	2,753,963
Less:				
Cost of sales				
Direct expenses attributable to investment of banking depositors' and shareholders' funds	25,773	31,153	–	–
Plantations	322,020	352,479	–	–
Services	408,738	358,778	–	–
Properties	92,861	61,945	–	–
Construction contracts	50,184	35,678	–	–
	899,576	840,033	–	–
Gross profit	5,466,500	4,903,408	3,521,552	2,753,963

35. Income attributable to banking depositors

	Group/TH	
	2013 RM'000	2012 RM'000
Deposits from customers		
- Mudharabah fund	477,031	364,491
- Non Mudharabah fund	155,773	190,924
Deposits and placements of banks and other financial institutions		
- Mudharabah fund	19,237	11,772
- Non Mudharabah fund	4,495	–
	656,536	567,187



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

36. Operating profit

Operating profit was arrived at after crediting/(charging):

Dividend income

- quoted subsidiaries
- unquoted subsidiaries
- quoted associates
- unquoted associates
- jointly controlled entities
- quoted shares
- unquoted shares
- fund managers
- unit trusts

Return from fund managers

Gain/(Loss) on disposals of

- quoted subsidiaries
- unquoted subsidiaries
- quoted associates
- unquoted associates

Gain/(Loss) on trading of equities

- quoted shares
- unquoted shares
- fund managers

Gain from capital repayment

Net derivatives gain

Gain on debt securities

Profit from financing to subsidiaries

Profit/(Loss) from corporate financing

Returns from corporate notes

Gain on negotiable debt certificates

Rental income

Gain/(Loss) on disposal of property, plant and equipment

Gain on disposal of investment properties

Property, plant and equipment written off

Plantation development expenditure written off

Write back of

- doubtful debts
- equity investments

Net gain on foreign exchange differences

Amortisation of intangible assets

Depreciation of property, plant and equipment

Audit fees

Rental of premises

Provision for retirement benefits

Staff costs

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
	–	–	51,629	135,741
	–	–	40,597	54,338
	–	–	–	1,541
	–	–	27,323	17,439
	–	–	2,865	238
	290,447	289,690	290,447	289,682
	18,232	20,694	18,140	17,477
	29,147	12,569	25,087	12,659
	28,667	20,842	28,667	20,842
	4,061	3,807	4,061	3,807
	–	–	46,940	18,224
	–	–	705,163	116,349
	4,145	237,386	4,145	414,896
	(35,820)	–	(35,820)	–
	868,752	534,600	868,752	534,600
	(1,063)	29,593	(1,063)	29,593
	53,633	31,004	53,633	31,004
	556	841	556	841
	93,483	21,153	84,320	11,348
	470,108	516,131	518,369	516,131
	–	–	144,004	48,573
	(80)	246	(80)	246
	209	3,785	209	3,785
	91,008	60,873	91,008	60,873
	413,082	216,528	310,976	219,957
	6,955	(7,635)	8,249	(7,561)
	–	1,000	–	1,000
	(5,528)	(4,640)	(50)	(1)
	–	(70,572)	–	–
	79	2,697	79	12
	43,442	12,568	43,442	12,568
	146,275	8,719	146,249	6,841
	(8,236)	(8,236)	–	–
	(159,256)	(159,535)	(26,454)	(29,835)
	(3,687)	(3,514)	(258)	(234)
	(72,346)	(66,018)	(11,514)	(10,166)
	(195,851)	(38,139)	(195,778)	(29,671)
	(960,963)	(823,044)	(225,150)	(179,577)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

37. Impairment and write off

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Impairment				
- quoted shares	394,494	62,549	394,494	62,549
- unquoted shares	–	1,357	–	1,357
- debt securities	13,446	–	13,446	–
- associates	–	53,229	–	53,229
- receivables	39	1,069	39	402
Allowance for losses on financing undertaken by banking operations	(11,368)	77,429	–	–
Others written off	83	–	83	–
Changes in fair value of investment properties	20,118	15,914	25,274	16,009
Changes in fair value of derivatives	(127,773)	2,455	(127,773)	2,455
	289,039	214,002	305,563	136,001

38. Zakat

Zakat refers to payment of business zakat mandatorily imposed upon **TH** and its subsidiaries in accordance with the Syariah 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.

39. Tax expense

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Subsidiaries				
- Current year	321,011	247,447	19,346	28,371
- Under/(Over) provision in prior years	10,035	(410)	–	–
	331,046	247,037	19,346	28,371
Deferred tax				
- Current year	(32,090)	(2,036)	–	–
- Prior years	(6,703)	224	–	–
	292,253	245,225	19,346	28,371

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

39. Tax expense (cont'd.)

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	2,653,387	2,406,569	2,653,139	2,117,961
Income tax using Malaysian tax rate of 25% (2012: 25%)	663,347	601,642	663,285	529,490
Non deductible expenses	63,129	48,837	–	–
Non assesable income	(696,731)	(608,921)	(643,939)	(501,119)
Effect of unrecognised deferred tax	4,015	28,002	–	–
Recognition of deferred tax assets previously not recognised	(19,777)	–	–	–
Share of tax of associates	2,704	(6,693)	–	–
Share of tax of jointly controlled entities	(5,857)	1,546	–	–
Others	278,090	180,998	–	–
	288,920	245,411	19,346	28,371
Under/(Over) provision in prior years				
- Current	10,036	(410)	–	–
- Deferred tax	(6,703)	224	–	–
	292,253	245,225	19,346	28,371

40. Profits from discontinued operations

On 20 April 2012, two investment holding subsidiaries, TH Indopalms Sdn. Bhd. and TH Indo Industries Sdn. Bhd. had signed a conditional sale and purchase agreement with a third party regarding the proposed sale of PT TH Indo Plantations, a subsidiary involved in cultivation of oil palm, processing and marketing of palm products operating in Riau Sumatra, Indonesia.

On 17 March 2014, transfer of shareholding in PT TH Indo Plantations to the buyer has been officially registered in the information system database of Administrative Agency Law Ministry of Law and Human Rights Republic of Indonesia. The financial effect of the sale will be recognized in the financial statements for the year ended 31 December 2014.

The assets and liabilities of the subsidiary were shown in the statement of financial position as assets and liabilities held for sale and the results of subsidiaries were shown separately in the statements of income of the Group as discontinued operations. Total investments in these subsidiaries have been classified to assets held for sale in the statements of financial position of **TH**.





NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

40. Profits from discontinued operations (cont'd.)

	Group		TH	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income	532,856	559,081	–	56,270
Expenses	(370,138)	(408,411)	–	–
Operating profit	162,718	150,670	–	56,270
Financing costs	–	(96,444)	–	–
Share of profit of jointly controlled entities	8,688	15,838	–	–
Profit before tax	171,406	70,064	–	56,270
Tax expense	(22,120)	17,333	–	–
Profit for the year	149,286	87,397	–	56,270
Included in expenses are:				
Depreciation of property, plant and equipment	76,886	79,616	–	–
Provision for retirement benefits	7,931	8,406	–	–

Profits from discontinued operations were attributable entirely to depositors of **TH**.

	Group	
	2013 RM'000	2012 RM'000
Cash flows generated from / (used in) discontinued operations		
Net cash generated from operating activities	194,122	62,374
Net cash used in investing activities	(20,615)	(70,790)
Net cash generated from/(used in) financing activities	(140,962)	1,605
Net cash flow	32,545	(6,811)



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

41. Net surplus of Tabung Kebajikan Jemaah Haji Malaysia (“TKJHM”) and Tabung Warga Tua (“TWT”)

	Group/TH	
	2013 RM'000	2012 RM'000
Surplus for the year:		
- TKJHM	9,881	10,847
- TWT	102	(1)
	9,983	10,846

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	
	2013 RM'000	2012 RM'000
Receipts and income	22,413	20,255
Less:		
Expenses and donations	(11,629)	(8,497)
Depreciation (Note 23(a))	(903)	(911)
Net surplus for the year	9,881	10,847

42. Bonus to depositors

For the year ended 31 December 2013, **TH** has announced an annual bonus at the rate of 6% and hajj bonus at the rate of 2%. The annual bonus is given to all depositors active on 31 December 2013 while the hajj Bonus is a special bonus to **TH** depositors who have not performed their hajj yet and limited to the current hajj fee (RM9,980).

For the year ended 31 December 2012, **TH** has announced an annual bonus at the rate of 6.5% and a special bonus at the rate of 1.5% given to all active depositors at 31 December 2012 to commemorate the Golden Jubilee anniversary **TH** 50-year.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

43. Other reserves

Group	Capital reserve RM'000	Revaluation reserve RM'000	Statutory reserve RM'000	Employees' shares option scheme reserve RM'000	Total RM'000
At 1 January 2013	5,760	3,406	301,913	6,211	317,290
Issuance of shares pursuant to employees' share option scheme	–	–	–	(1,491)	(1,491)
Transfer to statutory reserve	–	(639)	123,233	–	122,594
Changes in Group structure	122	–	–	–	122
At 31 December 2013	5,882	2,767	425,146	4,720	438,515
At 1 January 2012	5,754	20,637	196,666	7,047	230,104
Share of other comprehensive income of associates	–	(17,231)	–	–	(17,231)
Issuance of shares pursuant to employees' share option scheme	–	–	–	(836)	(836)
Transfer to statutory reserve	–	–	105,247	–	105,247
Changes in Group structure	6	–	–	–	6
At 31 December 2012	5,760	3,406	301,913	6,211	317,290



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

44. Segment information

2013	Investment RM'000	Banking & Takaful RM'000	Plantation RM'000	Others RM'000	Adjustments RM'000	Total consolidated RM'000
Revenue						
Revenue from external customers	2,426,212	2,809,395	452,842	677,627	–	6,366,076
Inter-segment revenue	1,095,341	–	17,110	111,800	(1,224,251)	–
Total	3,521,553	2,809,395	469,952	789,427	(1,224,251)	6,366,076
Profit for the year						
Operating profit	3,011,602	811,757	96,669	191,771	(1,065,505)	3,046,294
Financing costs						(23,858)
Impairment and write off						(289,039)
Zakat						(69,640)
Share of loss after tax and zakat of associates						13,059
Share of profit after tax and zakat of jointly controlled entities						(23,429)
Tax expense						(292,253)
Profit for the year from continuing operations	3,011,602	811,757	96,669	191,771	(1,065,505)	2,361,134
Profit from discontinued operations	–	–	149,286	–	–	149,286
Total	3,011,602	811,757	245,955	191,771	(1,065,505)	2,510,420
Segment sssets						
Assets by segment	48,020,006	49,605,353	7,195,885	4,252,128	(16,535,759)	92,537,613
Investments in associates	757,748	1	–	23,584	168,863	950,196
Deferred tax assets	–	69,191	–	6,856	–	76,047
Total	48,777,753	49,674,545	7,195,885	4,282,568	(16,366,896)	93,563,856
Segment liabilities						
Liabilities by segment	608,761	46,624,605	2,198,357	3,231,219	(8,789,180)	43,873,762
Deferred tax liabilities	–	–	300,017	441	(157,391)	143,067
Total	608,761	46,624,605	2,498,374	3,231,660	(8,946,571)	44,016,829



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

44. Segment information (cont'd.)

2012	Investment RM'000	Banking & Takaful RM'000	Plantation RM'000	Others RM'000	Adjustments RM'000	Total consolidated RM'000
Revenue						
Revenue from external customers	2,260,930	2,473,953	485,228	521,330	–	5,743,441
Inter-segment revenue	491,033	–	23,344	190,622	(704,999)	–
Total	2,753,963	2,473,953	508,572	711,952	(704,999)	5,743,441
Profit for the year						
Operating profit	2,301,062	793,136	155,866	67,123	(587,250)	2,729,937
Financing costs						(30,554)
Impairment and write off						(214,002)
Zakat						(58,222)
Share of loss after tax and zakat of associates						(26,772)
Share of profit after tax and zakat of jointly controlled entities						6,182
Tax expense						(245,225)
Profit for the year from continuing operations	2,301,062	793,136	155,866	67,123	(587,250)	2,161,344
Profit from discontinued operations	–	–	87,397	–	–	87,397
Total	2,301,062	793,136	243,263	67,123	(587,250)	2,248,741
Segment assets						
Assets by segment	39,751,266	43,862,938	6,724,280	2,168,484	(9,496,285)	83,010,683
Investments in associates	809,328	22,913	–	31,365	119,962	983,568
Deferred tax assets						64,451
Total	40,560,594	43,885,851	6,724,280	2,199,849	(9,376,323)	84,058,702
Segment liabilities						
Liabilities by segment	435,300	40,111,519	1,782,712	1,443,686	(2,851,981)	40,921,236
Deferred tax liabilities						110,788
Total	435,300	40,111,519	1,782,712	1,443,686	(2,851,981)	41,032,024

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

45. Capital commitment

Contracted but not accounted for in the financial statements:

Property, plant and equipment

Investment property

Property development costs

Investments

Authorised but not contracted for:

Property, plant and equipment

Investment property

Plantation development expenditure

Investments

46. Transactions with related parties

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 21), associates (Note 20), jointly controlled entities (Note 19), Directors and key management personnel (Note 46(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:

	Group			
	Transaction value for the year ended 31 December		Balance outstanding at 31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Jointly controlled entities				
	Amount due from			
	61,449	6,808	61,449	6,808
	13,669	327	13,669	327





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

46. Transactions with related parties (cont'd.)

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

	<i>TH</i>			
	Transaction value for the year ended 31 December		Balance outstanding at 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Subsidiaries				
Dividend	92,227	246,348	140,270	150,204
Financing	344,340	1,405,194	2,084,739	1,678,789
Profit from financing	144,004	48,573	102,221	13,586
Amount due	6,834	9,037	43,001	30,045
Debt securities	1,598,800	250,000	1,998,800	400,000
Associates				
Dividend	27,323	18,980	–	–
Debt securities	50,000	–	50,000	–

(b) Remuneration of directors and key management personnel

	Group		<i>TH</i>	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors:				
Fees and other emoluments	11,212	11,307	804	793
Other key management personnel:				
Short term employee benefits	71,697	53,617	22,299	17,818

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

47. 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 banking 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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

Credit risk (cont'd.)

- 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			
2013			
Between 1 and 30 days	390,235	-	390,235
Due from due 31 to 60 days	9,493	-	9,493
Due from 61 to 90 days	36,838	(3,100)	33,738
Due more than 90 days	99,304	(1,877)	97,427
	535,870	(4,977)	530,893
2012			
Between 1 and 30 days	1,319,858	-	1,319,858
Due from due 31 to 60 days	54,271	-	54,271
Due from 61 to 90 daysi	46,188	(2,953)	43,235
Due more than 90 days	20,091	(1,419)	18,672
	1,440,408	(4,372)	1,436,036

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

47. 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 2013 (cont'd.)

48. 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

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.

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 2013 (cont'd.)

48. 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.

2013	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Group										
Financial assets										
Derivative assets	23,923	29,118	–	53,041	–	–	–	–	53,041	53,041
Securities held-for-trading	172,036	1,233,162	–	1,405,198	–	–	–	–	1,405,198	1,405,198
Securities available-for-sale	11,875,173	21,690,603	304,116	33,869,892	–	2,801,527	467,794	3,269,321	37,139,213	37,137,618
Financing	–	–	–	–	–	–	24,040,733	24,040,733	24,040,733	23,740,948
Securities held-to-maturity	–	–	–	–	10,451	2,892,470	85,318	2,988,239	2,988,239	2,967,935
	12,071,132	22,952,883	304,116	35,328,131	10,451	5,693,997	24,593,845	30,298,293	65,626,424	65,304,740
Financial liabilities										
Derivative liabilities	–	13,565	–	13,565	–	–	–	–	13,565	13,565
Financing	–	–	–	–	–	–	1,416,280	1,416,280	1,416,280	1,416,280
	–	13,565	–	13,565	–	–	1,416,280	1,416,280	1,429,845	1,429,845
TH										
Financial assets										
Derivative assets	149,510	–	–	149,510	–	–	–	–	149,510	149,510
Securities available-for-sale	10,791,635	6,574,419	–	17,366,054	–	2,861,527	433,313	3,294,840	20,660,894	20,660,894
Securities held-to-maturity	–	–	–	–	–	4,498,837	–	4,498,837	4,498,837	4,498,837
	10,941,145	6,574,419	–	17,515,564	–	7,360,364	433,313	7,793,677	25,309,241	25,309,241



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (cont'd.)

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

Fair value information (cont'd.)

2012	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value*	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000		
Group							
Financial assets							
Derivative assets	9,066	16,736	–	25,802	–	25,802	25,802
Securities held-for-trading	72,083	1,699,112	59,662	1,830,857	–	1,830,857	1,831,606
Securities available-for-sale	10,139,317	22,996,843	245,604	33,381,764	2,475,890	35,857,654	35,854,894
Financing	–	–	–	–	19,942,568	19,942,568	19,508,612
Securities held-to-maturity	–	–	–	–	2,172,852	2,172,852	2,468,721
	10,220,466	24,712,691	305,266	35,238,423	24,591,310	59,829,733	59,689,635
Financial liabilities							
Derivative liabilities	–	14,339	–	14,339	–	14,339	14,339
Financing	–	–	–	–	388,642	388,642	388,642
	–	14,339	–	14,339	388,642	402,981	402,981
TH							
Financial assets							
Derivative assets	9,066	–	–	9,066	–	9,066	9,066
Securities available-for-sale	9,418,402	7,169,748	–	16,588,150	2,464,033	19,052,183	19,052,183
Securities held-to-maturity	–	–	–	–	2,400,000	2,400,000	2,400,000
	9,427,468	7,169,748	–	16,597,216	4,864,033	21,461,249	21,461,249

* Comparative figures have not been analysed by levels, by virtue of transactional provision given in Appendix C2 of FRS 13



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 *(cont'd.)*

49. Contingent liabilities

	Group	
	2013 RM'000	2012 RM'000
Guarantees		
i) Bank guarantee issued to trade customers	5,886	6,847
ii) Corporate guarantee issued for banking facilities extended to subsidiary companies	57,000	48,500
iii) Corporate guarantee issued for banking facilities extended to associate companies	2,380	2,380
Litigation		
A minority shareholder of a subsidiary in Indonesia has taken civil legal action in the District Court, South Jakarta against certain subsidiaries of the Group. Based on legal advice, the settlement amount involved cannot be estimated because the case is still in negotiation stage. The majority shareholder has filed an appeal to the High Court in Jakarta on 7 February 2014 against the decision made by the South Jakarta District Court.		

50. Acquisition of subsidiaries

i) Acquisition of Bumi Suria Ventures Sdn. Bhd.	
On 27 Februari 2013, TH Plantations Bhd., a subsidiary of TH , acquired 100% shares in Bumi Suria Ventures Sdn. Bhd. ("BSV") for RM221,699,000 satisfied in cash. BSV is involved in oil palm plantations. The acquisition of BSV has further expanded the plantation operations in Sarawak. The financial impact on the consolidated financial statements of the Group arising from the acquisition are as follows:	
	RM'000
Total consideration transferred	221,699
Fair value of net assets:	
Fair value of total net assets of BSV	
Property, plant and equipment	282,485
Plantation development expenditure	74,121
Inventories	838
Trade and other receivable	1,206
Cash and bank balances	10
Trade and other payable	(55,701)
Loans and borrowings	(51,765)
Deffered tax liabilities	(57,284)
	193,910
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	221,699
Cash and cash equivalents	(10)
	221,689



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 *(cont'd.)*

50. Acquisition of subsidiaries *(cont'd.)*

i) Acquisition of Bumi Suria Ventures Sdn. Bhd. <i>(cont'd.)</i>	RM'000
Goodwill	
Total consideration transferred	221,699
Fair value of identifiable net assets BSV	(193,910)
Goodwill recognised as a result of acquisitions	27,789
ii) Acquisition of Maju Warisanmas Sdn. Bhd.d	
On 27 February 2013, TH Plantations Bhd., a subsidiary of TH, acquired 100% shares in Maju Warisanmas Sdn. Bhd. ("MWM") for RM42,494,000 satisfied in cash. MWM is involved in letting of investment property. The acquisition of MWM has further expanded the Group's operation into Sarawak. The financial impact on the consolidated financial statements of the Group arising from the acquisition are as follows:	
	RM'000
Total consideration transferred	42,494
Fair value of total net assets of MWM	
Property, plant and equipment	13,775
Trade and other receivable	430
Cash and bank balances	46
Trade and other payable	(66)
Deffered tax liabilities	(3,312)
	10,873
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	42,494
Cash and cash equivalents	(46)
	42,448
Goodwill	
Total consideration transferred	42,494
Fair value of identifiable net assets MWM	(10,873)
Goodwill recognised as a result of acquisitions	31,621

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 *(cont'd.)*

51. Prior year adjustments and comparative figures

In previous financial years, tax expenses arising from dividend income received from a subsidiary were not eliminated at banking consolidation. As a result, the consolidated net profit attributable to **TH** had been understated, and correspondingly the Group's net tax liabilities had been overstated, by the following amount:

	RM'000
For financial years prior to 1 January 2012	37,246
For financial year ended 31 December 2012	23,951

Adjustments had been applied retrospectively with the comparative amounts restated as follows:

	As previously reported RM'000	As restated RM'000
Group		
Statements of Profit or Loss and other Comprehensive Income		
For the year ended 31 December 2012		
Tax expense	(269,176)	(245,255)
Profit for the year	2,224,790	2,248,741
Profit for the year attributable to depositors of TH	1,891,058	1,915,009
Total comprehensive income for the year	3,931,235	3,955,186
Total comprehensive income for the year attributable to depositors of TH	3,595,455	3,619,406

Statements of Financial Position

As at 31 December 2012

Current tax assets	91,866	124,152
Zakat and taxation	105,056	76,145
Reserves	2,098,857	2,160,054

As at 1 January 2012

Current tax assets	123,408	143,839
Zakat and taxation	168,611	151,796
Reserves	866,262	903,508

Statements of changes in equity

For the financial year ended 31 December 2012

Accumulated losses at 1 January 2012	1,173,856	1,211,102
Accumulated losses at 31 December 2012	580,851	642,048