

**MEMBINA  
MASA HADAPAN  
YANG BERMANFAAT  
UNTUK SEMUA**



# GROWING A FRUITFUL FUTURE FOR ALL

> 226

## 226 FINANCIAL STATEMENTS

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**REPORT OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
LEMBAGA TABUNG HAJI  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Lembaga Tabung Haji and the Group, which comprise the Statements of Financial Position as at 31 December 2014 and Statements of Income And Statements of Comprehensive Income, Statements of Changes in Fund and Statements of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Board's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are

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

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

*Opinion*

In my opinion, the financial statements give a true and fair view of the financial position of the Lembaga Tabung Haji and the Group as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with the approved financial reporting standards in Malaysia.

I have considered the financial statements and 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 these financial statements have been consolidated with the Lembaga Tabung Haji financial statements in appropriate form and content, proper for the purposes of the preparation of the financial statements. I have received satisfactory information and explanations required by me for those purposes. The auditors' reports on the financial statements of the subsidiary companies were not subjected to any observations that could affect these financial statements.

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

PUTRAJAYA  
25 JUNE 2015





# STATEMENT BY CHAIRMAN AND A MEMBER OF THE BOARD OF DIRECTORS

We, DATUK SERI PANGLIMA ABDUL AZEEZ ABDUL RAHIM and TAN SRI DATO' SETIA 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 Fund 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 2014 and of the results and cash flows for the year ended on that date.

On behalf of the Board,

**DATUK SERI PANGLIMA ABDUL AZEEZ ABDUL RAHIM**  
**CHAIRMAN**

Tabung Haji Building  
201, Jalan Tun Razak  
**50400 Kuala Lumpur**

On behalf of the Board,

**TAN SRI DATO' SETIA ISMEE ISMAIL**  
**GROUP MANAGING DIRECTOR**  
**AND CHIEF EXECUTIVE OFFICER**

Tabung Haji Building  
201, Jalan Tun Razak  
**50400 Kuala Lumpur**

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

I, DATUK ROZAIDA OMAR, being the principal officer primarily responsible for the financial management and accounting records of LEMBAGA TABUNG HAJI, do solemnly and sincerely declare that the Statements of Financial Position, Statements of Income, Statements of Comprehensive Income, Statements of Changes in Fund and Statements of Cash 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 : 16 June 2015

**DATUK ROZAIDA OMAR**  
**GROUP CHIEF FINANCIAL OFFICER**

Before me:



## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014 (cont'd.)

		Group		TH	
	Note	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
<b>Liabilities</b>					
Deposits from banking customers	25	38,368,726	32,410,964	–	–
Deposits and placements of banks and other financial institutions	26	300,000	1,529,975	–	–
Derivative liabilities	6	32,407	13,565	–	–
Liabilities held for sale	9	–	174,085	–	–
Provision for zakat and tax		129,826	102,195	57,931	54,394
Trade and other payables	27	2,329,778	1,742,054	270,162	152,548
Takaful liabilities	28	6,323,577	6,082,001	–	–
Finance lease	29	412	632	–	–
Financing	30	1,932,083	1,416,280	–	–
Deferred income	31	32,425	10,597	10,286	10,597
Deferred tax liabilities	18	144,717	143,067	–	–
Provision for retirement benefits	32	406,731	391,414	406,615	391,221
<b>Total liabilities</b>		<b>50,000,682</b>	<b>44,016,829</b>	<b>744,994</b>	<b>608,760</b>
<b>Fund represented by:</b>					
Depositors' savings fund	33	54,357,750	45,719,459	54,357,750	45,719,459
Reserves		1,149,114	2,270,728	(351,463)	2,449,534
Total <b>TH</b> depositors' fund		<b>55,506,864</b>	<b>47,990,187</b>	<b>54,006,287</b>	<b>48,168,993</b>
Non-controlling interests		1,530,521	1,556,840	–	–
<b>Total fund</b>		<b>57,037,385</b>	<b>49,547,027</b>	<b>54,006,287</b>	<b>48,168,993</b>
<b>Total liabilities and fund</b>		<b>107,038,067</b>	<b>93,563,856</b>	<b>54,751,281</b>	<b>48,777,753</b>

*The notes set out on pages 240 to 314 form an integral part of these financial statements.*

STATEMENTS OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		TH	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	34	7,601,242	6,366,076	2,979,041	3,521,552
Cost of sales		(1,018,094)	(899,576)	–	–
Gross profit	34	6,583,148	5,466,500	2,979,041	3,521,552
Other income		591,363	230,648	310,263	208,795
Income attributable to banking depositors	35	(776,932)	(656,536)	–	–
Administrative expenses		(1,627,927)	(1,648,036)	(443,689)	(407,254)
Other expenses		(303,724)	(346,282)	(62,548)	(311,491)
Operating profit	36	4,465,928	3,046,294	2,783,067	3,011,602
Financing costs		(59,940)	(23,858)	–	–
Impairment and write off	37	565,537	(289,039)	252,901	(305,563)
Zakat	38	(74,426)	(69,640)	(57,000)	(52,900)
Share of (loss)/profit after tax and zakat of associates		(12,340)	13,059	–	–
Share of loss after tax and zakat of jointly controlled entities		(12,153)	(23,429)	–	–
Profit before tax		4,872,606	2,653,387	2,978,968	2,653,139
Tax expense	39	(257,145)	(292,253)	–	(19,346)
Profit from continuing operations		4,615,461	2,361,134	2,978,968	2,633,793
Profit from discontinued operations	40	–	149,286	–	–
Profit for the year		4,615,461	2,510,420	2,978,968	2,633,793
Profit for the year attributable to:					
Depositors of TH		4,305,235	2,153,033	2,978,968	2,633,793
Non-controlling interests		310,226	357,387	–	–
		4,615,461	2,510,420	2,978,968	2,633,793



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		TH	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the year		4,615,461	2,510,420	2,978,968	2,633,793
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Share of other comprehensive (loss)/income of associates		(18,119)	8,503	–	–
Share of other comprehensive (loss)/income of jointly controlled entities		(2,917)	243	–	–
Changes in fair value of securities available-for-sale		(2,431,670)	483,890	(2,423,892)	597,057
Transfers to reserves		(24,553)	(14,547)	–	–
Currency translation differences in respect of foreign operations		(18,111)	(27,843)	–	–
		(2,495,370)	450,246	(2,423,892)	597,057
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of retirement benefit liability		(24,459)	(9,625)	(24,459)	(9,625)
Net surplus of TKJHM and TWT	41	6,085	9,983	6,085	9,983
		(18,374)	358	(18,374)	358
Total other comprehensive income		(2,513,744)	450,604	(2,442,266)	597,415
Total comprehensive income for the year		2,101,717	2,961,024	536,702	3,231,208
Total comprehensive income for the year attributable to:					
Depositors of TH		1,790,466	2,667,657	536,702	3,231,208
Non-controlling interests		311,251	293,367	–	–
		2,101,717	2,961,024	536,702	3,231,208

The notes set out on pages 240 to 314 form an integral part of these financial statements.



STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2014

Group	Note	Attributable to Depositors of <i>TH</i>						Total RM'000		
		Depositors' savings fund RM'000	Accumulated reserve of TKJHM and TWT RM'000	Other reserves (Note 43) RM'000	Non-distributable		Distributable		Total <i>TH</i> depositors' fund RM'000	Non-controlling interests RM'000
					Retained earnings RM'000	Total <i>TH</i> depositors' fund RM'000				
At 1 January 2014		45,719,459	317,784	1,750,233	202,711	47,990,187	1,556,840	49,547,027		
Remeasurement of retirement benefit liability		-	-	-	(34,312)	(34,312)	-	(34,312)		
Changes in fair value of securities available-for-sale		-	-	(2,453,388)	-	(2,453,388)	(2,835)	(2,456,223)		
Currency translation differences in respect of foreign operations		-	-	(33,154)	-	(33,154)	3,860	(29,294)		
Net surplus of TKJHM and TWT		-	6,085	-	-	6,085	-	6,085		
Total other comprehensive income for the year		-	6,085	(2,486,542)	(34,312)	(2,514,769)	1,025	(2,513,744)		
Profit for the year		-	-	-	4,305,235	4,305,235	310,226	4,615,461		
<b>Total comprehensive income for the year</b>		-	6,085	(2,486,542)	4,270,923	1,790,466	311,251	2,101,717		
Contributions and distributions to depositors of <i>TH</i> :										
- Net deposits for the year		5,401,095	-	-	-	5,401,095	-	5,401,095		
- Reduction for the year		-	(100,503)	-	-	(100,503)	-	(100,503)		
- Depositors' bonus:	42									
- Annual bonus		2,988,053	-	-	(2,988,053)	-	-	-		
- Hajj bonus		249,143	-	-	(249,143)	-	-	-		
- Dividends paid to non-controlling interests		-	-	-	-	-	(224,232)	(224,232)		
- Issuance of shares to non-controlling interests		-	-	-	-	-	-	-		
- Issuance of shares pursuant to ESOS of subsidiaries		-	-	2,551	-	2,551	7,872	10,423		
Total transactions with depositors of <i>TH</i>		8,638,291	(100,503)	2,551	(3,237,196)	5,303,143	(216,360)	5,086,783		
Changes in Group structure		-	-	225,536	91,082	316,618	(5,227)	311,391		
Transfers between reserves		-	-	286,547	(180,097)	106,450	(115,983)	(9,533)		
At 31 December 2014		54,357,750	223,366	(221,675)	1,147,423	55,506,864	1,530,521	57,037,385		

STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

Group	Note	Attributable to Depositors of <i>TH</i>						Total RM'000
		Depositors' savings fund RM'000	Accumulated reserve of TKJHM and TWT RM'000	Other reserves (Note 43) RM'000	Non-distributable		Distributable	
					Retained earnings RM'000	Total <i>TH</i> depositors' fund RM'000	Non-controlling interests RM'000	
At 1 January 2013		38,284,221	298,640	1,219,366	642,048	40,444,275	2,582,403	43,026,678
Remeasurement of retirement benefit liability		—	—	—	(9,625)	(9,625)	—	(9,625)
Changes in fair value of securities available-for-sale		—	—	542,109	—	542,109	(64,020)	478,089
Currency translation differences in respect of foreign operations		—	—	(27,843)	—	(27,843)	—	(27,843)
Net surplus of TKJHM and TWT		—	9,983	—	—	9,983	—	9,983
Total other comprehensive income for the year		—	9,983	514,266	(9,625)	514,624	(64,020)	450,604
Profit for the year		—	—	—	2,153,033	2,153,033	357,387	2,510,420
<b>Total comprehensive income for the year</b>		—	9,983	514,266	2,143,408	2,667,657	293,367	2,961,024
Contributions and distributions to depositors of <i>TH</i> :								
- Net deposits for the year		4,803,330	—	—	—	4,803,330	—	4,803,330
- Additions for the year		—	9,161	—	—	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)	(99,339)
- Issuance of shares to non-controlling interests		—	—	—	—	—	2,036	2,036
- Issuance of shares pursuant to ESOS of subsidiaries		—	—	(1,491)	—	(1,491)	—	(1,491)
Total transactions with depositors of <i>TH</i>		7,435,238	9,161	(1,491)	(2,625,480)	4,817,428	(103,731)	4,713,697
Changes in Group structure		—	—	122	164,634	164,756	(1,215,199)	(1,050,443)
Transfers between reserves		—	—	17,970	(121,899)	(103,929)	—	(103,929)
At 31 December 2013		45,719,459	317,784	1,750,233	202,711	47,990,187	1,556,840	49,547,027





STATEMENTS OF CHANGES IN FUND

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

TH	Note	Attributable to Depositors of TH				
		Non-distributable			Distributable	
		Depositors' savings fund RM'000	Fair value reserve RM'000	Accumulated reserve of TKJHM and TWT RM'000	Retained earnings RM'000	Total TH depositors' fund RM'000
At 1 January 2014		45,719,459	1,556,359	317,784	575,391	48,168,993
Remeasurement of retirement benefit liability		-	-	-	(24,459)	(24,459)
Net surplus of TKJHM and TWT		-	-	6,085	-	6,085
Changes in fair value of securities available-for-sale		-	(2,423,892)	-	-	(2,423,892)
Total other comprehensive income for the year		-	(2,423,892)	6,085	(24,459)	(2,442,266)
Profit for the year		-	-	-	2,978,968	2,978,968
Total comprehensive income for the year		-	(2,423,892)	6,085	2,954,509	536,702
Net deposits for the year		5,401,095	-	-	-	5,401,095
Reduction for the year		-	-	(100,503)	-	(100,503)
Depositors' bonus:	42					
- Annual bonus		2,988,053	-	-	(2,988,053)	-
- Hajj bonus		249,143	-	-	(249,143)	-
		3,237,196	-	-	(3,237,196)	-
At 31 December 2014		54,357,750	(867,533)	223,366	292,704	54,006,287
At 1 January 2013		38,284,221	959,302	298,640	583,131	40,125,294
Remeasurement of retirement benefit liability		-	-	-	(9,625)	(9,625)
Net surplus of TKJHM and TWT		-	-	9,983	-	9,983
Changes in fair value of securities available-for-sale		-	597,057	-	-	597,057
Total other comprehensive income for the year		-	597,057	9,983	(9,625)	597,415
Profit for the year		-	-	-	2,633,793	2,633,793
Total comprehensive income for the year		-	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

The notes set out on pages 240 to 314 form an integral part of these financial statements.

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2014

Note	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax from:				
Continuing operations	4,872,606	2,653,387	2,978,968	2,653,139
Discontinued operations	-	171,407	-	-
	4,872,606	2,824,794	2,978,968	2,653,139
Adjustments for:				
Depreciation of property, plant and equipment	172,494	159,256	26,422	26,454
Gain on disposal of property, plant and equipment	(22,663)	(6,977)	(10,042)	(8,271)
Gain on disposal of investment properties	(13)	-	-	-
Dividends from associates	-	-	(9,760)	(27,323)
Share of loss/(profit) after tax and zakat of associates	12,340	(13,059)	-	-
Share of loss after tax and zakat of jointly controlled entities	12,153	23,429	-	-
Gain on trading of equities	(821,645)	(921,322)	(821,645)	(921,322)
Gain on disposal of subsidiaries	(836,210)	-	(83,375)	(752,103)
Loss on disposal of associates	4,435	31,675	12,114	31,675
Gain on sale of securities	(2,109)	(19,931)	(2,109)	(19,931)
Gain on sale of other financial assets	-	(209)	-	(209)
Net derivatives losses/(gain)	1,184	(93,483)	(1,186)	(84,320)
Changes in fair value of derivatives	(5,021)	(127,773)	53,944	(127,773)
Loss from corporate financing	-	80	-	80
Profit from financing to subsidiaries	-	-	(72,074)	(144,004)
Gain from capital repayment	(790)	(556)	(790)	(556)
Gain on negotiable debt certificates	(128,209)	(91,008)	(128,209)	(91,008)
Impairment of quoted subsidiaries	-	-	47,312	-
Impairment of quoted associates	230,490	-	230,490	-
Impairment of equities and debt securities	56,219	407,940	55,965	407,940
Impairment of goodwill	15,510	-	-	-
Impairment of receivables	-	39	-	39
Impairment on financing from banking operations	56,305	(11,368)	-	-
Changes in fair value of investment properties	(947,778)	20,118	(669,350)	25,274
Property, plant and equipment written off	1,556	5,528	136	50
Write back of impairment of investment in equities	(254,507)	-	(266,642)	(43,442)
Amortisation cost on financing to subsidiaries	-	-	-	(809)
Write back of doubtful debts	-	(79)	-	(79)
Derivative financial instruments written off	28,738	-	28,738	-
Amortisation of deferred expenditure	(311)	(311)	(311)	(311)
Amortisation of intangible assets	8,755	8,236	-	-
Dividend income from banking operations	(3,560)	(7,232)	-	-
Fair value of employees share option	(55)	(492)	-	-
Provision for retirement benefits	38,022	195,851	37,944	195,778
Gain on foreign exchange	(29,333)	(146,275)	(29,230)	(146,249)



STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

	Note	Group		TH	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Zakat		74,426	69,640	57,000	52,900
Financing costs		59,940	23,858	–	–
<b>Operating profit before changes in working capital</b>		<b>2,592,969</b>	2,330,369	<b>1,434,310</b>	1,025,619
Changes in working capital:					
Inventories		(1,222)	2,233	–	–
Trade and other receivables		190,398	203,306	429,444	298,601
Trade and other payables		758,194	572,700	333,594	57,634
Statutory deposits with Bank Negara Malaysia		(37,900)	(237,200)	–	–
Bills payable		(43,074)	(214,540)	–	–
Financing of banking customers		(5,980,556)	(4,453,873)	–	–
Deposits from banking customers		5,957,762	4,545,367	–	–
Deposits and placements of banks and other financial statements		(1,229,975)	669,697	–	–
<b>Cash generated from operations</b>		<b>2,206,596</b>	3,418,059	<b>2,197,348</b>	1,381,854
Bonus paid to depositors		(3,237,196)	(2,631,908)	(3,237,196)	(2,631,908)
Zakat paid		(68,469)	(58,232)	(53,462)	(47,572)
Tax paid		(283,503)	(266,377)	–	–
Tax refund		4,098	11,661	–	–
Retirement benefits paid		(15,707)	(37,969)	(15,537)	(37,969)
Plantation development expenditure		(256,568)	(172,960)	–	–
Property development costs		(618,078)	(55,228)	–	–
Deferred expenditure paid		–	(1,413)	–	–
<b>Net cash (used in)/generated from operating activities</b>		<b>(2,268,827)</b>	205,633	<b>(1,108,847)</b>	(1,335,595)
<b>Cash flows from investing activities</b>					
Proceeds from disposal of property, plant and equipment		64,470	10,617	15,565	9,483
Proceeds from disposal of investment properties		70	–	–	–
Proceeds from disposal of assets held for sale		15,220	38,303	4,220	33,903
Proceeds from disposal of subsidiaries		751,835	–	194,116	1,177,875
Proceeds from disposal of associates		21	16,726	21	16,726
Proceeds from reduction of share capital of an associate		–	45,800	–	45,800
Purchase of equities		(5,205,092)	(82,152)	(5,205,092)	(82,152)
Proceeds from trading of financial derivatives		1,186	86,817	1,186	86,817
Purchase of debt securities		(2,306,467)	(1,590,994)	(2,306,467)	(1,590,994)
Purchase of other financial assets		(1,343,108)	(651,695)	(1,343,108)	(651,695)
Derivative investments		(24,289)	(15,168)	(24,289)	(15,168)
Purchase of property, plant and equipment		(278,442)	(514,584)	(134,660)	(224,262)
Acquisition of subsidiaries		(12,410)	(264,137)	(501,621)	(1,238,533)
Net investment in associates		(27,694)	150	(27,694)	–
Net investment in jointly controlled entities		(147,360)	–	(80,000)	–
Decrease in deposits pledged		–	214	–	–
Net proceeds from banking securities		2,873,082	753,825	–	–

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

	Note	Group		TH	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Investment property		(775,811)	(2,221,046)	(367,746)	(692,810)
Dividends from associates		20,960	22,400	9,760	27,323
<b>Net cash used in investing activities</b>		<b>(6,393,829)</b>	(4,364,924)	<b>(9,765,809)</b>	(3,097,687)
<b>Cash flows from financing activities</b>					
Purchase of shares from non-controlling interests		–	(2,859,037)	–	–
Proceeds from long term financing		482,664	1,453,281	–	–
Repayment of financing to subsidiaries		715,089	–	657,888	344,340
Repayment of corporate financing		–	733	–	733
Dividends paid to non-controlling interests		(224,232)	(105,767)	–	–
Depositors' savings fund		8,638,291	7,435,238	8,638,291	7,435,238
Repayment of finance lease		(102)	(106)	–	–
Financing costs paid		(59,940)	(23,858)	–	–
<b>Net cash generated from financing activities</b>		<b>9,551,770</b>	5,900,484	<b>9,296,179</b>	7,780,311
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>889,114</b>	1,741,193	<b>(1,578,477)</b>	3,347,029
<b>Cash and cash equivalents at 1 January</b>		<b>9,370,545</b>	7,792,504	<b>8,557,140</b>	5,211,930
<b>Net increase in cash and cash equivalents of TKJHM</b>		<b>18,128</b>	19,144	<b>18,128</b>	19,144
<b>Reclassification to assets held for sale</b>		<b>–</b>	(143,092)	<b>–</b>	–
<b>Currency translation differences</b>		<b>(35,101)</b>	(39,204)	<b>(14,904)</b>	(20,963)
<b>Cash and cash equivalents at 31 December</b>		<b>10,242,686</b>	9,370,545	<b>6,981,887</b>	8,557,140
<b>Cash and cash equivalents comprise:</b>					
Deposits and placements with licensed financial institutions		5,011,185	4,397,224	6,833,475	8,490,025
Cash and bank balances		1,418,721	925,376	148,412	67,115
Money at call and interbank placements with remaining maturity not exceeding one month		3,101,584	3,352,927	–	–
	4	9,531,490	8,675,527	6,981,887	8,557,140
Deposits and placements with banks and other financial institutions	5	721,324	701,302	–	–
Deposits pledged		(10,128)	(6,284)	–	–
		10,242,686	9,370,545	6,981,887	8,557,140

The notes set out on pages 240 to 314 form an integral part of these financial statements.





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 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 and 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 2014 comprise **TH** and its subsidiaries, associates and jointly controlled entities (together referred to as the Group).

The financial statements were authorised for issue by the Board of Directors on 16 June 2015.

### 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.

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 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)*

##### (ii) Standards, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 141, *Agriculture - Agriculture: Bearer Plants*

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014 (cont’d.)

### 2. Basis of preparation (cont’d.)

#### (a) Statement of compliance (cont’d.)

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

- FRS 15, *Revenue from Contracts with Customers*

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

- FRS 9, *Financial Instruments (2014)*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of FRS 9 and Transition Disclosures*

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

- (i) 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, whichever applicable;
- (ii) from annual period beginning on 1 January 2016 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, whichever applicable;
- (iii) from annual period beginning on 1 January 2017 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017, whichever applicable; and
- (iv) from annual period beginning on 1 January 2018 for standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018, whichever applicable.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

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

#### (d) Use of estimates and judgements

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

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies

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

(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.
- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

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

(iv) Associates

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

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

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to 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 equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Cash and cash equivalents

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

(c) Financial instruments

Financial instruments are classified and measured using accounting policies as follows:

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(c) Financial instruments (cont'd.)

Categories of financial instruments and subsequent measurement (cont'd.)

(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.

(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.



3. Significant accounting policies (cont'd.)

(c) Financial instruments (cont'd.)

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.

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.

3. Significant accounting policies (cont'd.)

(c) Financial instruments (cont'd.)

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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(f) Deferred expenditure

Deferred expenditure are costs incurred by a 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 costs to repair and maintain canals surrounding the plantation which forms the main transportation channel in the area and is amortised over three years.

Deferred expenditure include 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 effective period of the 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

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

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(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.

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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(l) Takaful Fund (cont'd.)

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

Provision for outstanding claims

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

- (i) Maturity or other policy benefit payments due on specified dates are accounted for as claims payable on the due dates.
- (ii) Death, surrender and other benefits without due dates are treated as claims payable on the date of 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(l) Takaful Fund (cont'd.)

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

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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(n) Impairment (cont'd.)

(i) Financial assets (cont'd.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(n) Impairment (cont'd.)

(ii) Other assets (cont'd.)

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

(o) Provisions

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

(p) Finance lease

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

(q) Deferred income

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

According to FRS 120, Accounting for Government Grants and Disclosure of Government Assistance, the benefit obtained from financing received from the Goverment or government agencies at a financing rate lower than market rate is recognised as Government grant. Government grants related to assets are shown in the statement of financial position as deferred income. Government grants are recognised in the income statement on a systematic basis over the same period to cover the expenses associated with these assets.

(r) Employees benefit

(i) Short term benefits

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(r) Employees benefit (cont'd.)

(ii) Defined contribution plans

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

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

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

(iii) Long term benefits

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

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

- (i)

Medical benefits;
- (ii)

Accumulated annual leave reward;
- (iii)

Hajj performance; and
- (iv)

Gratuity payment.

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

(s) Foreign currency

(i) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

3. Significant accounting policies (cont'd.)

(s) Foreign currency (cont'd.)

(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 2014 (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 2014 (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

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 4. Cash and cash equivalents

	Group		<i>TH</i>	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Placements with licensed financial institutions	5,011,185	4,397,224	6,833,475	8,490,025
Cash and bank balances	1,418,721	925,376	148,412	67,115
Money at call and interbank placements with remaining maturity not exceeding one month	3,101,584	3,352,927	–	–
	9,531,490	8,675,527	6,981,887	8,557,140

Cash and cash equivalents are denominated in the following currencies:

	Group		<i>TH</i>	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	9,314,499	8,543,151	6,923,011	8,545,243
Saudi Riyal	15,017	12,312	13,549	9,887
Pound Sterling	153,976	113,927	1,885	2,002
U.S. Dollar	6,081	326	6,081	8
Australian Dollar	41,917	5,811	37,361	–
	9,531,490	8,675,527	6,981,887	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 RM315,228,000 (2013: RM297,100,000).

Included in cash and bank balances of the Group was RM12,464,000 (2013: RM26,668,000), the utilisation of which is subject to the Housing Developers (Control and Licensing) (Amendment) Act 2002.

Placements with licensed financial institutions of the Group and *TH* registered profit margins ranging between 2.90% and 4.80% (2013: 1.00% and 3.50%).

Included in cash and bank balances of the Group was RM10,128,000 (2013: RM6,284,000) pledged to banks for bank guarantee facilities.

### 5. Deposits and placements with banks and other financial institutions

	Group	
	2014 RM'000	2013 RM'000
Licensed banks	721,324	701,302



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 6. Derivative assets/(liabilities)

Group 2014	Fair value		
	Principal RM'000	Assets RM'000	Liabilities RM'000
Forward contracts	1,840,778	45,508	(28,798)
Warrants	84,498	8,947	–
Profit rate swaps	1,187,694	17,018	(3,594)
Structured deposits	106,680	15	(15)
	3,219,650	71,488	(32,407)
2013			
Forward contracts	1,381,894	8,681	(6,594)
Warrants	52,491	23,923	–
Profit rate swaps	1,311,481	19,855	(6,389)
Structured deposits	110,495	582	(582)
	2,856,361	53,041	(13,565)
	807,390	75,569	–
2013			
Warrants	775,383	149,510	–

### 7. Securities held-for-trading

	Group	
	2014 RM'000	2013 RM'000
<i>At fair value</i>		
<b>Quoted securities</b>		
Shares	110,319	80,822
Unit trusts	22,943	18,451
	133,262	99,273
<b>Unquoted securities</b>		
Malaysian Government Investment Issues	50,767	726,353
Bank Negara Negotiable Notes	394,808	178,058
Islamic debt securities	307,125	401,514
Negotiable Islamic Debt Certificates	279,628	–
	1,032,328	1,305,925
	1,165,590	1,405,198



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 8. Securities available-for-sale

As at 31 December 2014, the securities available-for-sale are classified into two categories, i.e. *at fair value* and *at amortised cost*.

#### At fair value

##### Shares

Quoted shares  
Less : Impairment during the year

Group		TH	
2014	2013	2014	2013
RM'000	RM'000	RM'000	RM'000

13,250,335	10,418,160	12,807,052	9,486,607
(39,129)	(394,494)	(39,129)	(394,494)

13,211,206	10,023,666	12,767,923	9,092,113
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Fund managers

1,177,567	1,240,850	1,177,567	1,240,849
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Unquoted shares

Less : Impairment during the year

704,382	482,859	654,701	433,313
(32,665)	(16,061)	(16,836)	–

671,717	466,798	637,865	433,313
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15,060,490	11,731,314	14,583,355	10,766,275
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##### Debt Securities

Government debt securities

12,834,901	13,789,772	1,379,753	914,357
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Corporate debt securities

Less : Impairment during the year

6,486,368	5,673,509	6,486,368	5,673,508
–	(13,446)	–	(13,446)

6,486,368	5,660,063	6,486,368	5,660,062
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19,321,269	19,449,835	7,866,121	6,574,419
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##### Other Financial Assets

Unit trusts  
Negotiable Islamic Debt Certificate

1,053,057	981,443	611,034	458,673
5,561,025	4,975,026	4,332,634	2,861,527

6,614,082	5,956,469	4,943,668	3,320,200
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40,995,841	37,137,618	27,393,144	20,660,894
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Lembaga Tabung Haji (Established under Tabung Haji Act 1995)  
and its subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 9. Assets/(Liabilities) held for sale

As at 31 December 2014, the assets/(liabilities) held for sale are classified into two categories, i.e. *at fair value* and *at amortised cost*.

#### Assets classified as held for sale:

Cash and cash equivalents  
Trade and other receivables  
Inventories  
Deferred expenditure  
Deferred tax assets  
Plantation development expenditure  
Investment in subsidiaries  
Investment in associates  
Property, plant and equipment  
Fair value adjustment on investment

Group		TH	
2014	2013	2014	2013
RM'000	RM'000	RM'000	RM'000

–	95,249	–	–
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–	215,380	–	–
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–	45,902	–	–
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–	12,597	–	–
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–	8,073	–	–
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–	200,682	–	–
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–	–	2,406,330	2,406,330
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–	28,064	–	–
---	--------	---	---

34,943	1,212,731	33,247	548,318
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1,761,838	1,760,978	–	–
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1,796,781	3,579,656	2,439,577	2,954,648
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#### Liabilities classified as held for sale:

Trade and other payables  
Provision for zakat and tax  
Financing  
Provision for retirement benefits  
Deferred tax liabilities

–	65,170	–	–
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–	46,431	–	–
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–	29,000	–	–
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–	30,614	–	–
---	--------	---	---

–	2,870	–	–
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–	174,085	–	–
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#### A subsidiary held for sale

A subsidiary in Indonesia, PT Indo TH Plantations, have been classified as held-for-sale company in accordance with the agreement signed between two Malaysian investment holding subsidiaries with a third party in Indonesia. In March 2014, the shareholdings in PT TH Indo Plantations has been officially transferred to the buyer and the sale has been recognised in the financial statements for the year ended 31 December 2014.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

10. Trade and other receivables

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade receivables</b>				
Trade receivables	451,740	530,893	292,399	376,868
<b>Other receivables</b>				
Clients' and dealers' debit balances	179,229	47,879	–	–
Other receivables, deposits and prepayments	1,550,331	445,682	84,100	121,205
Staff financing	100,127	24,704	21,658	24,051
Amount due from:				
- Subsidiaries	–	–	120,037	183,271
- Jointly controlled entities	151,001	61,449	–	–
	1,980,688	579,714	225,795	328,527
	2,432,428	1,110,607	518,194	705,395

11. Inventories

	Group	
	2014 RM'000	2013 RM'000
Nurseries	19,656	13,761
Stores	18,256	23,047
Finished goods	20,828	20,318
Completed properties	1,858	2,251
	60,598	59,377



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

12. Financing

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash line	844,720	749,246	–	–
Credit cards	435,638	445,242	–	–
Discounted trade bills	1,013,823	819,488	–	–
Trust receipts	33,398	35,957	–	–
Term financing	27,693,845	22,112,726	–	15,760
Pawn broking	90,288	95,621	–	–
Financing to subsidiaries	–	–	1,448,290	2,186,960
	30,111,712	24,258,280	1,448,290	2,202,720
	(444,388)	(365,375)	–	–
	(142,753)	(151,957)	–	(15,760)
	(587,141)	(517,332)	–	(15,760)
	29,524,571	23,740,948	1,448,290	2,186,960

Financing to local subsidiaries were chargeable at a profit margin of 5% to 6% (2013: 5.5%).

Financing to overseas subsidiaries were chargeable at a profit margin of 5% to 6% (2013: 5% to 6%).

13. Takaful assets

	Group	
	2014 RM'000	2013 RM'000
Retakaful assets:		
Claims liabilities	405,867	407,393
Contribution liabilities	69,949	80,200
Actuarial liabilities	206,644	148,340
	682,460	635,933
Takaful receivables:		
Due contributions	95,074	88,353
Due from retakaful/co-takaful	38,004	37,325
	133,078	125,678
	(4,487)	(8,522)
	128,591	117,156
	811,051	753,089

Less : Allowance for impaired receivables



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

14. Securities held-to-maturity

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<i>At amortised cost</i>				
<b>Debt Securities</b>				
Malaysian Government Islamic papers	145,276	145,391	–	–
Unquoted debt securities	3,873,273	2,829,669	5,596,231	4,498,837
Less : Accumulated impairment	(7,019)	(7,125)	–	–
	4,011,530	2,967,935	5,596,231	4,498,837
	4,011,530	2,967,935	5,596,231	4,498,837

15. Statutory deposits with Bank Negara Malaysia

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

16. Property development costs

	Group	
	2014 RM'000	2013 RM'000
Property development costs comprise:		
Land	24,597	24,597
Development costs	1,023,632	842,158
	1,048,229	866,755
<i>Add</i> : Development costs incurred during the year		
Land	593,608	–
Development costs	177,012	181,474
	1,818,849	1,048,229
Less : Transferred to inventories	–	(393)
Less : Development costs recognised as expense in the statement of income		
- Previous years	(696,297)	(563,092)
- Current year	(150,065)	(130,335)
	972,487	354,409

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

17. Plantation development expenditure

	Group	
	2014 RM'000	2013 RM'000
At 1 January	703,001	455,920
Acquisition of subsidiaries	–	74,121
Additions	256,568	172,960
Transfer to property, plant and equipment (Note 23)	(297,963)	–
	661,606	703,001
At 31 December		
Included in additions during the year are as follows:		
Depreciation (Note 23(a))	7,118	7,957

18. Deferred tax

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

	Group	
	2014 RM'000	2013 RM'000
Deferred tax assets	75,317	76,047
Deferred tax liabilities	(144,717)	(143,067)
	(69,400)	(67,020)

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	
	2014 RM'000	2013 RM'000
Property, plant and equipment		
- capital allowances	(362,416)	(386,230)
Impairment	65,544	71,476
Unabsorbed capital allowance	191,701	216,286
Unutilised tax losses	39,521	40,474
Others	(3,750)	(9,026)
	(69,400)	(67,020)



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

	Group	
	2014 RM'000	2013 RM'000
<b>Summarised financial information at 31 December</b>		
Assets	2,052,656	1,272,133
Liabilities	(1,309,182)	(901,739)
Net assets	743,474	370,394
<b>Year ended 31 December</b>		
Loss from continuing operations	(24,306)	(46,865)
Other comprehensive (loss)/income	(5,835)	485
Total comprehensive loss	(30,141)	(46,380)
<b>Reconciliation of net assets to carrying amount as at 31 December</b>		
Group's share of net assets	365,763	178,664

Carrying amount in the statement of financial position

<b>Group's share of results for the year ended 31 December</b>				
Group's share of loss from continuing operations			(12,153)	(23,429)
Group's share of other comprehensive loss			(2,917)	(243)
			(15,070)	(23,672)
			2,512	2,865
<b>Dividends received by the Group</b>				
<b>Investment in associates</b>				
	<b>Group</b>		<b>TH</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>				
Quoted shares	617,252	583,790	617,252	583,790
Less : Accumulated impairment	(230,490)	-	(230,490)	-
	386,762	583,790	386,762	583,790
Unquoted shares	258,270	270,940	250,450	262,970
Less : Accumulated impairment	(71,730)	(94,030)	(66,712)	(89,012)
	186,540	176,910	183,738	173,958
<b>Add :</b>				
Share of results of associates:				
- Retained profit	125,622	180,993	-	-
- Reserves	23,109	8,503	-	-
	148,731	189,496	-	-
	722,033	950,196	570,500	757,748
Market value of quoted shares	255,076	360,533	255,076	360,533



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (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	
		2014	2013
		%	%
<b>Direct holding</b>			
<b>Quoted and incorporated in Malaysia</b>			
TH Heavy Engineering Berhad	Construction and fabrication of oil and gas offshore structures	30	29
Pelikan International Corporation Berhad	Manufacture and distribution of stationeries	28	31
<b>Unquoted and incorporated in Malaysia</b>			
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
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
Gallant Precision Tool & Engineering Enterprise (M) Sdn. Bhd.	Manufacture and repair of callibration tools, moulds and colouring	–	25
Top Priority Sdn. Bhd. *	Property management	30	30
Prizevest Sdn. Bhd. *	Property management	30	30
Viectec Enterprise Sdn. Bhd. *	Property management	30	30
ASMTH Sdn. Bhd. **	Property management	–	49

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

20. Investment in associates (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2014	2013
		%	%
<b>Indirect holding</b>			
<b>Unquoted and incorporated in Malaysia</b>			
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 Berhad and its associate:			
Islamic Banking and Finance Institute Malaysia Sdn. Bhd.	Training and consultancy services	26	26
TH Hotel & Residence Sdn. Bhd. and its associate:			
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, even though **TH** still holds a certain amount of shares. Therefore, these companies were not consolidated and the investments had been fully written off.

\*\* Has dissolved completely in the current financial year.

# The Company has been fully acquired as a subsidiary in the current financial year.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

20. Investment in associates (cont'd.)

Summarised information of the associates are as follows:

2014

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering Berhad RM'000	Other associates RM'000	Total RM'000
<b>As at 31 December 2014</b>				
Assets	1,440,833	1,113,590	4,103,481	6,657,904
Liabilities	(944,900)	(709,848)	(3,427,206)	(5,081,954)
Net assets	495,933	403,742	676,275	1,575,950
<b>Year ended 31 December 2014</b>				
Revenue	1,382,120	344,124	1,252,115	2,978,359
(Loss)/Profit for the year	(33,516)	(76,450)	47,476	(62,490)
Other comprehensive (loss)/income	(71,318)	4,579	–	(66,739)
Total comprehensive (loss)/income	(104,834)	(71,871)	47,476	(129,229)

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
<b>As at 31 December 2014</b>				
Group's share of net assets in associates	140,895	121,446	103,841	366,182
Total investments in associates	268,294	121,799	331,940	722,033
<b>Total profit attributable to the Group</b>				
<b>Year ended 31 December 2014</b>				
(Loss)/Profit for the year	(9,554)	(21,067)	18,281	(12,340)
Other comprehensive (loss)/income	(19,268)	1,149	–	(18,119)
Total comprehensive (loss)/income	(28,822)	(19,918)	18,281	(30,459)
Dividends	–	–	9,760	9,760

Lembaga Tabung Haji (Established under Tabung Haji Act 1995)  
and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

20. Investment in associates (cont'd.)

2013

	Pelikan International Corporation Berhad RM'000	TH Heavy Engineering Berhad RM'000	Other associates RM'000	Total RM'000
<b>As at 31 December 2013</b>				
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
<b>Year ended 31 December 2013</b>				
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
<b>As at 31 December 2013</b>				
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
<b>Total profit attributable to the Group</b>				
<b>Year ended 31 December 2013</b>				
(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 2014 (cont'd.)

21. Investment in subsidiaries

	TH	
	2014 RM'000	2013 RM'000
<b>At cost</b>		
Quoted shares	2,831,826	2,748,331
Less : Accumulated impairment	(47,312)	–
	2,784,514	2,748,331
Unquoted shares	969,541	662,156
Less : Accumulated impairment	(1,500)	(1,500)
	968,041	660,656
	3,752,555	3,408,987
Market value of quoted shares	4,402,521	4,899,272

Details of subsidiaries are as follows:

Name of company	Principal activities	Effective ownership interest	
		2014 %	2013 %
<b>Quoted and incorporated in Malaysia</b>			
BIMB Holdings Berhad <i>and its subsidiaries:</i>	Investment holding	54	54
Bank Islam Malaysia Berhad <i>and its subsidiaries:</i>	Islamic banking business	54	54
BIMB Investment Management Berhad	Management of Islamic Unit Trust Funds	54	54
Al-Wakalah Nominees (Tempatan) Sdn. Bhd.	Nominee services	54	54
Farihan Corporation Sdn. Bhd.	Provision of manpower for the provision of Islamic pawn broking services	54	54
Bank Islam Trust Company (Labuan) Ltd. <i>and its subsidiary:</i>	Provision of services as Labuan registered trust company	54	54
BIMB Offshore Company Management Services Sdn. Bhd.	Resident corporate secretary and director for offshore companies	54	54
BIMB Foreign Currency Clearing Agency Sdn. Bhd. #	Dormant	54	54



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2014 %	2013 %
<b>Quoted and incorporated in Malaysia (cont'd.)</b>			
BIMB Securities (Holdings) Sdn. Bhd. <i>and its subsidiary:</i>	Investment holding	54	54
BIMB Securities Sdn. Bhd. <i>and its subsidiaries:</i>	Stockbroking	54	54
BIMSEC Nominees (Tempatan) Sdn. Bhd.	Nominee services	54	54
BIMSEC Nominees (Asing) Sdn. Bhd.	Nominee services	54	54
BIMSEC Asset Management Sdn. Bhd. ##	Investment management services	–	54
Syarikat Al-Ijarah Sdn. Bhd.	Leasing of assets	54	54
Syarikat Takaful Malaysia Berhad <i>and its subsidiary:</i>	Family and general takaful business	33	33
ASEAN Retakaful International (L) Ltd	Family and general retakaful business	34	34
TH Plantations Berhad <i>and its subsidiaries:</i>	Investment holding, cultivation of oil palm, processing and marketing of palm products	71	71
THP Gemas Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	71	71
THP Bukit Belian Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	71	71
THP Ibok Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	71	71
THP Kota Bahagia Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	71	71
THP Agro Management Sdn. Bhd.	Management services	71	71
Bumi Suria Ventures Sdn. Bhd.	Cultivation of oil palm and selling of fresh fruit bunches	71	71
Maju Warisanmas Sdn. Bhd.	Letting of investment property	71	71





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2014 %	2013 %
Quoted and incorporated in Malaysia (cont'd.)			
TH Ladang (Sabah & Sarawak) Sdn. Bhd. and its subsidiaries:	Investment holding	71	71
Cempaka Teratai Sdn. Bhd. and its subsidiary:	Investment holding	71	71
TH PELITA Gedong Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	50	50
Kee Wee Plantations Sdn. Bhd. and its subsidiary:	Investment holding	71	71
TH PELITA Sadong Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	50	50
TH-Bonggaya Sdn. Bhd.	Rubber plantation	71	71
Ladang Jati Keningau Sdn. Bhd.	Teak plantation	59	59
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	39
Derujaya Sdn. Bhd.	Dormant	71	71
Halus Riang Sdn. Bhd.	Dormant	71	71
Kuni Riang Sdn. Bhd.	Dormant	71	71
Manisraya Sdn. Bhd.	Dormant	71	71
Pinekey Enterprise Sdn. Bhd.	Dormant	71	71
THP Saribas Sdn. Bhd.	Cultivation of oil palm and marketing fresh fruit bunches	57	57
THP-YT Plantation Sdn. Bhd.	Cultivation of oil palm and marketing fresh fruit bunches	50	50
TH Bakti Sdn. Bhd.	Cultivation of oil palm and marketing fresh fruit bunches	50	50
Hydroflow Sdn. Bhd.	Cultivation of oil palm and marketing fresh fruit bunches	50	50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2014 %	2013 %
Quoted and incorporated in Malaysia (cont'd.)			
THP Sabaco Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	36	36
Theta Edge Berhad and its subsidiaries:	Investment holding	69	69
Advanced Business Solutions (M) Sdn. Bhd. and its subsidiary:	Provision of manpower for information technology industry	69	69
Hi Pro Edar (M) Sdn. Bhd.	Services related to information technology industry	69	69
Impianas Sdn. Bhd.	Public mobile data network operator	69	69
Konsortium Jaya Sdn. Bhd.	Sales and maintenance of computers and telecommunication equipments	69	69
Lityan Applications Sdn. Bhd.	Marketing of computer products 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 and incorporated in Malaysia			
TH Properties Sdn. Bhd. and its subsidiaries:	Investment holding	100	100
THP Bina Sdn. Bhd. and its subsidiaries:	Infrastructure concessions construction, provision of venture expertise capitaland management	100	100
THT-HCM JV Sdn. Bhd.	Road construction	60	60
Ultimate Building Machine (Malaysia) Sdn. Bhd.	Dormant	60	60
TH Universal Builders Sdn. Bhd.	Construction, implementation and management of construction projects	100	100
THP Development Consultancy Sdn. Bhd.	Property development consultancy and management of construction project	100	100
THP Hartanah Sdn. Bhd.	Property development	100	100
THP Pelindung Sdn. Bhd.	Property development	100	100



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interes	
		2014 %	2013 %
Unquoted and incorporated in Malaysia (cont'd.)			
THP Enstek Development Sdn. Bhd. and its subsidiary:	Property development	100	100
TH Connectivity Sdn. Bhd.	Dormant	100	100
THP-SBB JV Sdn. Bhd.	Housing development	100	100
THP Timur Sdn. Bhd.	Property development	100	–
THP Mutiara Sdn. Bhd.	Property development	100	–
THP Sinar Sdn. Bhd. and its subsidiary:	Provision of building management services	60	60
THPS Capital Sdn. Bhd.	Investment holding	60	–
THP Australia Capital Sdn. Bhd.	Investment holding	100	–
THP Australia Developments Corporation	Investment holding	100	–
THP Bay Pavilions Corporation	Investment holding	100	–
TH Hotel & Residence Sdn. Bhd. and its subsidiaries:	Investment holding	100	100
TH Travel & Services Sdn. Bhd.	Provision of umrah and Hajj services and ticketing	100	100
TH Global Services Sdn. Bhd.	Supply of halal food products	100	100
TH Hotel Alor Setar Sdn. Bhd.	Hospitality services	100	100
TH Hotel Terengganu Sdn. Bhd.	Hospitality services	100	100
THV Management Sdn. Bhd.	Hotel management	100	30
TH Alam Holding (L) Inc. and its subsidiaries:	Investment holding	51	51
Alam JVDP 1 (L) Inc.	Ship owning	51	51
Alam JVDP 2 (L) Inc.	Ship owning	51	51
TH Marine Sdn. Bhd.	Provision of marine services	100	100
TH Estates (Holdings) Sdn. Bhd.	Investment holding	100	100
TH Indo Industries Sdn. Bhd.	Investment holding and leasing transportation equipment	100	100



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interest	
		2014 %	2013 %
Unquoted and incorporated in Malaysia <i>(cont'd.)</i>			
TH Indopalms Sdn. Bhd.	Investment holding	100	100
THC International Sdn. Bhd. #	Dormant	60	60
LTH Property Investment (L) Inc.	Investment holding	100	100
Incorporated in United Kingdom			
LTH Property Holdings Limited <i>and its subsidiaries/trust funds:</i>	Investment holding	100	100
10 Queen Street Place London Limited	Rental of investment property	100	100
151 BPR One Limited	Investment holding	100	100
151 BPR Two Limited	Investment holding	100	100
Elizabeth Bridge Unit Trust *	Rental of investment property	100	100
LTH Property Holdings 2 Limited <i>and its subsidiary:</i>	Investment holding	100	–
Leatherhead Properties Limited <i>and its subsidiary:</i>	Property investment holding	100	–
LTH Leatherhead Limited	Property investment holding	100	–
TH Properties Sdn. Bhd. <i>and its subsidiary:</i>			
THPS OCS Services Ltd.	Property management services	60	–
Incorporated in Australia			
LTH Property Investment (L) Inc. <i>and its trust funds:</i>			
TH Trust * <i>and its subsidiary:</i>	Rental of investment property	100	100
747 CS Melbourne Trust	Rental of investment property	100	100
THP Australia Capital Sdn. Bhd. <i>and its subsidiary:</i>			
THP Amanah Pty. Ltd.	Investment holding	100	–
Incorporated in Saudi Arabia			
TH Hotel & Residence Sdn. Bhd. <i>and its subsidiary:</i>			
TH Real Estate Company	Management of investment property	100	100



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Name of company	Principal activities	Effective ownership interes	
		2014 %	2013 %
<b>Incorporated in Indonesia</b>			
Syarikat Takaful Malaysia Berhad and its subsidiary:			
P.T. Syarikat Takaful Indonesia and its subsidiaries:	Investment holding	18	18
P.T. Asuransi Takaful Keluarga	Family takaful business	14	14
P.T. Asuransi Takaful Umum	General takaful business	12	12
TH Plantations Berhad and its subsidiary:			
P.T. Persada Kencana Prima	Cultivation of oil palm	66	–
TH Indopalms Sdn. Bhd. and TH Indo Industries Sdn. Bhd. and its subsidiary:			
P.T. TH Indo Plantations **	Cultivation of oil palm, processing and marketing of oil palm products	–	95
# In the process of members’ voluntary liquidation.			
## The Company had been dissolved under the Companies Commission of Malaysia on 16 July 2014.			
* Trust funds.			
** The company has been disposed during the year.			
All subsidiaries, associates and jointly controlled entities of <b>TH</b> are not audited by the Auditor General.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Non-controlling interests in subsidiaries				
The Group's subsidiaries that have material non-controlling interests are as follows:				
<b>2014</b>				
	BIMB Holdings Berhad %	TH Plantations Berhad %	Other subsidiaries %	Total
Percentage of ownership and voting interest by non-controlling interest	46	29	31 - 49	
	RM'000	RM'000	RM'000	RM'000
Carrying amount of non-controlling interest	953,318	475,022	102,181	1,530,521
Profit and other comprehensive income attributable to non-controlling interest	298,187	26,056	(12,992)	311,251
Summarised financial information before intra-group elimination:				
	BIMB Holdings Berhad RM'000	TH Plantations Berhad RM'000	Other subsidiaries RM'000	Total RM'000
<b>As at 31 December 2014</b>				
Assets	53,030,205	3,574,433	575,608	57,180,246
Liabilities	(49,840,945)	(1,960,728)	(334,828)	(52,136,501)
Net assets	3,189,260	1,613,705	240,780	5,043,745
<b>Year ended 31 December 2014</b>				
Revenue	2,967,473	488,917	197,193	3,653,583
Profit for the year	586,904	59,511	15,659	662,074
Total comprehensive income	537,112	59,580	15,659	612,351
Cash flows from operating activities	(2,618,521)	431,740	(99,534)	(2,286,315)
Cash flows from investing activities	2,811,322	(250,953)	(1,594)	2,558,775
Cash flows from financing activities	(210,462)	61,049	152,408	2,995
Net increase in cash and cash equivalents	(17,661)	241,836	51,280	275,455
Dividends paid to non-controlling interest	209,098	14,624	510	224,232



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

21. Investment in subsidiaries (cont'd.)

Non-controlling interests in subsidiaries (cont'd.)				
2013				
	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	%	%	%	
Percentage of ownership and voting interest by non-controlling interest	46	29	5 - 49	
	RM'000	RM'000	RM'000	RM'000
Carrying amount of non-controlling interest	990,639	450,484	115,717	1,556,840
Profit and other comprehensive income attributable to non-controlling interest	257,175	30,931	5,261	293,367
Summarised financial information before intra-group elimination:				
	BIMB Holdings Berhad	TH Plantations Berhad	Other subsidiaries	Total
	RM'000	RM'000	RM'000	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 from operating activities	1,587,764	131,215	241,067	1,960,046
Cash flows from investing activities	(2,237,421)	(541,734)	(136,502)	(2,915,657)
Cash flows from 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 non-controlling interest	89,998	13,879	1,890	105,767



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

22. Investment property

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At fair value				
At 1 January	6,333,449	4,146,080	3,921,032	3,253,262
Additions	775,811	2,144,117	367,746	692,810
Disposal	(628,155)	–	(623,027)	–
Transfer from/(to) property, plant and equipment (Note 23)	350,102	(5,032)	350,102	235
Transfer from/(to) assets held for sale	511,555	(6,733)	511,555	–
Changes in fair value	947,778	(20,118)	669,350	(25,275)
Foreign exchange difference	954	75,135	–	–
At 31 December	8,291,494	6,333,449	5,196,758	3,921,032
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
2014				
Freehold land and buildings	–	5,196,759	733	5,197,492
Leasehold land and buildings	–	3,078,477	15,525	3,094,002
	–	8,275,236	16,258	8,291,494
2013				
Freehold land and buildings	–	3,921,032	7,585	3,928,617
Leasehold land and buildings	–	2,391,462	13,370	2,404,832
	–	6,312,494	20,955	6,333,449

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 2014 (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
<b>Cost</b>									
At 1 January 2014	87,669	540,226	687,809	464,155	284,169	198,192	1,880,382	313,248	4,455,850
Acquisition of subsidiaries	-	20,678	-	-	-	-	141	-	20,819
Additions	-	6,093	14,418	5,644	-	18,522	96,624	137,141	278,442
Disposals	(5,640)	(10,861)	(21,552)	(4,528)	-	(3,080)	(38,681)	-	(84,342)
Write off	-	-	(12,394)	(276)	-	(18,185)	(3,757)	(667)	(35,279)
Transfer from plantation development expenditure (Note 17)	-	-	297,963	-	-	-	-	-	297,963
Transfer from/(to) investment property (Note 22)	-	-	-	3,326	-	(125)	-	(349,977)	(346,776)
Transfer from/(to) assets held for sale	-	11,063	19,841	4,119	(5,076)	-	7,336	137	37,420
Reclassification	-	-	-	22,919	-	(2,035)	12,066	(32,950)	-
Foreign exchange difference	-	-	-	-	494	1	505	-	1,000
At 31 December 2014	82,029	567,199	986,085	495,359	279,587	193,290	1,954,616	66,932	4,625,097
<b>Accumulated depreciation</b>									
At 1 January 2014	-	41,462	182,400	100,830	115,266	130,209	892,572	-	1,462,739
Depreciation for the year (Note 23(a))	-	8,030	20,362	14,715	5,971	7,196	124,190	-	180,464
Additions	-	(253)	(828)	(398)	(54)	(2,708)	(35,360)	-	(39,601)
Disposals	-	-	(12,388)	(119)	-	(18,052)	(3,164)	-	(33,723)
Transfer from assets held for sale	-	255	623	192	-	-	1,952	-	3,022
Reclassification	-	-	-	142	(142)	-	-	-	-
Foreign exchange difference	-	-	-	-	166	1	492	-	659
At 31 December 2014	-	49,494	190,169	115,362	121,207	116,646	980,682	-	1,573,560
<b>Net carrying amount at 31 December 2014</b>	82,029	517,705	795,916	379,997	158,380	76,644	973,934	66,932	3,051,537

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (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
<b>Cost</b>									
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)	154,489	(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
<b>Accumulated depreciation</b>									
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
Additions	-	(4)	-	-	(214)	(1,604)	(16,122)	-	(17,944)
Disposals	-	-	(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
<b>Net carrying amount at 31 December 2013</b>	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 2014 (cont'd.)

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

	Freehold land	Leasehold land	Freehold buildings	Leasehold buildings	Building renovations	Plant, machineries, fittings and motor vehicles	Work in progress	Total
TH	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>								
At 1 January 2014	31,965	17,491	113,975	237,854	157,394	191,017	289,902	1,039,598
Additions	-	-	626	-	14,244	7,830	111,960	134,660
Disposals	(5,420)	-	-	-	-	(3,199)	-	(8,619)
Write off	-	-	-	-	(18,185)	(6)	-	(18,191)
Transfer to investment property (Note 22)	-	-	-	-	(125)	-	(349,977)	(350,102)
Reclassification	-	-	11,575	-	-	-	(11,575)	-
At 31 December 2014	26,545	17,491	126,176	237,854	153,328	195,642	40,310	797,346
<b>Accumulated depreciation</b>								
At 1 January 2014	-	4,832	25,583	110,379	107,368	147,510	-	395,672
Depreciation for the year (Note 23(a))	-	247	2,300	4,827	4,785	15,115	-	27,274
Disposals	-	-	-	-	-	(3,097)	-	(3,097)
Write off	-	-	-	-	(18,051)	(4)	-	(18,055)
At 31 December 2014	-	5,079	27,883	115,206	94,102	159,524	-	401,794
<b>Net carrying amount at 31 December 2014</b>	<b>26,545</b>	<b>12,412</b>	<b>98,293</b>	<b>122,648</b>	<b>59,226</b>	<b>36,118</b>	<b>40,310</b>	<b>395,552</b>
<b>Cost</b>								
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
<b>Accumulated depreciation</b>								
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
<b>Net carrying amount at 31 December 2013</b>	<b>31,965</b>	<b>12,659</b>	<b>88,392</b>	<b>127,475</b>	<b>50,026</b>	<b>43,507</b>	<b>289,902</b>	<b>643,926</b>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

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

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Statements of income	172,494	159,256	26,422	26,454
Accumulated reserve of TKJHM and TWT (Note 41)	852	903	852	903
Capitalised in plantation development expenditure (Note 17)	7,118	7,957	-	-
	180,464	168,116	27,274	27,357

(b) Included herein for the financial year ended 31 December 2014, were motor vehicles of RM250,000 (2013: RM585,000) of the Group acquired under hire-purchase.

(c) Marine vessels of a subsidiary with a net carrying value of RM373,476,000 (2013: RM388,542,000) were pledged as security for bank borrowings amounting to RM258,898,000 (2013: RM109,381,000).

(d) Leasehold land of a subsidiary with a net carrying value of RM16,217,000 (2013: RM21,820,000) were pledged as security for bank borrowings amounting to RM99,082,000 (2013: RM97,513,000).

24. Intangible assets

Group	Goodwill RM'000	Other intangible assets RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2014	282,003	151,417	433,420
Remeasurement of retirement plan	-	(31,471)	(31,471)
Additions	-	1,819	1,819
At 31 December 2014	282,003	121,765	403,768
<b>Accumulated impairment</b>			
At 1 January 2014	-	-	-
Impairment for the year	15,510	-	15,510
At 31 December 2014	15,510	-	15,510
<b>Accumulated amortisation</b>			
At 1 January 2014	-	37,062	37,062
Amortisation for the year	-	8,755	8,755
At 31 December 2014	-	45,817	45,817
<b>Net carrying amount at 31 December 2014</b>	<b>266,493</b>	<b>75,948</b>	<b>342,441</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 *(cont'd.)*

### 24. Intangible assets *(cont'd.)*

Group	Goodwill RM'000	Other intangible assets RM'000	Jumlah RM'000
<b>Cost</b>			
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
<b>Accumulated amortisation</b>			
At 1 January 2013	–	28,826	28,826
Amortisation for the year	–	8,236	8,236
At 31 December 2013	–	37,062	37,062
<b>Net carrying amount at 31 December 2013</b>	282,003	114,355	396,358

TH	Other intangible assets RM'000	Total RM'000
At 1 January 2014	52,511	52,511
Remeasurement of retirement plan	(31,471)	(31,471)
Additions	1,819	1,819
At 31 December 2014	22,859	22,859
At 1 January 2013	48,340	48,340
Additions	4,171	4,171
At 31 December 2013	52,511	52,511

### 25. Deposits from banking customers

	Group	
	2014 RM'000	2013 RM'000
Mudharabah fund	7,714,526	22,743,906
Non-Mudharabah fund	30,654,200	9,667,058
	38,368,726	32,410,964

### 26. Deposits and placements of banks and other financial institutions

	Group	
	2014 RM'000	2013 RM'000
Mudharabah fund	300,000	1,483,873
Non-Mudharabah fund	–	46,102
	300,000	1,529,975

Lembaga Tabung Haji (Established under Tabung Haji Act 1995)  
and its subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 *(cont'd.)*

### 27. Trade and other payables

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade payables</b>				
Trade payables	248,181	124,951	88,258	19,445
Haji reconciliations	6	3,955	6	3,955
Deposits received	34,084	31,604	34,084	31,604
Retention sum	516	516	516	516
Amount due to contract customers (Note 27 (a))	192,933	147,473	–	–
Bill and acceptance payables	127,524	170,598	–	–
	603,244	479,097	122,864	55,520
<b>Other payables</b>				
Other payables and accruals	1,515,234	1,201,427	147,298	97,028
Amount due to jointly controlled entities	41,002	13,669	–	–
Clients' and dealers' credit balances	170,298	47,861	–	–
	1,726,534	1,262,957	147,298	97,028
	2,329,778	1,742,054	270,162	152,548

#### Note 27 (a) - Amount due to contract customers

	Group	
	2014 RM'000	2013 RM'000
Development costs	(520,442)	(332,231)
Attributable profits	(28,387)	(18,502)
	(548,829)	(350,733)
Progress billings	741,762	498,206
	192,933	147,473
Amount due from contract customers	–	–
Amount due to contract customers	192,933	147,473
	192,933	147,473





NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

28. Takaful liabilities

	Group	
	2014 RM'000	2013 RM'000
Expense reserves	142,127	131,522
Takaful payables		
- Due to retakaful companies	46,409	61,359
- Due to intermediaries/participants	14,908	14,069
Takaful contract liabilities		
- Provision for outstanding claims	808,491	861,274
- Provision for unearned contributions	290,899	296,425
- Participants' fund	5,020,743	4,717,352
	6,323,577	6,082,001

29. Finance lease

	Group	
	2014 RM'000	2013 RM'000
Payable within:		
Less than one year	113	102
Between one and five years	299	530
	412	632

Finance lease liabilities are payable as follows:

	Payments RM'000	Financing cost RM'000	Principal RM'000
2014			
Less than one year	212	99	113
Between one and five years	302	3	299
	514	102	412
2013			
Less than one year	115	13	102
Between one and five years	581	51	530
	696	64	632

Lembaga Tabung Haji (Established under Tabung Haji Act 1995)  
and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

30. Financing

	Group	
	2014 RM'000	2013 RM'000
Current:		
Unsecured		
Revolving credit	4,000	1,000
Secured		
Trust receipts	-	1,711
Term financing	63,498	26,264
	67,498	28,975
Non-current:		
Secured		
Term financing	407,671	180,630
Murabahah financing	1,456,914	1,206,675
	1,864,585	1,387,305
	1,932,083	1,416,280

Leasehold land and marine vessels of subsidiaries with a net carrying amount of RM16,217,000 (2013: RM21,820,000) and RM373,476,000 (2013: RM388,542,000) were pledged as security for term financing.

Two foreign subsidiaries had entered into Murabahah financing and pledged its investment properties at the fair value of RM2,724,475,000 (2013: RM2,068,375,000).

Financing are payable as follows:

	Group	
	2014 RM'000	2013 RM'000
Less than one year	67,498	28,975
Between one and five years	1,759,586	1,318,536
More than five years	104,999	68,769
	1,932,083	1,416,280



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 31. Deferred income

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Government grant	22,139	–	–	–
Development fund	10,597	10,908	10,597	10,908
Less : Amortised to statement of income during the year	(311)	(311)	(311)	(311)
	32,425	10,597	10,286	10,597

A subsidiary of the Company received a government grant in 2014 which was conditional upon managing, planting and silvicultural treatment of the Timber Species within the Plantable Area and further to undertake tapping (for rubber species), cutting, collecting, removing and/or selling the Planted Timber Trees.

Government grant arises due to loans received from government agency at interest rate which is below market rate. The loan is recognised and measured at fair value. The benefit of the lower interest and longer repayment period is recognised as government grant. The term financing received during the year has been fair valued based on discounted cash flows using a rate based on the current market rate of borrowing at reporting date. The repayment of the loan is estimated to be made after 20 years.

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

### 32. Provision for retirement benefits

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	391,414	223,901	391,221	223,787
Remeasurement of retirement benefit liability	(7,013)	9,625	(7,013)	9,625
Provision for the year	38,022	195,851	37,944	195,778
Payment during the year	(15,707)	(37,969)	(15,537)	(37,969)
Foreign exchange difference	15	6	–	–
At 31 December	406,731	391,414	406,615	391,221

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

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Present value of unfunded retirement benefit plan	406,731	391,414	406,615	391,221

Lembaga Tabung Haji (Established under Tabung Haji Act 1995)  
and its subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

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

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current service cost	15,244	177,776	15,166	177,703
Interest cost	22,778	18,075	22,778	18,075
Total	38,022	195,851	37,944	195,778

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	
	2014 %	2013 %	2014 %	2013 %
Inflation rate	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0	3.0 - 5.0
Discount rate	6.0	6.6	6.0	6.6
Salary increment rate	6.0	9.0	6.0	9.0

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

#### Types of retirement benefits

#### (i) Post employment medical benefits

TH provides post-employment medical benefits for its employees and dependants covering cost of medical treatment at private and/or government hospitals after employees retirement. The costs of hospital treatment are insured by a subsidiary up to the age of 65 years.

#### (ii) Accumulated annual leave reward

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

#### (iii) Hajj performance

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

#### (iv) Gratuity plan

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

#### 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 2014	31 December 2013
Discount rate	6.0%	6.0%
Future medical cost inflation rate	5.0%	5.0%
Future salary increase rate	6.0%	6.0%
Hajj cost inflation rate	3.0%	3.0%

#### 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	Accumulated Annual Leave	Hajj Package	Staff Gratuity	Total
<b>31 December 2014</b>					
Obligation (RM'000)	235,866	11,380	19,562	139,807	406,615
% of Total	58.0	2.8	4.8	34.4	100.0
Duration (Year)	21.9	10.1	7.4	10.2	16.8
<b>31 December 2013</b>					
Obligation (RM'000)	229,281	10,481	18,327	133,132	391,221
% of Total	58.6	2.7	4.7	34.0	100.0
Duration (Year)	22.9	11.1	8.4	11.2	17.8

##### (iv) Administrative expenses

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

##### (v) Curtailment, settlement and plan amendments

There was no events of curtailment or settlement for the financial year ended 31 December 2014.

Lembaga Tabung Haji (Established under Tabung Haji Act 1995)  
and its subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

#### Significant actuarial assumptions & sensitivity analysis

##### (i) Significant actuarial assumptions

The following analysis shows the impact on the defined benefit obligation for the year ended 2014.

Assumption	Base rate	Sensitivity analysis	Comparison rate	31 December 2014 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 increase rate	6.0%	1% Increase	4.1%	15,961
Future salary increase rate	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 defined benefit obligation plan. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions. The plan's sensitivity to such changes can vary over time.

### 33. Depositors' savings fund

	Group/TH	
	2014 RM'000	2013 RM'000
At 1 January	45,719,459	38,284,221
Deposits during the year	18,105,075	15,660,747
Bonus to depositors for the year	3,237,196	2,631,908
	67,061,730	56,576,876
Less : Withdrawals during the year	(12,703,980)	(10,857,417)
At 31 December	54,357,750	45,719,459

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 *(cont'd.)*

### 34. Revenue and gross profit

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue</b>				
Investment	2,528,574	1,670,200	2,031,414	2,725,823
Dividends	411,326	366,492	653,187	484,753
Islamic banking	2,967,473	2,809,395	-	-
Plantations	489,158	452,751	-	-
Services	529,884	465,654	3,538	5,686
Properties	653,519	537,614	290,902	305,290
Construction contracts	21,308	63,970	-	-
	7,601,242	6,366,076	2,979,041	3,521,552
<i>Less :</i>				
<b>Cost of sales</b>				
Direct expenses attributable to investment of banking depositors' and shareholders' funds	17,966	25,773	-	-
Plantations	369,068	322,020	-	-
Services	468,375	408,738	-	-
Properties	152,934	92,861	-	-
Construction contracts	9,751	50,184	-	-
	1,018,094	899,576	-	-
<b>Gross profit</b>	6,583,148	5,466,500	2,979,041	3,521,552

### 35. Income attributable to banking depositors

	Group	
	2014 RM'000	2013 RM'000
Deposits from customers		
- Mudharabah fund	526,311	477,031
- Non-Mudharabah fund	227,159	155,773
Deposits and placements of banks and other financial institutions		
- Mudharabah fund	23,155	19,237
- Non-Mudharabah fund	307	4,495
	776,932	656,536



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 *(cont'd.)*

### 36. Operating profit

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating profit was arrived at after crediting/(charging):				
Dividend income				
- quoted subsidiaries	-	-	211,761	51,629
- unquoted subsidiaries	-	-	10,000	40,597
- unquoted associates	-	-	9,760	27,323
- jointly controlled entities	-	-	2,513	2,865
- quoted shares	334,790	290,447	334,790	290,447
- unquoted shares	17,370	18,232	17,187	18,140
- fund managers	26,012	29,147	26,012	25,087
- unit trusts	29,515	28,667	41,165	28,667
Return from fund managers	3,639	4,061	3,639	4,061
Gain/(Loss) on disposals of				
- quoted subsidiaries	-	-	83,375	46,940
- unquoted subsidiaries	836,210	-	-	705,163
- quoted associates	-	4,145	-	4,145
- unquoted associates	(4,435)	(35,820)	(12,114)	(35,820)
Gain on trading of equities				
- quoted shares	751,175	868,752	751,175	868,752
- unquoted shares	2,339	(1,063)	2,339	(1,063)
- fund managers	68,131	53,633	68,131	53,633
Gain from capital repayment	790	556	790	556
Net derivatives (loss)/gain	(1,184)	93,483	1,186	84,320
Gain on debt securities	546,106	470,108	668,760	518,369
Profit from financing to subsidiaries	-	-	72,074	144,004
Returns from corporate notes	-	209	-	209
Gain on negotiable debt certificates	128,209	91,008	128,209	91,008
Rental income	449,544	413,082	294,440	310,976
Gain on disposal of property, plant and equipment	22,663	6,955	10,042	8,249
Gain on disposal of investment properties	13	-	-	-
Property, plant and equipment written off	(1,556)	(5,528)	(136)	(50)
Write back of				
- doubtful debts	-	79	-	79
- equity investments	254,507	-	266,642	43,442
Net gain on foreign exchange differences	29,333	146,275	29,230	146,249
Amortisation of intangible assets (Note 24)	(8,755)	(8,236)	-	-
Depreciation of property, plant and equipment (Note 23 (a))	(172,494)	(159,256)	(26,422)	(26,454)
Audit fees	(3,836)	(3,687)	(283)	(258)
Rental of premises	(72,678)	(72,346)	(8,123)	(11,514)
Provision for retirement benefits	(38,022)	(195,851)	(37,944)	(195,778)
Staff costs	(1,044,345)	(960,963)	(257,032)	(225,150)





NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

37. Impairment and fair value adjustment

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Impairment				
- quoted subsidiaries	-	-	47,312	-
- quoted associates	230,490	-	230,490	-
- quoted shares	39,129	394,494	39,129	394,494
- unquoted shares	17,090	-	16,836	-
- debt securities	-	13,446	-	13,446
- receivables	-	39	-	39
- goodwill	15,510	-	-	-
Allowance for losses on financing undertaken by banking operations	56,305	(11,368)	-	-
Write off				
- derivatives	28,738	-	28,738	-
- receivables	-	83	-	83
Changes in fair value of investment properties	(947,778)	20,118	(669,350)	25,274
Changes in fair value of derivatives	(5,021)	(127,773)	53,944	(127,773)
	(565,537)	289,039	(252,901)	305,563

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense				
- Current year	286,155	321,011	-	19,346
- (Over)/Under provision in prior years	(23,029)	10,035	-	-
	263,126	331,046	-	19,346
Deferred tax				
- Current year	(19,415)	(32,090)	-	-
- Prior years	13,434	(6,703)	-	-
	257,145	292,253	-	19,346

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 2014 (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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	4,872,606	2,653,387	2,978,968	2,653,139
Income tax using Malaysian tax rate of 25% (2013: 25%)	1,218,152	663,347	744,742	663,285
Non deductible expenses	(323,864)	63,129	-	-
Non assessable income	(222,237)	(19,441)	(163,297)	(101,842)
Tax exempt income	(533,762)	(696,731)	(581,445)	(542,097)
Effect of unrecognised deferred tax	10,148	4,015	-	-
Recognition of deferred tax assets previously not recognised	(4,744)	(19,777)	-	-
Share of tax of associates	(3,898)	2,704	-	-
Share of tax of jointly controlled entities	(3,038)	(5,857)	-	-
Others	129,983	297,531	-	-
	266,740	288,920	-	19,346
(Over)/Under provision in prior years				
- Current	(23,029)	10,036	-	-
- Deferred tax	13,434	(6,703)	-	-
	257,145	292,253	-	19,346

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.

From the financial year 2012 to 2013, 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 also have been classified to assets held for sale in the statement of financial position **TH**.

On 17 March 2014 , the transfer of the shareholding in PT TH Indo Plantations to the buyer was officially registered in the database of Legal Entity Administration System, Ministry of Law and Human Rights Republic of Indonesia. The financial impact of the sale has been accounted in the financial statements for the financial year ended 31 December 2014.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

	Group	
	RM'000	RM'000
Income	–	532,856
Expenses	–	(370,138)
<b>Operating profit</b>	–	162,718
Share of profit of jointly controlled entities	–	8,689
<b>Profit before tax</b>	–	171,407
Tax expense	–	(22,121)
<b>Profit for the year</b>	–	149,286
<b>Included in expenses are:</b>		
Depreciation of property, plant and equipment	–	76,886
Provision for retirement benefits	–	7,931
Profits from discontinued operations were attributable entirely to depositors of <b>TH</b> .		
	Group	
	2014 RM'000	2013 RM'000
<b>Cash flows generated from/(used in) discontinued operations</b>		
Net cash generated from operating activities	–	194,122
Net cash used in investing activities	–	(20,615)
Net cash used in financing activities	–	(140,962)
Net cash flow	–	32,545



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

	Group/TH	
	2014 RM'000	2013 RM'000
Surplus for the year:		
- TKJHM	6,135	9,881
- TWT	(50)	102
	<b>6,085</b>	9,983
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	
	2014 RM'000	2013 RM'000
Receipts and income	24,013	22,413
Less :		
Expenses and welfare contribution	(17,026)	(11,629)
Depreciation (Note 23(a))	(852)	(903)
<b>Net surplus for the year</b>	<b>6,135</b>	9,881

42. Bonus to depositors

For the year ended 31 December 2014, **TH** had announced an annual bonus at the rate of 6.25% (2013: 6%) and Hajj bonus at the rate of 2% (2013: 2%). The annual bonus were paid to all active depositors as at 31 December 2014 while the Hajj bonus is a special bonus to **TH** depositors who have not performed Hajj, and the bonus calculation of which was based on the current Hajj rate of RM9,980.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

43. Other reserves

Group	Capital reserves RM'000	Revaluation reserve RM'000	Statutory reserve RM'000	Employees'	Fair value reserve RM'000	Translation reserve RM'000	Total RM'000
				shares option scheme reserve RM'000			
At 1 January 2014	5,882	2,767	425,146	4,720	1,586,432	(274,714)	1,750,233
Changes in fair value of securities available-for-sale	–	–	–	–	(2,453,388)	–	(2,453,388)
Currency translation differences in respect of foreign operations	–	–	–	–	–	(33,154)	(33,154)
Issuance of ordinary shares pursuant to employees' share option scheme	–	–	–	2,551	–	–	2,551
Transfer between reserves	51,156	6,915	254,538	–	(3,713)	(22,349)	286,547
Changes in Group structure	–	–	–	–	(4,365)	229,901	225,536
At 31 December 2014	57,038	9,682	679,684	7,271	(875,034)	(100,316)	(221,675)
At 1 January 2013	5,760	3,406	301,913	6,211	1,053,748	(151,672)	1,219,366
Changes in fair value of securities available-for-sale	–	–	–	–	542,109	–	542,109
Currency translation differences in respect of foreign operations	–	–	–	–	–	(27,843)	(27,843)
Issuance of ordinary shares pursuant to employees' share option scheme	–	–	–	(1,491)	–	–	(1,491)
Transfer between reserves	–	(639)	123,233	–	(9,425)	(95,199)	17,970
Changes in Group structure	122	–	–	–	–	–	122
At 31 December 2013	5,882	2,767	425,146	4,720	1,586,432	(274,714)	1,750,233

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

44. Segment information

2014	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	2,479,052	2,967,473	1,210,269	944,448	–	7,601,242
Inter-segment revenue	499,989	–	–	244,709	(744,698)	–
Total	2,979,041	2,967,473	1,210,269	1,189,157	(744,698)	7,601,242
Profit for the year						
Operating profit	2,783,067	939,911	826,984	304,092	(388,126)	4,465,928
Financing costs						(59,940)
Impairment and fair value movement						565,537
Zakat						(74,426)
Share of loss after tax and zakat of associates						(12,340)
Share of loss after tax and zakat of jointly controlled entities						(12,153)
Tax expense						(257,145)
Total	2,783,067	939,911	826,984	304,092	(388,126)	4,615,461
Segment assets						
Assets by segment	54,255,028	52,964,388	5,555,301	5,818,788	(12,352,788)	106,240,717
Investments in associates	570,500	1	–	23,186	128,346	722,033
Deferred tax assets	–	65,816	–	9,501	–	75,317
Total	54,825,528	53,030,205	5,555,301	5,851,475	(12,224,442)	107,038,067
Segment liabilities						
Liabilities by segment	771,929	49,840,945	2,220,952	4,404,141	(7,382,002)	49,855,965
Deferred tax liabilities	–	–	286,193	5,585	(147,061)	144,717
Total	771,929	49,840,945	2,507,145	4,409,726	(7,529,063)	50,000,682



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 44. Segment information (cont'd.)

	Investment RM'000	Banking & Takaful RM'000	Plantation RM'000	Others RM'000	Adjustments RM'000	Total consolidated RM'000
<b>2013</b>						
<b>Revenue</b>						
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)	–
<b>Total</b>	<b>3,521,553</b>	<b>2,809,395</b>	<b>469,952</b>	<b>789,427</b>	<b>(1,224,251)</b>	<b>6,366,076</b>
<b>Profit for the year</b>						
Operating profit	3,011,602	811,757	96,669	191,771	(1,065,505)	3,046,294
Financing costs						(23,858)
Impairment and fair value movement						(289,039)
Zakat						(69,640)
Share of profit after tax and zakat of associates						13,059
Share of loss 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
<b>Total</b>	<b>3,011,602</b>	<b>811,757</b>	<b>245,955</b>	<b>191,771</b>	<b>(1,065,505)</b>	<b>2,510,420</b>
<b>Segment assets</b>						
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
<b>Total</b>	<b>48,777,753</b>	<b>49,674,545</b>	<b>7,195,885</b>	<b>4,282,568</b>	<b>(16,366,896)</b>	<b>93,563,856</b>
<b>Segment liabilities</b>						
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
<b>Total</b>	<b>608,761</b>	<b>46,624,605</b>	<b>2,498,374</b>	<b>3,231,660</b>	<b>(8,946,571)</b>	<b>44,016,829</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

### 45. Capital commitment

	Group		TH	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Contracted but not accounted for in the financial statements:				
Property, plant and equipment	569,688	49,521	–	–
Investment property	663,948	752,280	663,948	752,280
Property development costs	175,155	58,768	–	–
Investments	194,111	252,723	194,111	252,723
	1,602,902	1,113,292	858,059	1,005,003
Authorised but not contracted for:				
Property, plant and equipment	114,826	191,414	–	–
Investment property	207,800	934,753	207,800	934,735
Plantation development expenditure	218,083	257,940	–	–
Investments	258,975	–	258,975	–
	799,684	1,384,107	466,775	934,735

### 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Jointly controlled entities				
Amount due from	151,001	61,449	151,001	61,449
Amount due to	41,002	13,669	41,002	13,669



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014 (cont'd.)

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

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

	TH			
	Transaction value for		Balance outstanding	
	the year ended 31 December		at 31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Subsidiaries</b>				
Dividend	221,761	92,227	191,941	140,270
Financing	(553,702)	344,340	1,380,163	2,084,739
Profit from financing	72,074	144,004	68,127	102,221
Receivables	–	6,834	–	43,001
Debt securities	90,000	1,598,800	2,086,636	1,998,800
Income from debt securities	122,655	46,054	–	–
<b>Associates</b>				
Dividend	9,760	27,323	–	–
Debt securities	–	50,000	50,000	50,000
Income from debt securities	3,778	891	–	–
<b>Jointly controlled entities</b>				
Dividend	2,513	2,865	–	–

(b) Remuneration of directors and key management personnel

	Group		TH	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Directors:</b>				
Fees and other emoluments	30,895	11,212	862	804
<b>Other key management personnel:</b>				
Short term employee benefits	92,837	71,697	39,490	22,299

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 2014 (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 2014 (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
<b>Group</b>			
<b>2014</b>			
Between 1 to 30 days	355,436	–	355,436
Past due 31 to 60 days	10,693	–	10,693
Past due 61 to 90 days	26,411	(2,952)	23,459
Past due more than 90 days	66,361	(4,209)	62,152
	<b>458,901</b>	<b>(7,161)</b>	<b>451,740</b>
<b>2013</b>			
Between 1 to 30 days	390,235	–	390,235
Past due 31 to 60 days	9,493	–	9,493
Past due 61 to 90 days	36,838	(3,100)	33,738
Past due more than 90 days	99,304	(1,877)	97,427
	<b>535,870</b>	<b>(4,977)</b>	<b>530,893</b>

Lembaga Tabung Haji (Established under Tabung Haji Act 1995)  
and its subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (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 2014 (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 2014 (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 2014 (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.

	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		
<b>2014</b>										
<b>Group</b>										
<b>Financial assets</b>										
Derivative assets	8,907	62,541	–	71,448	–	–	–	–	71,448	71,448
Securities										
held-for-trading	229,805	935,785	–	1,165,590	–	–	–	–	1,165,590	1,165,590
Securities										
available-for-sale	15,208,436	20,843,799	155,758	36,207,993	–	4,272,634	669,930	4,942,564	40,995,841	40,995,841
Financing	–	–	–	–	–	–	29,527,807	29,527,807	29,527,807	29,524,571
Securities										
held-to-maturity	–	–	–	–	21,089	3,926,280	60,752	4,008,121	4,008,121	4,011,530
	15,447,148	21,842,125	155,758	37,445,031	21,089	8,198,914	30,258,489	38,478,492	75,768,807	75,768,980
<b>Financial liabilities</b>										
Derivative liabilities	–	32,407	–	32,407	–	–	–	–	32,407	32,407
Financing	–	–	–	–	–	–	2,326,515	2,326,515	2,326,515	1,932,083
	–	32,407	–	32,407	–	–	2,326,515	2,326,515	2,358,922	1,964,490
<b>TH</b>										
<b>Financial assets</b>										
Derivative assets	75,569	–	–	75,569	–	–	–	–	75,569	75,569
Securities										
available-for-sale	14,556,525	7,866,121	–	22,422,646	–	4,332,634	637,864	4,970,498	27,393,144	27,393,144
Securities										
held-to-maturity	–	–	–	–	–	5,596,231	–	5,596,231	5,596,231	5,596,231
	14,632,094	7,866,121	–	22,498,215	–	9,928,865	637,864	10,566,729	33,064,944	33,064,944

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014 (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.

	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		
<b>2013</b>										
<b>Group</b>										
<b>Financial assets</b>										
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
<b>Financial liabilities</b>										
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
<b>TH</b>										
<b>Financial assets</b>										
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 2014 (cont'd.)

### 49. Contingent liabilities

	Group	
	2014 RM'000	2013 RM'000
<b>Guarantees</b>		
i) Bank guarantee issued to trade customers	7,818	5,886
ii) Corporate guarantee issued for banking facilities extended to subsidiary companies	72,989	57,000
iii) Corporate guarantee issued for banking facilities extended to associate companies	2,380	2,380

### Litigation

The minority shareholders of a subsidiary company of the Group in Indonesia, had taken a civil action at the Jakarta District Court, South Jakarta against two other subsidiaries of the Group. On 16 January 2014, the District Court had decided that the Extraordinary Meeting of the Shareholders of the subsidiary in Indonesia, held on 26 November 2006, was null and void. As a result of this decision, **TH** had filed an appeal at the High Court on 24 January 2014. On 11 December 2014, the court had decided in favour of **TH**. The decision of the High Court was submitted to the plaintiff on 6 January 2015.

### 50. Acquisition of a subsidiary

#### i) Acquisition of PT Persada Kencana Prima

On 10 January 2014, TH Plantation Berhad, a subsidiary of **TH** acquired 93% shares in PT Persada Kencana Prima ("PKP") for a total cash consideration of RM13,516,000. PKP is involved in oil palm plantations. The financial impact on the consolidated financial statements of the Group arising from the acquisition were as follows:

	Group 2014 RM'000
<b>Purchase consideration</b>	13,516
<b>Fair value of net assets:</b>	
<b>Fair value of total net assets of PKP</b>	
Property, plant and equipment	20,819
Trade and other receivable	217
Cash and bank balances	3
Trade and other payable	(733)
Deferred tax liabilities	(5,579)
	14,727
<b>Net cash outflow arising from acquisition</b>	
Purchase consideration	13,516
Deferred consideration	(1,103)
Cash and cash equivalents	(3)
	12,410

### 51. Subsequent Event

On 23 April 2015, **TH** entered into a sale and purchase agreement with KLIFD Sdn. Bhd. for a purchase of land measuring 1.56 acres at Tun Razak Exchange, Kuala Lumpur for property development at a total consideration of RM188,500,000.