



KHAZANAH  
NASIONAL



# DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2018



**KHAZANAH NASIONAL BERHAD**  
**(275505-K)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2018**

**275505-K**

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

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**Khazanah Nasional Berhad**  
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**Directors' report**

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

**Principal activities**

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, associates and joint ventures of the Company and of the Group are described in Note 78 and Note 79 to the financial statements, respectively.

**Results**

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
Loss from continuing operations, net of tax	(8,330,156)	(6,047,918)
Loss from discontinued operation, net of tax	(321,510)	-
Loss net of tax	<u>(8,651,666)</u>	<u>(6,047,918)</u>
Loss attributable to:		
Owners of the Company	(8,676,373)	(6,047,918)
Non-controlling interests	24,707	-
	<u>(8,651,666)</u>	<u>(6,047,918)</u>

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the notes to the financial statements.

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**Dividends**

The amounts of dividends declared or paid by the Company since 31 December 2017 were as follows:

In respect of the financial year ended 31 December 2017:	<b>RM'000</b>
Interim single-tier dividend on 5,443,953,229 ordinary shares, declared on 11 December 2017 and paid on 22 December 2017	600,000
Special single-tier dividend on 5,443,953,229 ordinary shares, declared on 11 December 2017 and paid on 12 December 2018	130,000
Special single-tier dividend of RM100 per share on 1,000,000 redeemable cumulative convertible preference shares ("RCCPS"), declared on 11 December 2017 and paid on 30 January 2018	100,000
Special single-tier dividend of RM170 per share on 1,000,000 RCCPS, declared on 11 December 2017 and paid on 12 December 2018	170,000
	<u>1,000,000</u>
 In respect of the financial year ended 31 December 2018:	
Interim single-tier dividend on 5,443,953,229 ordinary shares, declared on 24 November 2018 and paid on 12 December 2018	1,000,000
Special single-tier dividend on 5,443,953,229 ordinary shares, declared on 24 November 2018 and paid on 12 December 2018	500,000
	<u>1,500,000</u>

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2018.

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**Directors**

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Y.A.B. Tun Dr. Mahathir bin Mohamad (appointed on 30 July 2018)  
Y.B. Dato' Seri Mohamed Azmin bin Ali (appointed on 30 July 2018)  
Y. Bhg. Tan Sri Mohd Hassan bin Marican (appointed on 9 September 2018)  
Dr. Sukudhew Singh (appointed on 30 July 2018)  
Mr. Goh Ching Yin (appointed on 31 July 2018)  
Y. Bhg. Datuk Shahril Ridza bin Ridzuan (appointed on 20 August 2018)  
Y.B. Dato' Sri Mohd Najib bin Tun Haji Abd Razak (resigned on 31 May 2018)  
Y. Bhg. Datuk Seri Johari Abdul Ghani (resigned on 30 May 2018)  
Y. Bhg. Tan Sri Dr. Mohd Irwan Serigar Abdullah (resigned on 23 May 2018)  
Y. Bhg. Tan Sri Md Nor bin Md Yusof (resigned on 31 July 2018)  
Y. Bhg. Tan Sri Mohamed Azman bin Yahya (resigned on 31 July 2018)  
Y. Bhg. Dato' Mohammed Azlan bin Hashim (resigned on 31 July 2018)  
Y.M. Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda (resigned on 31 July 2018)  
Y. Bhg. Tan Sri Sheng Len Tao (resigned on 31 July 2018)  
Y. Bhg. Dato' Sri Mohamed Nazir bin Tun Haji Abdul Razak (resigned on 31 July 2018)  
Y. Bhg. Tan Sri Datuk Wira Azman bin Hj. Mokhtar (resigned on 31 July 2018)  
Y. Bhg. Dato' Dr Nirmala Menon A/P Y B Menon (resigned on 31 July 2018)  
Madam Yeo Kar Peng (resigned on 31 July 2018)

The names of the directors of the Group's subsidiaries who served on the respective boards of the subsidiaries since the beginning of the current financial year to the date of this report are disclosed in Note 80 to the financial statements.

**Directors' benefits**

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 9 and Note 39 to the financial statements), by reason of a contract made by the Company or a related corporation with any Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**Directors' interests**

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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**Indemnity and insurance costs**

During the financial year, the total insurance premium paid for Directors and Officers of the Group and Company were RM1,209,230 and RM593,610 respectively.

**Holding company**

The holding and ultimate holding body is the Minister of Finance Incorporated, a body corporate, incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 ("MoF Inc.").

**Other statutory information**

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

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**Other statutory information (cont'd.)**

(e) At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Significant events during the financial year**

In addition to the significant events disclosed elsewhere in this report, details of other significant events during the financial year are described in Note 73 to the financial statements.

**Subsequent events after the reporting date**

Details of significant subsequent events after the reporting date are as disclosed in Note 35 and Note 74 to the financial statements.

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**Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 7 and Note 37 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 April 2019.

\*Signed

Goh Ching Yin

Kuala Lumpur, Malaysia

\*Signed

Shahril Ridza bin Ridzuan

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**Statement by directors  
Pursuant to Section 251(2) of the Companies Act, 2016**

We, Goh Ching Yin and Shahril Ridza bin Ridzuan, being two of the Directors of Khazanah Nasional Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 392 are drawn up in accordance with the applicable Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 April 2019.

\*Signed

Goh Ching Yin

Kuala Lumpur, Malaysia

\*Signed

Shahril Ridza bin Ridzuan

**Statutory declaration  
Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, Faridah Bakar Ali, being the officer primarily responsible for the financial management of Khazanah Nasional Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 392 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Faridah Bakar Ali  
at Kuala Lumpur in the Federal Territory  
on 19 April 2019.

\*Signed

Faridah Bakar Ali  
MIA 20744  
Chartered Accountant

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**Independent auditors' report to the members of  
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**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Khazanah Nasional Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 392.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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**Independent auditors' report to the members of  
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*Information other than the financial statements and auditors' report thereon (cont'd.)*

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

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

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**Independent auditors' report to the members of  
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*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Independent auditors' report to the members of  
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**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 78 and Note 79 to the financial statements.

**Other matters**

1. As stated in Notes 2, 31 and 76 to the financial statements, Khazanah Nasional Berhad adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and financial performance and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**\*Signed**

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
19 April 2019

**\*Signed**

Dato' Abdul Rauf Bin Rashid  
No. 2305/05/20(J)  
Chartered Accountant

**Khazanah Nasional Berhad  
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**1. Corporate information**

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, associates and joint ventures of the Company and of the Group are described in Note 78 and Note 79 to the financial statements, respectively.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 33, Tower 2, Petronas Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The Company's holding and ultimate holding body is the Minister of Finance Incorporated, a body corporate, incorporated pursuant to the Minister of Finance (Incorporation) Act, 1957 ("MoF Inc.").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 April 2019.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Group and of the Company are prepared in accordance with the provisions of the Companies Act, 2016 and comply with the Malaysian Financial Reporting Standards ("MFRS").

The financial statements have been prepared under the historical cost basis unless otherwise disclosed in the respective significant accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

The financial statements of the Group and of the Company for financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with the MFRS Framework, hence MFRS 1: First-time Adoption of Malaysian Financial Standards has been applied. The MFRS Framework is effective for the Group from 1 January 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant financial report is 1 January 2017.

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**2. Summary of significant accounting policies (cont'd.)**

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

In preparing its opening MFRS Statements of Financial Position as at 1 January 2017 (which is also the date of transition), the Group and the Company have adjusted the amounts previously reported in financial statements prepared in accordance with Financial Reporting Standards ("FRS"). An explanation of how the transition from FRS to MFRS has affected the Group and the Company's financial position and financial performance is set out in Note 31 and Note 76 to the financial statements. These notes include reconciliations of equity, and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported under MFRS.

The Company presents its statement of financial position in order of liquidity.

**2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")**

The audited financial statements of the Group and of the Company for the previous year ended 31 December 2017 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017, except as discussed below:

**(a) MFRS 3 : Business combinations**

The Group has elected to apply MFRS 3 : Business Combinations prospectively to business combinations that occurred after 1 January 2017 and business combinations that occurred prior to 1 January 2017 has not been restated. The Group has continued to deem the carrying amount of investment in each subsidiary, joint venture and associate to the cost of investment in the separate financial statements as at the date of transition to MFRSs.

**(b) MFRS 9 : Financial instruments**

MFRS 9 replaces MFRS 139 : Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

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**2. Summary of significant accounting policies (cont'd.)**

**2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

**(b) MFRS 9 : Financial instruments (cont'd.)**

The Group and the Company have applied MFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

(aa) Classification and measurement

MFRS 9 contains three principal classification categories for financial assets: measured at amortised costs, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. MFRS 9 eliminates the previous MFRS 139 categories of held-to-maturity, loans and receivables and available-for-sale. MFRS 9 largely retains the existing requirements in MFRS 139 for the classification and measurement of financial liabilities.

The assessment of the Group and the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows are solely comprised of principal and interest was made based on facts and circumstances as at the initial recognition of the assets.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

**(b) MFRS 9 : Financial instruments (cont'd.)**

(aa) Classification and measurement (cont'd.)

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under FRS 139. The following are the changes in the classification of the Group's and the Company's financial assets:

- Receivables (including amount due from associates, holding company and joint ventures) previously classified as *Loans and receivables* are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as *Debt instruments at amortised cost*.
- Unquoted equity investments previously classified as *Available-for-sale financial assets* are now classified and measured as *Equity instruments designated at FVOCI*. The Group and the Company have elected to classify irrevocably its unquoted equity investments under this category as they intend to hold these investments for the foreseeable future.
- Quoted equity investments previously classified as *Available-for-sale financial assets* are now classified and measured as *Equity instruments designated at FVOCI*. The Group and the Company have elected to classify irrevocably their listed equity investments under this category.
- Financial assets previously classified as *Held-to-maturity investments* are now classified and measured as FVTPL.

The impact upon adoption of MFRS 9 for the Group and the Company are disclosed in Note 31 and Note 76 to the financial statements.

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**2. Summary of significant accounting policies (cont'd.)**

**2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

**(b) MFRS 9 : Financial instruments (cont'd.)**

**(bb) Impairment**

The adoption of MFRS 9 has fundamentally changed the Group and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred losses approach with a forward-looking expected credit loss approach. The ECL approach requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date. This is required for all debt instruments not held at FVTPL and contract assets.

The impact upon adoption of MFRS 9 for the Group and the Company are disclosed in Note 31 and Note 76 to the financial statements.

**(c) MFRS 15 : Revenue from contracts with customers**

MFRS 15 supersedes MFRS 111: Construction Contracts, MFRS 118: Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount which depicts the transfer of promised goods or services to the customer that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

MFRS 15 require entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group and the Company have adopted MFRS 15 using the full retrospective method. The impact upon adoption of MFRS 15 for the Group and the Company are disclosed in Note 31 and Note 76 to the financial statements.

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**2. Summary of significant accounting policies (cont'd.)**

**2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

**(c) MFRS 15 : Revenue from contracts with customers (cont'd.)**

(aa) Property development activities

Under FRS, the Group recognised property development revenue from property development activities over time based on the enforceability of the sales contract with the customers. Upon adoption of MFRS 15, revenue is recognised upon settlement, being the date at which control is transferred to customers.

(bb) Land sales

Under FRS, the Group recognised revenue from land sale upon completion of conditions precedent as stipulated in the sale and purchase agreement with the customers. Upon adoption of MFRS 15, revenue is recognised when control is substantially transferred.

(cc) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under FRS, the Group accounted for the bundled sales as one deliverables and recognised revenue over time. Upon adoption of MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligations in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales.

The transaction price is allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, either at a point in time or over time.

(dd) Consideration payable to the customers and incremental costs of obtaining a contract

Under FRS, sales commissions and free legal fees for property development were expensed off. Upon adoption of MFRS 15, free legal fees represents consideration payable to the customers and is accounted for as a reduction of the transaction price. Sales commissions relate directly to contracts are the incremental costs of obtaining a contract and are expected to be recovered in future. These costs are capitalised and subsequently recognised in profit or loss when the performance obligation is satisfied.

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**2. Summary of significant accounting policies (cont'd.)**

**2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

**(c) MFRS 15 : Revenue from contracts with customers (cont'd.)**

(ee) LAD

Under FRS, the Group recognised provision for LAD arising from the late delivery of construction and development projects as cost of sales in the profit or loss.

Upon adoption of MFRS 15, LAD which represents penalties to the property developers or the contractors, is reflected as a reduction in transaction price rather than as a separate cost in the profit or loss. Accordingly, LAD is accounted for in deriving the carrying amount of contract asset or contract liability.

LAD from contractors previously recognised as other income is now netted of against cost of sales.

(ff) Recognition of provision for foreseeable losses for affordable housing and public infrastructure

Under FRS, the Group recognised upfront and capitalised as part of property development costs, the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above was in accordance to FRSIC Consensus 17: Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA"). The Group recognised the costs for public infrastructure as and when it is incurred.

Upon adoption of MFRS Framework, FRSIC 17 is no longer relevant. The Group is of the view that the expected costs for infrastructure attributable to a project should be accrued progressively as and when the inventories are constructed. The same treatment would apply for the cost incurred in excess of the net realisable value of the affordable houses which is to be included in the measurement of premium housing progressively as it relates to the obligation to the local government authorities.

Accordingly, the initial full provision for foreseeable losses recognised based on the previous FRS is no longer applicable.

Accordingly, the provision for foreseeable losses and public infrastructure made on unlaunched phases are reversed and provision is recognised based on current progress of the ongoing projects.

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**2. Summary of significant accounting policies (cont'd.)**

**2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

**(c) MFRS 15 : Revenue from contracts with customers (cont'd.)**

(gg) Contract assets and contract liabilities

Under FRS, the Group and the Company recognised trade receivables, even if the receipt of the total consideration was conditional on successful delivery of goods or services. The excess of revenue over billings to purchasers was classified as accrued billing within trade receivables and the excess of billings to purchasers over revenue was classified as advance billing within trade payables.

Upon adoption of MFRS 15, any earned consideration that is conditional is recognised as a contract asset, the excess of revenue over billings to purchasers is classified as contracts assets and the excess of billings to purchasers over revenue, deferred income and customer deposit are classified as contract liabilities.

(hh) Deductions imposed on revenue from healthcare services

Under FRS, deductions imposed by the customers on revenue from healthcare services were recorded as an expense as part of the cost of sales. Upon adoption of MFRS 15, such deductions represent a variable consideration which is to be deducted against the revenue.

(ii) Significant financing component in a contract

MFRS 15 requires an entity to assess whether a contract contains significant financing component if it receives consideration more than one year before or after it transfers goods or services to the customer. Upon adoption of MFRS 15, the effect of financing is reflected as interest income.

(jj) Other adjustments

In addition to the adjustments described above, upon the adoption of MFRS 15, other items of the primary financial statements such as deferred taxes, interests in joint ventures and associates, share of results of associates and joint ventures, income tax expenses, non-controlling interests and retained earnings, are adjusted as necessary.

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**2. Summary of significant accounting policies (cont'd.)**

**2.3 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date.

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

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement(s) with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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**2. Summary of significant accounting policies (cont'd.)**

**2.3 Basis of consolidation (cont'd.)**

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**2.4 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statements of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

**2.4 Business combinations and goodwill (cont'd.)**

After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

**2.5 Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

The consideration made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

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**2. Summary of significant accounting policies (cont'd.)**

**2.5 Investments in associates and joint ventures (cont'd.)**

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount is adjusted to recognise the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statements of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statements of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

**2.6 Intangible assets**

**(a) Research and development costs**

Research and development costs are recognised as an expense except that costs incurred on individual development projects are recognised as development asset to the extent that such expenditure is expected to generate future economic benefits. Development costs are only recognised as an asset when it is probable that future economic benefits will be realised as a result of the specific expenditure and the costs can be measured reliably.

Following the initial recognition of the development expenditure, the asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.28. These costs are derecognised upon disposal or when no future economic benefits are expected from its use.

Development costs that have been capitalised are amortised over the period of expected future sales from the related project.

**(b) Other intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

**2.6 Intangible assets (cont'd.)**

**(b) Other intangible assets (cont'd.)**

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

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

Other intangible assets comprise the following, and are amortised over the following useful lives:

<b>Intangible asset</b>	<b>Nature</b>	<b>Useful life</b>
Aircraft landing slots	Landing rights for aircraft	Indefinite
Computer software	Computer software and licenses	3 - 15 years
Brands	Brand name	Indefinite
Value of business acquired ("VOBA")	In-force contracts for insurance and takaful businesses acquired	5 years
Bancassurance	Bancassurance agreement entered into with an associate company	20 years
Licenses	License to operate Themed parks	15 - 20 years

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**2. Summary of significant accounting policies (cont'd.)**

**2.7 Aircraft, property, plant and equipment**

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

Subsequent to recognition, aircraft, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Freehold land, which is stated at cost less impairment loss, has an unlimited useful life and therefore is not depreciated except for land held for scheduled waste treatment plant and disposal site in Port Dickson, Negeri Sembilan by a subsidiary of the Group, Kualiti Alam Sdn. Bhd. ("KASB").

Depreciation of other aircraft, property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value based on the following:

Freehold land held for scheduled waste treatment and disposal site	6.25%
Leasehold land	15 - 99 years
Hotel properties	37 years
Buildings	5 - 50 years
Roads, bridges, renovation, restoration costs and capital improvements	3 - 50 years
Plant and machinery	2 - 25 years
Furniture and fittings, motor vehicles and other equipments	3 - 30 years
Aircraft (from the age at the time of purchase)	18 - 25 years
Aircraft modifications/retrofits and spare engines	<u>7 - 25 years</u>

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**2. Summary of significant accounting policies (cont'd.)**

**2.7 Aircraft, property, plant and equipment (cont'd.)**

Capital work-in-progress consist of, amongst others, progress payments on aircrafts, simulators and properties under construction. These capital work-in-progress are stated at cost and are not depreciated until the respective assets are ready for their intended use.

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

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

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

**2.8 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company and Group have applied the practical expedient, the Company and Group initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company and Group applied the practical expedient are measured at the transaction price determined under MFRS 15. Refer to the accounting policies in section 2.25 (e) Construction contracts, contracts for sale of land and property development costs.

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**2. Summary of significant accounting policies (cont'd.)**

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

**i) Financial assets (cont'd.)**

**Initial recognition and measurement (cont'd.)**

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company and Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company and Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

***Financial assets at amortised cost (debt instruments)***

The Company and Group measure financial assets at amortised cost if both of the following conditions are met:

- The financial assets is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**2. Summary of significant accounting policies (cont'd.)**

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

**i) Financial assets (cont'd.)**

**Subsequent measurement (cont'd.)**

***Financial assets at amortised cost (debt instruments) (cont'd.)***

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

***Financial assets at fair value through OCI (debt instruments)***

The Company and Group measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company and Group's debt instruments at fair value through OCI include investments in quoted debt instruments included under other non-current financial assets.

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**2. Summary of significant accounting policies (cont'd.)**

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

**i) Financial assets (cont'd.)**

**Subsequent measurement (cont'd.)**

***Financial assets designated at fair value through OCI (equity instruments)***

Upon initial recognition, the Company and Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company and Group benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company and Group elected to classify irrevocably its not held for trading instruments under this category.

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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**2. Summary of significant accounting policies (cont'd.)**

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

**i) Financial assets (cont'd.)**

**Subsequent measurement (cont'd.)**

***Financial assets at fair value through profit or loss (cont'd.)***

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company and Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as dividend income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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**2. Summary of significant accounting policies (cont'd.)**

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

**i) Financial assets (cont'd.)**

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company and Group have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full to a third party under a 'pass-through' arrangement; and either (a) the Company and Group have transferred substantially all the risks and rewards of the asset, or (b) the Company and Group have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company and Group have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company and Group continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company and Group also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company and Group have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company and Group could be required to repay.

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**2. Summary of significant accounting policies (cont'd.)**

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

**i) Financial assets (cont'd.)**

**Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Debt instruments at fair value through OCI
- Trade receivables, including contract assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company and Group apply a simplified approach in calculating ECLs. Therefore, the Company and Group do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company and Group have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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**2. Summary of significant accounting policies (cont'd.)**

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

**i) Financial assets (cont'd.)**

**Impairment of financial assets (cont'd.)**

For debt instruments at fair value through OCI, the Company and Group apply the low credit risk simplification. At every reporting date, the Company and Group evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company and Group reassess the internal credit rating of the debt instrument. In addition, the Company and Group consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company and Group consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company and Group may also consider a financial asset to be in default when internal or external information indicates that the Company and Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company and Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

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**2. Summary of significant accounting policies (cont'd.)**

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

**ii) Financial liabilities (cont'd.)**

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

***Financial liabilities at fair value through profit or loss***

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company and Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Company and Group have not designated any financial liability as at fair value through profit or loss.

***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 26 and Note 61 to the financial statements.

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**2. Summary of significant accounting policies (cont'd.)**

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

**ii) Financial liabilities (cont'd.)**

**Derecognition**

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

**iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.9 Hedge accounting**

The Group uses derivatives to manage its exposure to foreign currency risk, interest rate risk, liquidity risk and fuel hedging contracts. The Group apply hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationship are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- Cash flow hedges, when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probably forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.9 Hedge accounting (cont'd.)**

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

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

**(a) Fair value hedges**

The changes in the fair value of a derivative hedging instrument is recognised in profit or loss, together with any gain or loss on the hedged item attributable to the hedged risk, which is adjusted to the carrying amount of the hedged item.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

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**2. Summary of significant accounting policies (cont'd.)**

**2.9 Hedge accounting (cont'd.)**

**(b) Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the Group removes the associated gains and losses that were recognised directly in other comprehensive income, and includes them in the initial cost or other carrying amount of the asset or liability.

For other cash flow hedges, amounts recognised directly in other comprehensive income are recognised in profit or loss in the same period or periods during which the forecast transaction affects profit or loss.

Cash flow hedge accounting shall be discontinued prospectively if the hedging instrument is sold, terminated or exercised or the hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument remains separately recognised in equity until the forecast transaction occurs at which stage it is accounted for in accordance with the guidance given above depending on whether or not the forecast transaction results in the recognition of a financial or non-financial asset or liability. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains in equity is recognised immediately in profit or loss.

If the Group revokes the designation for a hedge of a forecast transaction, the cumulative gain or loss recognised in equity remains separately recognised in equity until the forecast transaction occurs or is no longer expected to occur. If the transaction occurs, the cumulative gain is accounted for in accordance with the guidance given above depending on whether or not the forecast transaction results in the recognition of a financial or non-financial asset or liability. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains in equity is recognised immediately in profit or loss.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.9 Hedge accounting (cont'd.)**

**(c) Hedges of a net investment**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss.

On disposal of the foreign operation, the cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge which was recognised in other comprehensive income is reclassified from equity to profit or loss.

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank and deposits with financial institutions that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

**2.11 Leases**

**(a) As lessee**

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

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

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.11 Leases (cont'd.)**

**(a) As lessee (cont'd.)**

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

**(b) As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

**2.12 Concession assets**

**(a) Concession intangible assets**

In order to fall within the scope of concession contract, a contract must satisfy the following two criterias:

- the grantor controls or regulates what services the operator must provide with the infrastructure/assets, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure/assets at the end of the term of the arrangement.

Concession intangible assets comprise Expressway Development Expenditure ("EDE"), Capital Work-In-Progress, Concession rights and Other Concession Assets.

Such assets are not recognised by the Group as property, plant and equipment but as concession intangible assets. The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the amount recoverable. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service. Under the intangible asset model, revenue includes revenue from the construction of the infrastructure/assets and operating revenue of the infrastructure.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.12 Concession assets (cont'd.)**

**(a) Concession intangible assets (cont'd.)**

**(i) Expressway Development Expenditure ("EDE")**

EDE, comprises construction development and upgrading expenditure (including borrowing costs relating to the financing of the development) incurred in connection with the concession intangible assets.

EDE is stated at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.28.

EDE is amortised over its concession period. The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial year is as follows:

$$\frac{\text{Traffic volume for the year}}{\text{(Actual traffic volume for the year + Projected total traffic volume for the subsequent years to end of concession period)}} \times \text{(Net book value of EDE brought forward + net additions for the year)}$$

The projected total traffic volume is based on the latest available traffic volume projections prepared by independent traffic consultants. The traffic volume projections are independently reviewed on a periodic basis.

**(ii) Capital work-in-progress**

Capital work-in-progress is not depreciated until the asset is fully completed and brought into use.

**(iii) Concession rights**

Concession rights relate to the rights to build, own and operate the asset for solar panel and biogas activities in accordance with the Renewable Energy Power Purchase Agreements ("REPPA") entered with Tenaga Nasional Berhad ("TNB").

These concession rights, with finite useful lives, are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there are indications that the concession rights may be impaired.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.12 Concession assets (cont'd.)**

**(a) Concession intangible assets (cont'd.)**

**(iv) Other concession assets**

Other concession assets comprise toll equipment, video surveillance equipment, telecommunication networks, centralised lighting, and toll operation computer hardware and software, and are stated at cost less accumulated amortisation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2.28. The annual amortisation in respect of these assets is computed on a straight line basis over their estimated useful lives at the following rates:

Software and computers	12.5% to 14.3%
Others	10%

**2.13 Investment properties**

Investment properties consist of land, completed properties and properties under construction ("IPUC") which are held for capital appreciation or rental purpose or both, and generally are not occupied for use or in the operations of the Group. Investment properties are treated as long term investments and are measured initially at cost, including transaction costs.

Following initial recognition, investment properties are carried at cost less any accumulated depreciation and accumulated impairment losses, except for freehold land which has an unlimited useful life and therefore is not depreciated. Other investment properties are depreciated over the estimated economic useful lives of 5 - 80 years. IPUC are not depreciated as they are not ready for their intended use. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.28.

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

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

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

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.14 Land held for property development and property development costs**

**(a) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at lower cost and net realisable value. Cost consists of land and development expenditure (including borrowing costs relating to the financing of active development).

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

Profit on sale of land held for property development, including any infrastructure development, is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group.

**(b) Property development costs**

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

Property development costs are initially stated at cost. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Non-refundable commission cost.

Property development cost is recognised as an expense when the corresponding revenue is recognised as per accounting policy in Notes 2.25(e)(ii) and 2.25(e)(iii).

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

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.14 Land held for property development and property development costs (cont'd.)**

**(b) Property development costs (cont'd.)**

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

Property development cost of unsold units or units pending transfer of control is transferred to inventories held for sale or inventories under contract of sale once the development is completed.

**2.15 Inventories**

**(a) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost of inventories are assigned on a weighted average cost basis, except for trading inventories which are determined on a First-In-First-Out ("FIFO") basis and are valued on the basis of lower of cost and net realisable value after making allowance for obsolete and slow-moving inventories.

The cost of raw materials comprise costs of purchase. The cost of finished goods comprise costs of direct materials, direct labour, a proportion of overhead expenses and all incidental costs incurred in bringing the inventories into store. Net realisable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and the estimated costs to make the sale.

The amount of any write down of inventories to net realisable value and subsequent reversals of any write down, if any, is recognised in profit or loss.

Developed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

**(b) Work-in-progress**

Work-in-progress and manufactured finished goods are stated at lower of cost and net realisable value. Cost is made up of direct materials, labour and a proportion of overhead expenses. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Allowance is made for all anticipated losses on work-in-progress.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.16 Contract assets and contract liabilities**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are subject to impairment assessment based on ECL model. The amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

A contract asset becomes a receivable when the Group and the Company's right to consideration is unconditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract liability is recognised as revenue when the Group and the Company perform the obligations under the contract.

**2.17 Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants relating to income shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to an asset are amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments or presented in the statements of financial position by deducting the grants in arriving at the carrying amount of the asset.

**2.18 Customer loyalty programme**

Award credits/points granted by certain subsidiaries of the Group are a separately identifiable component of the sales transaction and represent rights granted to the customer. The consideration allocated to the points is measured at the fair value of the points. It is recognised as a deferred revenue in the consolidated statement of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.19 Provisions**

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

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

**2.20 Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee.

If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

**2.21 Borrowing costs**

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

When the carrying amount of an asset inclusive of capitalised borrowing costs exceeds its recoverable amount, capitalisation is discontinued and such excess is written down or adjusted for an allowance for impairment, through an appropriate charge to profit or loss.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.21 Borrowing costs (cont'd.)**

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

**2.22 Employee benefits****(a) Short term benefits**

Wages, salaries, bonuses and social security contribution are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(b) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

**(c) Termination benefits**

Employees of a subsidiary of the Group, Malaysia Aviation Group Berhad ("MAGB") receive termination benefits which are payable when employment is terminated by MAGB before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. MAGB recognises termination benefits at the earlier of the following dates: (a) when MAGB can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.22 Employee benefits (cont'd.)****(d) Defined benefit plans**

Certain subsidiaries of the Group operate a funded and unfunded defined benefit, Retirement Benefit Scheme (“the Scheme”), for their eligible employees. The Group’s obligations under the Scheme are determined based on actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. The fair value of plan assets for a funded scheme is determined by discounting expected future cash flows. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds. Actuarial gains and losses for the defined benefit plans are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations less unrecognised past service costs, reduced by the fair value of the plan assets. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

**(e) Employee entitlements**

An indirect subsidiary makes provision for employees' compensation for future leave in relation to the length of service rendered by employees and relates to rights which have been vested and unvested. These have been recognised based on independent actuarial valuation. These valuations determine the present value of estimated future cash flows to be made to these employees at balance date. Actuarial gains and losses on employee entitlements are recognised in the profit or loss at the time of valuation.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.23 Share-based compensation**

**(a) Equity-settled**

**(i) UEM Group Berhad**

The share option programmes include UEM Group Berhad ("UEM")'s Employee Share Ownership Plan, and Long Term Incentive Plan ("LTIP"). These equity-settled share-based compensation plans, allow certain employees of respective subsidiaries to be entitled to ordinary shares of these companies. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until this vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued or to treasury shares if the options are satisfied by the reinsurance of treasury shares.

**(ii) Avicennia Capital Sdn. Bhd.**

Employees of the Avicennia Capital Sdn. Bhd. ("ACSB") receive remuneration in the form of Restricted Shares Unit ("RSU") under the Company's Long Term Incentive Plan ("LTIP") as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the RSU at the date on which the RSUs are granted. This cost is recognised in profit or loss, with corresponding increase in the LTIP reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period as expired and the Group's best estimate of the number of RSU that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.23 Share-based compensation (cont'd.)**

**(a) Equity-settled (cont'd.)**

**(ii) Avicennia Capital Sdn. Bhd. (cont'd.)**

No expense is recognised for RSUs that do not ultimately vest, except for RSUs where vesting is conditions upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service condition is satisfied. The LTIP reserve is transferred to retained earnings upon expiry of the LTIP. When the RSUs are exercised, the LTIP reserve is transferred to share capital if new shares are issued.

**(b) Cash-settled - Company**

The Company grants a Shadow Share Option Scheme, a Long Term Incentive Plan ("LTIP"), to the employees of the Company, as part of the remuneration package, whereby the employees will be entitled to future cash payments based on the increase in the Company's investment portfolio.

The cost of services rendered under the scheme is measured at the fair value of the liability. Over the vesting period, the fair value of the Shadow Share Option Scheme is recognised in profit or loss as staff costs.

Until the liability is settled, at each reporting date the liability is remeasured with changes in fair value recognised in profit or loss.

The total fair value of the outstanding exercisable shadow share options granted to the employees, is recognised as staff costs with a corresponding increase in the liability, over the vesting period.

The fair value is computed based on the volume weighted average price ("VWAP") of the Company's investment portfolio, and taking into account the probability that the options will vest and be exercised.

Following the Board of Directors' meeting on 6 September 2018, the Board has exercised its right to terminate the LTIP Scheme and cancel all existing options.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.23 Share-based compensation (cont'd.)**

**(c) Cash-settled - Group**

A subsidiary of the Company, UEM Group Berhad ("UEM or UEM Group") grants Shadow Share Option Scheme, a LTIP, to the employees of UEM Group, as part of the remuneration package, whereby the employees will be entitled to the future cash payments subject to meeting the UEM Group's predetermined financial performance and value growth targets over a specific performance vesting period.

Liability arising from long term incentives is measured and reviewed at each reporting date, based on the management's estimates on the achievement of the predetermined targets, and is recognised as an expense over the performance period.

**2.24 Discontinued operation**

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

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

**2.25 Revenue and income recognition**

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

**(a) Dividend income**

Dividend income is recognised when the shareholders' right to receive payment is established and no significant uncertainty exist with regard to its receipts.

**(b) Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.25 Revenue and income recognition (cont'd.)**

**(c) Gain or loss on disposal of investment**

Gain or loss on disposal of investment is recognised upon satisfaction of all terms of the agreement leading to sale of the investment.

**(d) Sales of goods and rendering of services**

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customers.

Revenue from sale of services is recognised at the point in time or over time as the services are provided.

**(e) Construction contracts, contracts for sale of land and property development costs**

**(i) Construction contracts**

Revenue is recognised over time by reference to the progress towards completion, which is determined based on input method, i.e. cost incurred to date against the expected total construction costs. Revenue from construction contracts is recognised net of Liquidated Ascertained Damages ("LAD").

For those construction contracts that contain significant financing component, the amount of consideration is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, to take into consideration the significant financing component.

**(ii) Sale of land**

Revenue from sale of land is recognised as a point in time when control is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.25 Revenue and income recognition (cont'd.)**

**(e) Construction contracts, contracts for sale of land and property development costs (cont'd.)**

**(iii) Sale of development properties**

Revenue from sale of development properties is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer in substance obtains control of the asset.

The Group recognise revenue over time using the input method, which is based on the level of completion in proportion of cost incurred to date against the expected total construction costs. Revenue from sale of development properties is recognised net of incremental costs of obtaining a contract and variable considerations.

**(iv) Multiple promises from sale of development properties and land**

Multiple promises from sale of development properties and land are accounted for as separate performance obligations. The transaction price is allocated to each performance obligation based on the standalone selling prices, and if not directly observable, based on expected cost plus margin.

**(f) Rental income**

Rental income is recognised on a straight-line basis over the terms of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight line basis.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.25 Revenue and income recognition (cont'd.)**

**(g) Toll collection and toll compensation**

Toll collection revenue is recognised based on the net collection from tolls designated under the Concession and Novation Agreement between the expressway companies and the Government.

Pursuant to the Concession and Novation Agreement, the Government reserves its rights to restructure or to restrict the imposition of unit toll rate increases by the concession company. The Government shall compensate the concession company for any reduction in toll revenue as a consequence of such restructuring or restriction imposed, subject to negotiation and other considerations that the Government may deem fit.

Toll compensation for any concession year is recognised in the financial statements as revenue when receipt is probable and the amount that is receivable can be reliably measured.

**(h) Airlines services**

Passenger ticket and cargo space sales or airway bill sales (belly and freighter) including the related administration fees and various surcharges are recognised as revenue, net of discount, in profit or loss when the transportation services are rendered. The value of unutilised tickets is included in current liabilities as sales in advance of carriage.

Tickets, other service fees and surcharges that remain unutilised after 12 months subsequent to their respective date of issue are recognised in profit or loss as unavailed credits on sales in advance of carriage.

Revenue from other services such as charter revenue, airport handling, engineering services, catering, warehousing services, passenger handling services, provision of computerised reservation services, trucking and retailing of goods are recognised in profit or loss when services are rendered.

Revenue from reissuance fees is recognised upon flown.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.25 Revenue and income recognition (cont'd.)**

**(i) Airport handling and engineering services**

Airport handling and engineering services are recognised based on the number of man-hours incurred and the cost of materials and spare parts supplied.

Power-by-the-hour ("PBTH") revenue is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to-date against the estimated man-hours needed to complete the projects.

**(j) Frequent flyer programme**

The Group operates a frequent flyer programme where points are purchased by partners or awarded to programme members based on accumulated miles travelled.

The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of sale, such that the award miles are recognised at fair value. The points sold to partners and a portion of passenger revenue attributable to the award of frequent flyer benefits is accounted as a current liability ("deferred revenue") in the consolidated statement of financial position until they are utilised. Revenue from the award points is recognised when the points are redeemed or expired. The amount of revenue recognised when the points are redeemed is based on the number of points redeemed relative to the total number expected to be redeemed.

**(k) Hotel, themed parks and golf operations**

Revenue from hotel, themed parks and golf operations are recognised in profit or loss when services are rendered.

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**2. Summary of significant accounting policies (cont'd.)**

**2.25 Revenue and income recognition (cont'd.)**

**(I) Revenue on public-private service arrangements**

Revenue on public-to-private service arrangements is recognised and measured based on the services performed/provided during the period.

The consideration received/receivable shall be allocated by reference to the relative fair values of the services delivered, if more than one service (ie. construction of/or upgrade services and operation services) are performed under a single contract or arrangement.

**(i) Construction or upgrade service**

Revenue is recognised in accordance with Note 2.25(e)(i).

The consideration receivable shall be recognised as:

- (i) a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset; or
- (ii) an intangible asset to the extent that it receives a right (a licence) to charge users of the public service.

**(ii) Operation services**

Revenue is recognised in accordance with Note 2.25(d).

**2.26 Income tax**

**(a) Current tax**

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

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

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**2. Summary of significant accounting policies (cont'd.)**

**2.26 Income tax (cont'd.)**

**(b) Deferred tax**

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

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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**2. Summary of significant accounting policies (cont'd.)**

**2.26 Income tax (cont'd.)**

**(b) Deferred tax (cont'd.)**

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

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

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

**2.27 Foreign currencies**

**(a) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

**(b) Foreign currency transaction**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.27 Foreign currencies (cont'd.)**

**(b) Foreign currency transaction (cont'd.)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

**(c) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

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

**2.28 Impairment of non-financial assets**

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

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.28 Impairment of non-financial assets (cont'd.)**

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

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

Impairment losses are recognised in profit or loss.

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

**2.29 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities.

**(a) Ordinary shares**

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

**(b) Redeemable cumulative convertible preference shares ("RCCPS")**

RCCPS are recorded at the proceeds received, net of directly attributable incremental transaction costs. RCCPS are classified as equity.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.29 Share capital and share issuance expenses (cont'd.)**

**(c) Dividends**

Dividends on ordinary shares and RCCPS are recognised in equity in the period in which they are declared.

**(d) Capital contribution from shareholders**

The capital contribution relates to contribution from the holding company, where no repayment is expected.

**2.30 Insurance business**

**(a) Product classification**

The insurance and takaful subsidiaries of the Group issue contracts that contain insurance/takaful risk or both insurance/takaful underwriting risk and financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest/profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance/takaful underwriting risk is risk other than financial risk.

Insurance/takaful contracts are those contracts that transfer significant insurance/takaful risks.

An insurance/takaful contract is a contract under which the Group (the insurer) has accepted significant insurance/takaful risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the insurance and takaful subsidiaries of the Group define whether significant insurance/takaful risk has been accepted by comparing benefits paid or payable on the occurrence of an insured event against benefits paid or payable if the insured event does not occur.

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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(a) Product classification (cont'd.)**

A takaful contract is a contract under which the takaful operator (the provider) has agreed to administer takaful risk faced by participants by agreeing to compensate the participants from the Tabarru' Fund if a specified uncertain future event (the insured event) adversely affects the participants. As a general guideline, the Group's takaful subsidiary defines significant takaful risk to be the possibility of having to pay benefits on the occurrence of a takaful event that are at least 5% more than the benefits payable if the takaful event did not occur.

Investment contracts are those contracts that do not transfer significant insurance/takaful risks.

Once a contract has been classified as insurance/takaful contract, it remains an insurance/takaful contract for the remainder of its life-time, even if the insurance/takaful risks reduce significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance/takaful contracts after inception if insurance/takaful risks thereon becomes significant.

Insurance/takaful contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- (a) likely to be a significant portion of the total contractual benefits;
- (b) whose amount or timing is contractually at the discretion of the issuer;
- (c) that are contractually based on the:
  - performance of a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - the profit or loss of the Group, fund or other entity that issues the contract.

Surpluses in the DPF fund are distributable to policy holders/participants and shareholders/the Group's subsidiaries in accordance with the relevant terms under the insurance/takaful contracts. The Group's insurance and takaful subsidiaries however have the discretion over the amount and timing of the distribution of these surpluses to policyholders and shareholders and subject to the advice of the subsidiaries' Appointed Actuaries.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(a) Product classification (cont'd.)**

Surpluses in the non-DPF fund arising during the year are recognised in the statement of comprehensive income and the unallocated surplus where the amount of surplus allocation to shareholders has yet to be determined by the end of the financial period is held in equity.

Unallocated surpluses of the DPF funds where the amount of surplus allocation to either policyholders or shareholders has yet to be determined by the end of the financial period are held within insurance contract liabilities.

For financial options and guarantees which are not closely related to the host insurance/takaful contract, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an insurance/takaful contract, or if the host insurance/takaful contract is measured at fair value through profit or loss.

An investment-linked insurance/takaful contract is an insurance/takaful contract with an embedded derivative linking payments on the contract to units of an internal investment fund setup by the Group's insurance/takaful subsidiary with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance/takaful contract and is therefore not accounted for separately from the host insurance/takaful contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

When insurance/takaful contracts contain both financial risk component and significant insurance/takaful risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premium/contributions relating to the insurance/takaful risk component are accounted for on the same basis as insurance/takaful contracts and the remaining element is accounted for as a deposit through the statement of financial position similar to investment contracts.

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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(b) Reinsurance/Retakaful assets**

The insurance and takaful subsidiaries of the Group cedes insurance/takaful risk in the normal course of business for their businesses. Reinsurance/retakaful assets represent balances due from reinsurance/retakaful operators respectively. Amounts recoverable from reinsurers/retakaful operators are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's/retakaful's policies and are in accordance with the related reinsurance/retakaful contracts.

Reinsurance/retakaful arrangements, entered into by the insurance and takaful subsidiaries of the Group, that meet the classification requirements of insurance/takaful contracts are accounted for as above. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Reinsurance/retakaful assets represent amounts recoverable from reinsurers or retakaful operators for insurance/takaful contract liabilities which have yet to be settled at the reporting date. Amounts recoverable from reinsurers and retakaful operators are measured consistently with the amounts associated with the underlying insurance/takaful contracts and the terms of the relevant reinsurance/retakaful arrangements.

At each reporting date, or more frequently, the insurance and takaful subsidiaries of the Group assess whether objective evidence exists that reinsurance/retakaful assets are impaired. Objective evidence of impairment for reinsurance/retakaful assets are similar to those noted for insurance/takaful receivables as above.

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

Reinsurance assets and retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(c) Insurance/Takaful receivables**

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that the insurance and takaful receivables are impaired, the Group reduces the carrying amount as described in Note 2.30(b).

Insurance/takaful receivables are derecognised when the derecognition criteria for financial assets.

**(d) General insurance/General takaful contract liabilities**

General insurance/general takaful contract liabilities are recognised when contracts are entered into and premiums/contributions are charged. The general insurance/general takaful contract liabilities comprise claim liabilities and premium/contribution liabilities.

**(i) Claim liabilities**

Claim liabilities represent the insurance and takaful subsidiaries of the Group's obligations, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at reporting date. Claim liabilities include provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") and related claims handling costs. These comprised the best estimate value of claim liabilities and a provision of risk margin for adverse deviation ("PRAD") as prescribed by Bank Negara Malaysia ("BNM").

Liabilities for outstanding claims are recognised upon notification by policyholders/participants.

Claim liabilities are determined based on valuations performed by the Signing Actuary, using a range of actuarial claims projection techniques based on, amongst others, actual claims development patterns. Claim liabilities are not discounted.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(d) General insurance/General takaful contract liabilities (cont'd.)**

**(ii) Premium/contribution liabilities**

Premium/contribution liabilities represent the insurance and takaful subsidiaries of the Group's future obligations on insurance/takaful contracts as represented by premiums/contributions received for risks that have not yet expired. The movement in premium/contribution liabilities is released over the term of the insurance/takaful contracts and is recognised as premium/contribution income.

**(1) General takaful/Reinsurance business**

Premium/contribution liabilities are reported at the higher of the aggregate of the unearned premium reserves /unearned contribution reserves for all lines of business or the best estimate of the unexpired risk reserves at the required risk margin for adverse deviation.

**(2) Unearned Premium Reserves ("UPR")/Unearned Contribution Reserves ("UCR")**

UPR/UCR represents the portion of the gross premiums or contributions of insurance or takaful certificates written net of the related reinsurance premiums or retakafuls contribution ceded to qualified reinsurer or retakaful operators that relate to the unexpired periods of the policies or certificates at the end of the financial year.

In determining the UPR/UCR at the reporting date, the method that most accurately reflects the actual unearned premium/contribution is used as follows:

- 1/365th method for all classes of general insurance/takaful business and non-annual policies/certificates are time-apportioned over the period of the risks; and
- 1/8th method for all classes of General reinsurance business and is further adjusted for reinsurance ceded to foreign reinsurers by deducting the lower of the premium ceded to foreign reinsurers as required under the guidelines issued by Bank Negara Malaysia and the deposits retained from foreign reinsurers for which premiums are accounted during the preceding twelve months.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(d) General insurance/general takaful contract liabilities (cont'd.)**

**(ii) Premium/contribution liabilities (cont'd.)**

**(3) Unexpired Risk Reserves ("URR")**

The URR is the prospective estimate of the expected future payments arising from future events insured under policies or certificates in force as at the end of reporting date and also includes allowance for expenses, including overheads and cost of reinsurance or retakaful, expected to be incurred during the unexpired period in administering these policies or certificates and settling the relevant claims, and expected future premium or contribution refunds. URR is estimated via an actuarial valuation performed by the Signing Actuary.

**(e) Life insurance contract liabilities**

The life insurance contract liabilities of the Group comprise actuarial liabilities, unallocated surplus and net asset value attributable to unit holders.

**(i) Actuarial liabilities**

Actuarial liabilities are recognised when contracts are entered into and premiums are charged.

These liabilities are measured by using a prospective actuarial valuation method. The liability is determined as the sum of the present value of future guaranteed benefits and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate.

The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and the non-unit liabilities of investment-linked policies. The valuation basis, including the determination of the appropriate risk discount rate, is in accordance with Part D of the Risk-Based Capital Framework ("RBC Framework") and Appendix VII: Valuation Basis for Life Insurance Liabilities of the RBC Framework, and any related Circulars issued by BNM relevant to the guidelines.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(e) Life insurance contract liabilities (cont'd.)**

**(i) Actuarial liabilities (cont'd.)**

The liability in respect of policies of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, are set as the liabilities if the accumulated amount is higher than the figure as calculated using the prospective actuarial valuation method.

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the insurance and takaful subsidiaries of the Group.

Adjustments to the liabilities at each reporting date are recorded in the Life fund. Profits originated from margins of adverse deviations on run-off contracts, are recognised in the Life fund over the life of the contract, whereas losses are fully recognised in the Life fund during the first year of run-off.

The liability is derecognised when the contract expires, is discharged or is cancelled.

As the valuation methods used to value liabilities are in accordance with the RBC Framework for insurers, the insurance and takaful subsidiaries of the Group is deemed to have complied with the requirements of a liability adequacy test under MFRS 4: Insurance Contracts.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(e) Life insurance contract liabilities (cont'd.)**

**(i) Actuarial liabilities (cont'd.)**

With respect to the subsidiary of the Group in Turkey, life mathematical provisions are recorded to reflect the liability of the Group against the policyholders for long-term life policies and calculated as the differences between the net present value of premiums collected in return of the risk covered by the subsidiary and the liabilities to policyholders. Life mathematical provisions are the sum of the remainder of collected premiums. Life mathematical provisions are computed on the basis of actuarial mortality assumptions which are applicable for Turkish insurance companies.

**(ii) Unallocated surplus**

Surpluses of contracts under the Participating Life fund are attributable to policyholders and shareholders and the amount and timing of distribution to both the policyholders and shareholders are determined by an actuarial valuation of the long term liabilities to policyholders at the reporting date and is made in accordance with the provision of the Financial Services Act, 2013 and related regulation by the insurance and takaful subsidiaries of the Group's Appointed Actuary.

Surpluses in the non-DPF fund arising during the year are recognised in the statement of comprehensive income and the unallocated surplus where the amount of surplus allocation to shareholders has yet to be determined by the end of the financial year is held in equity.

Unallocated surpluses of the DPF funds where the amount of surplus allocation to either policyholders or shareholders has yet to be determined by the end of the financial year are held within insurance contract liabilities.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

**Khazanah Nasional Berhad  
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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(e) Life insurance contract liabilities (cont'd.)**

**(iii) Net asset value attributable to unit holders**

The unit liability of investment-linked policy is equal to the net asset value of the Investment-linked funds, which represents net premium received and investment returns credited to the policy less deduction for mortality, morbidity costs and expense charges.

**(f) Family takaful contract liabilities**

Family takaful contract liabilities comprise liabilities attributable to the certificate holders, claims liabilities and FVOCI reserve.

**(i) Liabilities attributable to the certificate holders**

Actuarial liabilities are recognised when contracts are entered into and contributions are charged as determined by the annual actuarial valuation are based on the Islamic Financial Services Act, 2013 as well as the relevant statutory requirements stated in the Guidelines on Valuation Basis for Liabilities of Family Takaful Business. The actuarial liabilities are derecognised when the takaful contract expires, is discharged or is cancelled. The liabilities are based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of these liabilities.

**(ii) Claims liabilities**

The amounts payable under a family takaful certificate in respect of benefits and claims, including settlement costs, are accounted for using the case-by-case method as further set out in the accounting policy for benefits and claims expenses for family takaful contracts.

**(iii) Fair value adjustment on fair value through other comprehensive income ("FVOCI") financial assets**

Where unrealised gains or losses arise on FVOCI financial assets of the non-surplus sharing family takaful fund, the adjustment to the takaful contract liabilities equal to the effect that the realisation of those gains or losses at the end of the reporting period would have on those liabilities is recognised directly in the other comprehensive income.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.30 Insurance business (cont'd.)****(g) Expense liabilities**

Expense liabilities are maintained in the Shareholders' fund in accordance with the requirements stated in the Guidelines on Valuation Basis for Liabilities of General Takaful and Family Takaful Business issued by BNM. The expense liabilities with respect to General Takaful business are calculated at the higher of aggregate of the provision for unearned wakalah fee or the unexpired expense risk and for family takaful business, the expense liabilities are determined by taking the present value of projected future deficits, discounted at appropriate spot rates. Future deficits are defined as the excess of future expense stream over future income cash flows, in aggregate basis. An appropriate allowance for provision of risk margin for adverse deviation is made in the valuation of these liabilities.

**(h) Liability adequacy test**

At each financial year end, the insurance and takaful subsidiaries of the Group reviews the expense liabilities of the Shareholders' fund to ensure that the carrying amount is sufficient or adequate to cover the obligations of the shareholder's fund for all managed takaful certificates. In performing this review, the insurance and takaful subsidiaries of the Group considers all contractual cash flows and compares this against the carrying value of expense liabilities. Any deficiency is recognised in profit or loss.

**(i) Measurement and impairment of Qard**

In the event where the assets of the takaful funds are insufficient to meet the liabilities, the shareholder is required to rectify the deficit of the takaful funds via a Qard, which is a profit free loan. The Qard shall be repaid from future surpluses of the affected takaful funds. In the Shareholders' fund, the Qard is stated at cost less impairment losses, if any, whereas in the takaful funds, the Qard is stated at cost.

At each reporting date, the Qard position and the ability of the affected fund to generate sufficient surplus to repay the shareholder is monitored and measured. The likelihood that the Qard will be repaid and the duration of time that will be required to repay the Qard is determined and ascertained via projected cash flows which take into account past experience of the affected fund. The projected cash flows are then discounted to determine the recoverable value of the Qard.

If the Qard is impaired, an amount comprising the difference between its cost and its recoverable amount, less any impairment loss previously recognised is recognised in profit or loss. Impairment losses are subsequently reversed in the income statement if objective evidence exists that the Qard is no longer impaired.

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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(j) Insurance/takaful payables**

Insurance/takaful payables are recognised when due and measured on initial recognition at fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

**(k) Investment contract liabilities**

Certain contracts of the Turkish subsidiary entitle the policyholders to a minimum guaranteed crediting rate per annum or, when higher, a bonus rate declared by the subsidiary from the eligible surplus available to date. To these holders, the Group's subsidiary in Turkey has an obligation to eventually pay to the contract holders at least 90% - 95% of the eligible surplus (i.e. all interest earned from the assets backing these contracts) and holds 5% - 10% as fee for administration of the operations.

The Group classifies these assets backing liabilities as financial assets and since the Group is obliged to pay all eligible surplus obtained from these assets to the policyholders, the Group recognises 90% - 95% (5% - 10% is decreased as policy administration fees) of eligible surplus as investment contract liabilities. In relation to the unrealised gains and losses arising from the assets backing these contracts, the Group establishes a liability equal to 90% - 95% of these net gains, whereas the shareholder's and non-controlling interest's portions are recognised in equity.

**(l) Premium/contribution income**

Premiums/contributions represent consideration paid for an insurance contract/takaful certificate and is accounted for as follows:

**(i) General takaful business**

Contributions are recognised as soon as the amount of the contributions can be reliably measured in accordance with the principles of Shariah. Gross contributions are recognised in a financial year in respect of risks assumed during that particular financial year. Gross contributions from direct business are recognised during the financial year upon the issuance of certificates. Gross contributions in respect of risks incepted for which certificates have not been issued as of the reporting date are accrued at that date.

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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(l) Premium/contribution income (cont'd.)**

**(ii) General reinsurance business**

Premiums are disclosed gross of commission payable to cedants and intermediaries. Premium from facultative business including premium in the pipeline is recognised as income on the inception date basis. Premium from treaty business including premium in the pipeline is recognised on an accrual basis. The management of the insurance and takaful subsidiaries of the Group is of the view that the policy gives a true and fair view of the financial position and the results of its operations as it accords with the accrual basis of accounting, resulting in consistently four quarters of treaty business being recognised in a particular financial year.

**(iii) Life insurance/family takaful business**

Premium or contribution income includes premiums recognised in the life/family takaful funds and the Investment-linked funds. Premiums or contributions of the life/family takaful fund are recognised as soon as the amount of the premiums or contributions can be reliably measured. First premium or initial contribution is recognised from inception date and subsequent premium or contribution is recognised when it is due.

Premium/contribution of the Investment-linked fund is in respect of the net creation of units, which represents premiums/contributions paid by policyholders/participants as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured and it is still within the grace period allowed for payment or covered by the cash surrender value of the policies.

**(m) Benefits and claims expenses**

**(i) General insurance/takaful business**

Claim expenses represent compensation paid or payable on behalf of the insured in relation a specific loss event that has occurred. They include claims, handling costs and settlement costs and arise from events that have occurred up to the end of the reporting date even if they had not been reported to the insurance and takaful subsidiaries of the Group.

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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(m) Benefits and claims expenses (cont'd.)**

**(ii) Life insurance/family takaful business**

Benefits and claims that are incurred during the financial year are recognised when a claimable event occurs and/or the insurer/takaful operator is notified.

Benefits and claims including settlement costs, are accounted for using the case-by-case method and for this purpose, the amounts payable under a life insurance policy/family takaful certificates are recognised as follows:

- maturity and other policy/certificate benefit payments due on specified dates are treated as claims payable on the due dates; and
- death, surrender and other benefits without due dates are treated as claims payable on the date of receipt of intimation of death of the assured or occurrence of contingency covered;
- benefits payable under the Investment-linked funds are in respect of net cancellation of units and are recognised as surrender;
- bonus on DPF policy upon its declaration; and
- profit sharing of takaful certificates at maturity and in the financial year the profit arises.

**(n) Commission expenses and acquisition costs**

**(i) General insurance business**

The gross cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

**(ii) Life insurance business**

Gross commission and agency expenses, which are costs directly incurred in securing premiums on insurance policies, and income derived from reinsurers in the course of ceding of premiums to reinsurers, are charged/credited to profit or loss in the financial year in which they are incurred.

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**2. Summary of significant accounting policies (cont'd.)**

**2.30 Insurance business (cont'd.)**

**(n) Commission expenses and acquisition costs (cont'd.)**

**(iii) General/Family takaful business**

Acquisition costs, commissions and management expenses are borne by the general/family takaful fund in the profit or loss at an agreed percentage of the gross contribution, in accordance with the principles of “Wakalah” as approved by the insurance and takaful subsidiaries of the Group's Shariah Committee and agreed between the participants and the insurance and takaful subsidiaries of the Group. These expenses are transferred to the Shareholders' fund via Wakalah fee and are recognised as incurred and properly allocated to the period in which it is probable that give rise to income.

**2.31 Deferred liabilities**

Fees received from third parties as advance payments of future maintenance expenditure, in consideration for right-of-way access were classified as deferred liabilities. Deferred liabilities were amortised over the period of the individual contracts.

**2.32 Fair value measurement**

The Group measures financial instruments, such as, derivatives, and financial investments, at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are disclosed in Note 29 and Note 68 to the financial statements.

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

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

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**2. Summary of significant accounting policies (cont'd.)**

**2.32 Fair value measurement (cont'd.)**

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

**2.33 Contingencies**

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

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**3. Standards issued but not yet effective**

At the date of authorisation of the financial statements, the following were issued but not yet effective and have not been adopted by the Group and the Company.

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
MFRS 16: Leases	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax	1 January 2019
Amendments to MFRS 3: Business Combinations (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
Amendments to MFRS 11: Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
Amendments to MFRS 112: Income Taxes (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
Amendments to MFRS 123: Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 cycle)	1 January 2019
Amendments to MFRS 9: Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Investments in Associates and Joint Ventures - Long-term Interests in Associates & Joint Ventures	1 January 2019
MFRS 2: Share-Based Payment	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020

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**3. Standards issued but not yet effective (cont'd.)**

<b>Description</b>	<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Policies Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12: Service Concession Arrangement	1 January 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20: Stripping Cost in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22: Foreign Currency Transaction and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132: Intangible Assets - Web Site Costs	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between and Investor and its Associates or Joint Venture	Deferred

Adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation will not have any material impact on the financial performance or position of the Company, other than as described below :

(i) MFRS 16: Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

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**3. Standards issued but not yet effective (cont'd.)**

(i) MFRS 16: Leases (cont'd.)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are currently assessing the impact of adopting MFRS 16.

(ii) Amendments to MFRS 123: Borrowing Costs

Amendments to MFRS 123 (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Group and the Company will apply the amendments prospectively.

(iii) Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

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**4. Significant accounting judgements**

The preparation of the Group's financial statements requires management to make judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date are disclosed as below:

**(a) Critical judgements made in applying accounting policies**

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

**(i) Impairment of investments**

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

Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

**(ii) Recognition of expected losses on construction contracts**

Any expected loss on construction contract is recognised by the Group as an expense immediately when it is probable that the total contract costs will exceed the total contract revenue, even though the project had yet to be completed. In determining the expected loss, the Group takes into account the total contract costs to be incurred to the completion of the project and the probability of claims to be approved by clients for specific items of cost escalation and variation order.

**(iii) Contingent liabilities**

As disclosed in Note 34 and Note 72 to the financial statements, a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognised in the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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**4. Significant accounting judgements (cont'd.)**

**(a) Critical judgements made in applying accounting policies (cont'd.)**

**(iv) Contingent liabilities - litigation**

As disclosed in Note 72 to the financial statements, the Group has several pending litigations with various parties as at current financial year end. The Group, after due consultation with the Group's solicitors, assesses the merit of each case, and makes the necessary provision for liabilities in the financial statements if their crystallisation are deemed as probable.

**(v) Operating lease commitments**

The Group entered into commercial lease arrangements with third parties with regards to the passenger aircraft and freighters. The Group has determined that it does not retain all the significant risks and rewards of ownership of these assets and hence the passenger and freighters aircrafts do not form part of the aircraft, property, plant and equipment of the Group.

**(vi) Income taxes**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

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**5. Significant accounting estimates**

**(a) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

**(i) Impairment on investments and receivables**

**(1) Impairment on investments**

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

**(2) Impairment on receivables**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(i) Impairment on investments and receivables (cont'd.)**

**(2) Impairment on receivables (cont'd.)**

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment review

The impairment review of those investments and receivables with indications of impairment carried out by management during the year led to the recognition of impairment losses on investments and receivables of approximately RM3,878 million (2017: RM1,101 million) and RM5,203 million (2017: RM1,261 million) for the Group and the Company, respectively.

**(ii) Impairment of goodwill**

The Group determines whether goodwill is impaired at least once annually. This requires an estimation of the value-in-use of the cash generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2018 is RM2,047,588,000 (2017: RM1,922,871,000). Further details are disclosed in Note 47 to the financial statements.

**(iii) Impairment of aircraft included in property, plant and equipment**

The Group assesses whether there are any indicators of impairment for aircraft included in property, plant and equipment at each reporting date. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)****5. Significant accounting estimates (cont'd.)****(a) Key sources of estimation uncertainty (cont'd.)****(iii) Impairment of aircraft included in property, plant and equipment (cont'd.)**

Management performed a review of the recoverable amounts based on a variety of estimations including the value in use of the cash generating unit ("CGU") to which the aircraft included in property, plant and equipment is allocated and fair value less cost to sell. Value-in-use was determined by an estimate of the expected future cash flows from the CGU using a suitable discount rate in order to calculate the present value of those cash flows.

**(iv) Deferred tax assets**

Deferred tax assets of the Group are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The details are as disclosed in Note 55 to the financial statements.

**(v) Provision for aircraft related direct operating expenses**

The operation of air transportation services inevitably involve the making of various provisions on direct expenses, such as fuel, ground handling charges, landing and parking charges, inflight meals, computer reservation systems booking fees and information technology related expenses. The estimates and associated assumptions used are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the provisions about carrying values of liabilities as at the financial year end.

**(vi) Provision for aircraft maintenance and overhaul costs**

The Group is obligated to carry out heavy duty maintenance checks on the airframe, engines, landing gears and auxiliary power units, being part of the return conditions of its leased aircraft under contract. Provision for heavy duty maintenance cost is made progressively in the financial statements based on the number of flight hours or cycles. In arriving at the provision, assumptions are made on the estimated condition of the asset at the time of check, the material and overhead costs to be incurred, and the timing of when the check is to be carried out. These assumptions are formed based on past experience, and are regularly reviewed to ensure they approximate to the actual. Any revision in assumptions and estimations that causes a material effect to the provision would be adjusted prospectively in the financial statements.

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(vii) Unutilised tickets**

Unutilised tickets are subsequently recognised as revenue using estimates regarding the timing of recognition based on the terms and conditions of the tickets and historical trends. Changes in travel patterns, economic environment, variables and estimations used have an impact on the financial statements of the Group.

**(viii) Frequent flyer programme**

The consideration allocated to the mileage awards issued is measured at their fair value. In determining the fair value of the mileage awards, estimation techniques were used and reflect the weighted average of the contractual price with partners adjusted by the miles not expected to be redeemed by members.

**(ix) Construction and consultancy contracts and property development**

The Group recognises construction contracts and certain property development revenue and costs in the income statement over time by reference to the progress towards completion of the performance obligation based on input method.

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

The construction, consultancy and property development revenue and costs recognised in the current and prior years are disclosed in Note 52(iii) and Note 56 to the financial statements, respectively.

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(x) Amortisation of concession intangible assets**

The cost of EDE is amortised over the concession period by applying the formula in Note 2.12 (a)(i). The projected toll revenue used for the purpose of the amortisation calculation is based on the latest available traffic volume projections prepared by independent traffic consultants (independently reviewed on a periodic basis) and applying the toll rate structures as set out in the Concession and Novation Agreement. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on the current assessment of market and economical conditions.

Changes in the expected traffic volume could impact future amortisation charges.

**(xi) Depreciation of aircraft, property, plant and equipment**

The cost of aircraft, aircraft modifications/retrofits, spare engines, property, plant and equipment are depreciated on a straight line basis over the assets' useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year and ensures consistency with previous estimates and patterns of consumption of the economic benefits that embodies the items in these assets. Changes in useful lives and residual values of these assets may result in a revision of future depreciation charges.

**(xii) Provision for liquidated ascertained damages ("LAD")**

LAD is a possible obligation that arise from the late delivery of construction and development projects.

In assessing the probability that an outflow of resources will be required to settle the obligation, management considers the outcome of the extension of time application based on circumstances of the projects, past experiences and expert advice for construction projects; and the estimated date of completion for development projects.

**(xiii) Provision for construction costs**

The Group recognises a provision for construction costs relating to estimated final claims by contractors which have not been finalised and provision for property development, infrastructure and land related costs relating to portions of land sold.

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(xiii) Provision for construction costs (cont'd.)**

Significant judgement is required in determining the extent of the costs to be incurred and in making the judgement, the Group conducts feasibility studies and estimates based on past experience, external economic factors and by relying on the work of specialists.

**(xiv) Provision for foreseeable losses for affordable housing**

Provision for foreseeable losses is recognised for anticipated losses to be incurred for the development of affordable housing as a condition imposed by the authorities for the approval of the master development plan.

Significant judgement is required in estimating the construction costs and the anticipated losses for the affordable housing.

**(xv) Deferred consideration payable**

Deferred consideration payable arose from the acquisition of investment completed by the end of reporting date with consideration payable in future periods which is contingent upon meeting certain criteria and performance target. At each reporting date, the Group assesses the fair value of the deferred consideration payable based on the projected probability of the investee company meeting the criteria and performance target after considering the current and projected market conditions.

The amount recognised as deferred consideration payable is the net present value of the assessed fair value, using a discount rate appropriate to the cash flow risks associated with the liability.

**(xvi) Valuation of embedded derivatives**

As the fair value of the embedded derivatives cannot be derived from active markets, fair value is determined using valuation techniques including the binomial model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(xvii) Fair value of financial instruments**

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For financial instruments where there is no active market, fair value is determined using valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**(xviii) Impairment of intangible assets - landing slots for air transportation**

The Group determines whether the landing slots which have indefinite useful lives, are tested for impairment either annually or on a more frequent interval, depending on events or changes in circumstances that indicate the carrying value may be impaired. This requires an estimation of the “value in use” of the CGU to which the landing slots belong.

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**(xix) Insurance business**

**(i) Life insurance and family takaful businesses**

Life insurance contract liabilities are determined in accordance with regulatory framework. All life insurance liabilities are valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the policies discounted at the appropriate risk discount rate.

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(xix) Insurance business (cont'd.)**

**(i) Life insurance and family takaful businesses (cont'd.)**

The main assumptions used for life insurance/family takaful business relate to mortality, morbidity, investment returns, expenses, lapse and surrender rates and discount rates. The Group's life insurance subsidiaries base mortality and morbidity on established industry and Malaysian and Turkish tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, judicial interpretations, legislative changes and claims handling procedures.

Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate.

Lapse and surrender rates are based on the Group's life and family takaful businesses' historical experience of lapses and surrenders.

**(ii) General insurance and takaful businesses**

The Group's general insurance and general takaful subsidiaries estimated IBNR claims based on computation by an in-house actuary and an independent actuarial firm respectively. Different methods can be used to analyse past data and project past patterns into the future. The actuarial firm had considered the Ultimate Loss Ratio ("ULR") method for the estimation of IBNR claims for the Motor Act class which was completely run-off this year, while the Link Ratio method with a Bornhuetter-Ferguson ("BF") adjustment on a paid claims basis was considered for the rest of the business classes.

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(xix) Insurance business (cont'd.)**

**(ii) General insurance and takaful businesses (cont'd.)**

The ULR method requires a selected ULR to be applied to the net earned contribution in order to project the amount of ultimate claims incurred for each loss year. Then claims incurred for known claims are subtracted from the projected ultimate claims incurred for each loss year in order to estimate the amount of IBNR claims. Assumptions regarding the ULR vary by class of business and take into account the following:

- (i) The Group's claims incurred development to-date;
- (ii) Net contribution remaining after deducting Wakalah fee; and
- (iii) The industry loss experience.

The BF method can be seen as a combination of the ULR and unadjusted Link Ratio methods. An adopted ULR is selected based on the resultant loss ratios from the Link Ratio method, where appropriate, taking into consideration historical experience, industry loss ratios as well as incurred claims ratios to-date. The outstanding claims are calculated using the expected payment pattern (based on the average grossing up factors over the most recent three years) and an externally determined estimate of ultimate claims incurred for each loss year (determined by multiplying the adopted ULR with the net earned contribution). The IBNR is determined by subtracting the case estimate from the estimated outstanding claims.

For estimation of future benefit payments and premium arising from long-term insurance contracts for the Turkish business, four parameters have significant impacts:

- (i) The lapse and surrender rates: The estimated rates are derived from past experience. In its estimation, the Group also takes into consideration the economic crisis or positive economic developments that will affect the rates either in a positive or a negative way.
- (ii) Number of deaths: While estimating number of deaths in a year, the historical mortality experiences are used.

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**5. Significant accounting estimates (cont'd.)**

**(a) Key sources of estimation uncertainty (cont'd.)**

**(xix) Insurance business (cont'd.)**

**(ii) General insurance and takaful businesses (cont'd.)**

For estimation of future benefit payments and premium arising from long-term insurance contracts for the Turkish business, four parameters have significant impacts (cont'd.):

- (iii) Future investment income: This estimate is based on current market returns as well as expectations about future economic and financial developments.
- (iv) Average premium per insured: The assumption is based on historical trends in average premium amounts per insured and economic expectations that may affect the average premium amount.

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**Statement of comprehensive income**  
**For the year ended 31 December 2018**

	Note	Company	
		2018 RM'000	2017 RM'000 (Restated)
Income	6	2,743,479	5,039,219
Dividend income		2,245,533	2,721,270
Gain from divestments		319,954	2,175,135
Other operating income		177,992	142,814
Operating expenses		(546,099)	(696,413)
Net unrealised (loss)/gain on financial assets designated as fair value through profit or loss		(746,179)	583,066
Net gain on revaluation of derivatives		329,597	264,802
Unrealised foreign exchange (loss)/gain, net		(67,522)	837,497
Allowance for impairment losses on investments and receivables, net of writebacks		(5,202,716)	(1,261,292)
Operating (loss)/profit	7	(3,489,440)	4,766,879
Finance costs	11	(2,322,636)	(1,940,330)
(Loss)/profit before taxation		(5,812,076)	2,826,549
Taxation	12	(235,842)	(74,706)
Net (loss)/profit for the year		(6,047,918)	2,751,843
<b>Other comprehensive income ("OCI")</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net loss on fair value through other comprehensive income financial assets			
- Loss on fair value changes, net of tax representing other comprehensive income for the year		(537,500)	(137,000)
<b>Total comprehensive (loss)/income for the year</b>		<b>(6,585,418)</b>	<b>2,614,843</b>

The accompanying notes form an integral part of the financial statements.

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**Statement of financial position**  
**As at 31 December 2018**

		<b>Company</b>		
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>As at 1</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>January 2017</b>
			<b>(Restated)</b>	<b>RM'000</b>
				<b>(Restated)</b>
<b>Assets</b>				
Cash and bank balances	14	867,544	1,232,708	1,899,907
Investment in money market instruments	15	9,903	-	19,968
Other financial assets	16	4,380,354	6,355,984	4,764,365
Other receivables	17	1,078,115	1,246,788	326,554
Tax recoverable	18	1,765	45,706	36,769
Interest in subsidiaries	19	34,883,927	38,737,180	37,921,460
Interest in associates	20	25,405,218	24,704,920	25,146,787
Property and equipment	22	9,945	13,697	11,927
Computer software	23	1,579	2,332	3,177
Deferred tax asset	24	-	170,972	225,972
		<u>66,638,350</u>	<u>72,510,287</u>	<u>70,356,886</u>
Asset classified as held for sale		-	-	1,534,669
<b>Total assets</b>		<u>66,638,350</u>	<u>72,510,287</u>	<u>71,891,555</u>
<b>Liabilities</b>				
Provision and other payables	25	2,305,633	1,469,753	2,538,825
Borrowings	26	45,353,588	43,780,852	42,244,089
Derivative liabilities	21	46,431	241,566	506,368
<b>Total liabilities</b>		<u>47,705,652</u>	<u>45,492,171</u>	<u>45,289,282</u>
<b>Equity attributable to Owners of the Company</b>				
Share capital		12,284,201	12,284,201	12,284,201
Ordinary and preference shares	27	12,284,201	12,284,201	6,643,953
Share premium		-	-	3,840,248
Capital redemption reserve		-	-	1,800,000
Capital contribution from shareholders		2,324,423	2,324,423	2,324,423
Fair value adjustment reserve		10,500	548,000	685,000
Retained profits		4,313,574	11,861,492	11,308,649
<b>Total equity</b>		<u>18,932,698</u>	<u>27,018,116</u>	<u>26,602,273</u>
<b>Total equity and liabilities</b>		<u>66,638,350</u>	<u>72,510,287</u>	<u>71,891,555</u>

The accompanying notes form an integral part of the financial statements.

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**Statement of changes in equity  
For the year ended 31 December 2018**

	Ordinary and preference shares (Note 27) RM'000	Share premium RM'000	Capital redemption reserve RM'000	Total share capital RM'000	Capital contribution from shareholders RM'000	Fair value adjustment reserve RM'000	Distributable retained profits RM'000	Total equity RM'000
<b>At 1 January 2017</b>	6,643,953	3,840,248	1,800,000	12,284,201	2,324,423	685,000	11,308,649	26,602,273
Transition to non-par regime	5,640,248	(3,840,248)	(1,800,000)	-	-	-	-	-
Redemption of RCCPS	-	-	-	-	-	-	(1,199,000)	(1,199,000)
Total comprehensive income for the year	-	-	-	-	-	(137,000)	2,751,843	2,614,843
Dividends (Note 13)	-	-	-	-	-	-	(1,000,000)	(1,000,000)
<b>At 31 December 2017</b>	<b>12,284,201</b>	<b>-</b>	<b>-</b>	<b>12,284,201</b>	<b>2,324,423</b>	<b>548,000</b>	<b>11,861,492</b>	<b>27,018,116</b>
<b>At 1 January 2018</b>	12,284,201	-	-	12,284,201	2,324,423	548,000	11,861,492	27,018,116
Total comprehensive loss for the year	-	-	-	-	-	(537,500)	(6,047,918)	(6,585,418)
Dividends (Note 13)	-	-	-	-	-	-	(1,500,000)	(1,500,000)
<b>At 31 December 2018</b>	<b>12,284,201</b>	<b>-</b>	<b>-</b>	<b>12,284,201</b>	<b>2,324,423</b>	<b>10,500</b>	<b>4,313,574</b>	<b>18,932,698</b>

The accompanying notes form an integral part of the financial statements.

**Khazanah Nasional Berhad**  
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**Statement of cash flows**  
**For the year ended 31 December 2018**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation	(5,812,076)	2,826,549
Adjustments for:		
Gain from divestments		
- gain from divestments of subsidiaries and associates	(224,485)	(2,026,081)
- net fair value gain on financial assets at fair value through profit or loss	(95,469)	(149,054)
Dividend income	(2,245,533)	(2,721,270)
Interest income	(167,885)	(132,408)
Unrealised loss/(gain) on foreign exchange, net	67,522	(837,497)
Depreciation	3,883	5,347
Amortisation of computer software	1,495	1,265
Allowance for impairment losses in investments and receivables, net of writebacks	5,202,716	1,261,292
Reversal of LTIP provision	(126,700)	-
Gain on disposal of property and equipment	(264)	(14)
Amortisation of discounts on Khazanah bonds	613,243	639,541
Amortisation of discounts on Exchangeable Trust Certificates	311,951	149,856
Interest expense on Term Loans, Medium Term Notes and others	1,397,442	1,150,933
Net loss/(gain) on financial assets designated as fair value through profit or loss	746,179	(583,066)
Net gain on revaluation of derivatives	(329,597)	(264,802)
Operating loss before working capital changes	(657,578)	(679,409)
Changes in receivables	(1,098,196)	(1,051,831)
Changes in payables	896,046	(1,110,290)
Income tax paid	(17,751)	(29,994)
Net cash used in operating activities	<u>(877,479)</u>	<u>(2,871,524)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments, net	778,602	663,884
Purchase of property and equipment	(494)	(7,307)
Purchase of computer software	(742)	(420)
Proceeds from sale of property and equipment	627	204
Dividend received	2,260,273	2,884,480
Interest received	167,885	111,312
Net cash generated from investing activities	<u>3,206,151</u>	<u>3,652,153</u>

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**Statement of cash flows**  
**For the year ended 31 December 2018 (cont'd.)**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Redemption of Exchangeable Trust Certificates	(3,007,644)	-
Redemption of Khazanah Bonds	(2,000,000)	(1,000,000)
Redemption of RCCPS	-	(1,199,000)
Proceeds from issuance of Exchangeable Trust Certificates	1,284,662	-
Proceeds from issuance of Ihsan Sukuk	-	100,000
Proceeds from issuance of Islamic MTN	3,500,000	1,500,000
Proceeds from issuance of MTN	-	1,000,000
Drawdown of Revolving Credit Facility	1,100,000	-
Dividends paid	(1,900,000)	(750,000)
Interest paid	(1,670,854)	(1,098,828)
Net cash used in financing activities	<u>(2,693,836)</u>	<u>(1,447,828)</u>
<b>Net changes in cash and cash equivalents</b>	(365,164)	(667,199)
<b>Cash and cash equivalents at the beginning of year</b>	<u>1,232,708</u>	<u>1,899,907</u>
<b>Cash and cash equivalents at the end of year</b>	<u><u>867,544</u></u>	<u><u>1,232,708</u></u>
<b>Cash and cash equivalents comprise (Note 14):</b>		
Cash and bank balances	133,117	210,306
Deposits with licensed banks	734,427	1,022,402
	<u>867,544</u>	<u>1,232,708</u>

The accompanying notes form an integral part of the financial statements.

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**Notes to the Company financial statements**

**6. Income**

	<b>Note</b>	<b>Company</b>	
		<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Dividend income:			
- from subsidiaries		170,747	441,509
- from associates		2,027,649	2,201,881
- from financial assets designated as fair value through other comprehensive income		2,390	39,960
- financial assets designated as fair value through profit or loss		44,747	37,920
Gain from divestments:			
- gain from divestments of subsidiaries and associates		224,485	2,026,081
- net fair value gain on financial assets designated as fair value through profit or loss		95,469	149,054
Interest income on:			
- loans and receivable		96,178	82,382
- financial assets designated as fair value through profit or loss		71,707	50,026
Directors' fees	(i)	8,737	9,054
Others		1,370	1,352
		<u>2,743,479</u>	<u>5,039,219</u>

- (i) Directors' fees relate to income receivable from related companies for the services rendered by the Company's employees as nominee directors of the related companies.

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**7. Operating (loss)/profit**

Included in operating (loss)/profit are the following:

		<b>Company</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Staff costs	8	32,649	122,985
Auditors' remuneration			
- statutory audit		390	390
- other assurance services		883	1,522
- others		116	321
Rental of buildings and equipment		30,565	29,464
Repair and maintenance		7,382	8,637
Depreciation	22	3,883	5,347
Amortisation of computer software	23	1,495	1,265
Gain on disposal of property and equipment		(264)	(14)
		<u>32,649</u>	<u>122,985</u>

**8. Staff costs**

		<b>Company</b>	
		<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Wages and salaries		128,978	100,160
Statutory contributions to EPF and social security		26,796	18,306
Long Term Incentive Plan	(i)	(126,700)	-
Others		3,575	4,519
		<u>32,649</u>	<u>122,985</u>

Included in staff costs are executive directors' and key management personnels' remuneration as disclosed in Notes 9 and 10, respectively.

**(i) Long Term Incentive Plan ("LTIP")**

The Khazanah Nasional Shadow Share Option Scheme ("LTIP") is governed by the Board of Directors' approval policy and construed in accordance with applicable laws in Malaysia.

Details of the LTIP is as follows:

	<b>Note</b>	<b>Issue Date</b>	<b>Expiry Date</b>
LTIP 1		1 Jul 2004	30 Jun 2007
LTIP 2		1 Jul 2007	31 Dec 2014
LTIP 3	(i)	1 Jan 2015	Cancelled

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**8. Staff costs (cont'd.)**

**(i) Long Term Incentive Plan ("LTIP") (cont'd.)**

Following the Board of Directors' meeting on 6 September 2018, the Board has exercised its right to terminate the LTIP Scheme and cancel all existing options. There will be no further offers made pursuant to the cancellation.

The salient features of the previous Schemes are as follows:

- (a) Subject to the discretion of the Option Committee, all confirmed employees shall be eligible to participate in the Scheme.
- (b) The instrument will take form of options on Shadow Khazanah Shares.
- (c) The option does not carry voting rights and is not entitled to any dividends.
- (d) The option value for each Shadow Share shall be the Spread between the Fair Value (the VWAP for the six-month calendar period ending on the last business day prior to the date on which the Option is exercised) and the Subscription Price (where it is based on the VWAP Net Worth at the period of grant). This Spread is multiplied by the number of Shadow Shares in respect of which the Grantee has exercised his or her Option, which represents the maximum payment to be received by the employee.

VWAP = Volume Weighted Average Price of the shares within the  
Company's investment portfolio.

- (e) LTIP is based on a Semi Annual Grant. All confirmed employees in the Company at that point in time will be granted options on a six ("6") monthly basis. The subscription price is set based on the 6-month-VWAP for the period when the options are granted. In essence, the exercise price for the options will fluctuate depending on movements in the value of the portfolio over a six monthly period.
- (f) The options would vest one year after the grant date. Vesting is subject to performance rating and all options not exercised would remain exercisable from vesting until expiry.
- (g) Limit to payout subject to Board approval - there will be a net cumulative limit of 150% of Base Pay per annum. Board approval will be required if any payout is to exceed this cumulative limit.

The key salient changes of LTIP3 vis-à-vis LTIP2 are as follows:

- (a) The vesting of each performance-based under LTIP2 depends on performance for selected level and above, whereas under LTIP3, applicable to all levels.
- (b) Additional criteria introduced under LTIP3 on the eligibility to exercise performance portion.

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**8. Staff costs (cont'd.)**

**(i) Long Term Incentive Plan ("LTIP") (cont'd.)**

The following table illustrates the strike price of each tranche granted, the number of shadow shares and its movements in the Scheme during the year.

	-----Number of shadow shares ----->										
	----- Granted (on Provision basis) ----->			----- Vested (on Payout basis) ----->							
	Initial (upon joining)	Outstanding as at 1 January	Movement	Outstanding as at 31 December	Outstanding as at 1 January	Vested during the year	Exercised during the year	Cancelled during the year	Outstanding as at 31 December	Subscription Price	Exercise Period *
<b>2018</b>											
<b><u>(Granted 6 monthly)</u></b>											
<b><u>LTIP2</u></b>											
Issue 11: 2H 2012 Options	3,044,817	1,500	(1,500)	-	-	-	-	-	-	81.06	1.1.2014 - 31.12.2017
Issue 12: 1H 2013 Options	3,001,013	7,735	(7,735)	-	7,735	-	(7,735)	-	-	90.21	1.7.2014 - 30.6.2018
Issue 13: 2H 2013 Options	3,200,705	72,329	(72,329)	-	68,975	-	(68,975)	-	-	98.18	1.1.2015 - 31.12.2018
Issue 14: 1H 2014 Options	3,022,297	144,534	(144,534)	-	109,809	-	(109,809)	-	-	100.59	1.7.2015 - 30.6.2019
<b><u>LTIP3</u></b>											
Issue 15: 2H 2014 Options	3,159,172	2,535,221	(2,535,221)	-	2,436,017	-	(2,436,017)	-	-	109.29	1.1.2016 - 31.12.2019
Issue 16: 1H 2015 Options	3,234,683	2,690,804	(2,690,804)	-	2,588,682	-	(2,588,682)	-	-	113.24	1.7.2016 - 30.6.2020
Issue 17: 1H 2016 Options	3,102,580	2,600,175	(2,600,175)	-	2,424,498	-	(2,424,498)	-	-	104.78	1.1.2017 - 31.12.2020
Issue 18: 1H 2016 Options	3,122,516	3,122,516	(3,122,516)	-	2,556,933	-	(2,556,933)	-	-	105.64	1.7.2017 - 30.6.2021
Issue 19: 1H 2017 Options	3,232,509	-	-	-	3,232,509	-	(2,063,171)	(1,169,338)	-	106.74	1.1.2018 - 31.12.2021
Issue 20: 2H 2017 Options	3,201,388	-	-	-	3,201,388	-	-	(3,201,388)	-	106.77	1.7.2018 - 30.6.2022
	<b>31,321,680</b>	<b>11,174,814</b>	<b>(11,174,814)</b>	<b>-</b>	<b>16,626,546</b>	<b>-</b>	<b>(12,255,820)</b>	<b>(4,370,726)</b>	<b>-</b>		

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**8. Staff costs (cont'd.)**

**(i) Long Term Incentive Plan ("LTIP") (cont'd.)**

	-----Number of shadow shares----->										
	<----- Granted (on Provision basis) ----->			<----- Vested (on Payout basis) ----->							Subscription Price
Initial (upon joining)	Outstanding as at 1 January	Movement	Outstanding as at 31 December	Outstanding as at 1 January	Vested during the year	Exercised during the year	Cancelled during the year	Outstanding as at 31 December			
<b>2017</b>											
<b><u>(Granted 6 monthly)</u></b>											
<b><u>LTIP2</u></b>											
Issue 11: 2H 2012 Options	3,044,817	1,500	-	1,500	1,500	-	(1,500)	-	-	81.06	1.1.2014 - 31.12.2017
Issue 12: 1H 2013 Options	3,001,013	7,735	-	7,735	7,735	-	-	-	7,735	90.21	1.7.2014 - 30.6.2018
Issue 13: 2H 2013 Options	3,200,705	72,329	-	72,329	72,329	-	(3,354)	-	68,975	98.18	1.1.2015 - 31.12.2018
Issue 14: 1H 2014 Options	3,022,297	144,534	-	144,534	144,534	-	(34,725)	-	109,809	100.59	1.7.2015 - 30.6.2019
<b><u>LTIP3</u></b>											
Issue 15: 2H 2014 Options	3,159,172	2,652,974	(117,753)	2,535,221	2,535,221	-	(99,204)	-	2,436,017	109.29	1.1.2016 - 31.12.2019
Issue 16: 1H 2015 Options	3,234,683	2,766,567	(75,763)	2,690,804	2,690,804	-	(102,122)	-	2,588,682	113.24	1.7.2016 - 30.6.2020
Issue 17: 1H 2016 Options	3,102,580	3,102,580	(502,405)	2,600,175	2,600,175	-	(175,677)	-	2,424,498	104.78	1.1.2017 - 31.12.2020
Issue 18: 1H 2016 Options	3,122,516	3,122,516	-	3,122,516	3,122,516	(454,967)	(110,616)	-	2,556,933	105.64	1.7.2017 - 30.6.2021
Issue 19: 1H 2017 Options	3,232,509	-	-	-	3,232,509	-	-	-	3,232,509	106.74	1.1.2018 - 31.12.2021
Issue 20: 2H 2017 Options	3,201,388	-	-	-	3,201,388	-	-	-	3,201,388	106.77	1.7.2018 - 30.6.2022
	<b>31,321,680</b>	<b>11,870,735</b>	<b>(695,921)</b>	<b>11,174,814</b>	<b>17,608,711</b>	<b>(454,967)</b>	<b>(527,198)</b>	<b>-</b>	<b>16,626,546</b>		

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**9. Directors' remuneration**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Executive Directors of the Company:		
Wages and salaries	7,269	7,117
Statutory contribution to EPF	1,231	1,305
	<u>8,500</u>	<u>8,422</u>
Non-Executive Directors of the Company:		
Fees and allowances	109	31
Others	286	2,881
	<u>395</u>	<u>2,912</u>
	<u>8,895</u>	<u>11,334</u>

**10. Key management personnel remuneration**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Wages and salaries	44,924	39,402
Statutory contribution to EPF	7,069	6,562
Long Term Incentive Plan	3,566	154
	<u>55,559</u>	<u>46,118</u>

Key management personnel are staff who are involved in decision making and management of the Company.

**11. Finance costs**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense on term loans	218,712	166,507
Interest expense on Revolving Credit Facility	186,966	196,371
Interest expense on Medium and Islamic Medium Term Notes ("MTN and IMTN")	991,764	788,055
Amortisation of discounts on Khazanah Bonds (Note 26(a))	613,243	639,541
Amortisation of discounts on Exchangeable Trust Certificates	311,951	149,856
	<u>2,322,636</u>	<u>1,940,330</u>

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**12. Taxation**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax	27,164	21,070
Foreign income tax	3,177	2,992
Under/(over) provision in prior years	34,529	(4,356)
	<u>64,870</u>	<u>19,706</u>
Deferred tax (Note 24):		
Relating to origination and reversal of temporary differences	<u>170,972</u>	<u>55,000</u>
<b>Total income tax expense</b>	<u>235,842</u>	<u>74,706</u>

The tax treatment of the Company has fallen under the ambit of Section 60F Investment Holding Company ("Section 60F") of the Income Tax Act, 1967 for the current and prior financial years.

Under Section 60F, Investment Holding Company is defined as a company whose activities consist mainly of the holding of investment and not less than 80% of its gross income (whether exempt or not) is derived therefrom. Income from the holding of investment is not to be treated as business income whilst income other than income from holding of investment is to be treated as other non-business gains or profits under Section 4(f) of the Income Tax Act, 1967.

The Malaysian tax rate is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
(Loss)/profit before taxation	<u>(5,812,076)</u>	<u>2,826,549</u>
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	(1,394,898)	678,372
Effect of income not subject to tax	(615,717)	(1,153,380)
Effect of expenses not deductible for tax purposes	2,211,928	554,070
Under/(over) provision in prior years	34,529	(4,356)
Tax expense for the year	<u>235,842</u>	<u>74,706</u>

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**13. Dividends**

	<b>Company</b>	
	<b>Dividends in respect of year/ Dividends recognised in year</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividends on ordinary shares:		
Interim single-tier dividend on 5,443,953,229 ordinary shares	-	600,000
Special single-tier dividend on 5,443,953,229 ordinary shares	-	130,000
Interim single-tier dividend on 5,443,953,229 ordinary shares	1,000,000	-
Special single-tier dividend on 5,443,953,229 ordinary shares	500,000	-
Dividends on RCCPS:		
Interim single-tier dividend of RM100 per share on 1,000,000,000 RCCPS	-	100,000
Special single-tier dividend of RM170 per share on 1,000,000 RCCPS	-	170,000
	<u>1,500,000</u>	<u>1,000,000</u>

**14. Cash and bank balances**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash on hand and at bank	133,117	210,306
Deposits with licensed banks	734,427	1,022,402
	<u>867,544</u>	<u>1,232,708</u>

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**15. Investment in money market instruments**

Investment in money market instruments relates to short term commercial papers.

**16. Other financial assets**

Company	Current RM'000	Non-current RM'000	Total RM'000
<b>2018</b>			
<b>Financial assets designated as fair value through profit or loss</b>			
<b>At fair value:</b>			
Quoted shares outside Malaysia	1,129,019	-	1,129,019
Quoted equity funds outside Malaysia	818,234	-	818,234
Unquoted money market funds outside Malaysia	-	396,881	396,881
Unquoted bonds in Malaysia	9,987	95,113	105,100
	<u>1,957,240</u>	<u>491,994</u>	<u>2,449,234</u>
<b>Financial assets designated as fair value through other comprehensive income</b>			
<b>At fair value:</b>			
Quoted shares in Malaysia	-	110,500	110,500
<b>Loans receivable</b>			
<b>At amortised cost:</b>			
Loans receivable (i)	-	2,852,065	2,852,065
Less: Allowance for impairment losses (ii)	-	(1,031,445)	(1,031,445)
	<u>-</u>	<u>1,820,620</u>	<u>1,820,620</u>
	<u>1,957,240</u>	<u>2,423,114</u>	<u>4,380,354</u>

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**16. Other financial assets (cont'd.)**

Company	Current RM'000	Non-current RM'000	Total RM'000
<b>Group - 2017 (Restated)</b>			
<b>Financial assets designated as fair value through profit or loss</b>			
<b>At fair value:</b>			
Quoted shares outside Malaysia	1,463,233	-	1,463,233
Unquoted equity funds inside Malaysia			-
Quoted equity funds outside Malaysia	1,118,689	-	1,118,689
Unquoted money market funds outside Malaysia	-	273,136	273,136
Unquoted bonds in Malaysia	25,040	80,162	105,202
	<u>2,606,962</u>	<u>353,298</u>	<u>2,960,260</u>
<b>Financial assets designated as fair value through other comprehensive income</b>			
<b>At fair value:</b>			
Quoted shares in Malaysia	-	108,000	108,000
Unquoted shares in Malaysia	-	883,000	883,000
	<u>-</u>	<u>991,000</u>	<u>991,000</u>
<b>Loans receivable</b>			
<b>At amortised cost:</b>			
Loans receivable	(i) -	2,852,065	2,852,065
Less: Allowance for impairment losses	(ii) -	(447,341)	(447,341)
	<u>-</u>	<u>2,404,724</u>	<u>2,404,724</u>
	<u>2,606,962</u>	<u>3,749,022</u>	<u>6,355,984</u>

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**16. Other financial assets (cont'd.)**

Company	Current RM'000	Non-current RM'000	Total RM'000
<b>Group - 2016 (restated)</b>			
<b>Financial assets designated as fair value through profit or loss</b>			
<b>At fair value:</b>			
Quoted shares outside Malaysia	1,029,746	-	1,029,746
Unquoted equity funds inside Malaysia			-
Quoted equity funds outside Malaysia	872,534	-	872,534
Unquoted money market funds outside Malaysia	-	164,475	164,475
Unquoted bonds in Malaysia	30,484	80,005	110,489
	<u>1,932,764</u>	<u>244,480</u>	<u>2,177,244</u>
<b>Financial assets designated as fair value through other comprehensive income</b>			
<b>At fair value:</b>			
Quoted shares in Malaysia	-	106,000	106,000
Unquoted shares in Malaysia	-	1,022,000	1,022,000
	<u>-</u>	<u>1,128,000</u>	<u>1,128,000</u>
<b>Loans receivable</b>			
<b>At amortised cost:</b>			
Loans receivable (i)	-	1,861,065	1,861,065
Less: Allowance for impairment losses (ii)	-	(401,944)	(401,944)
	<u>-</u>	<u>1,459,121</u>	<u>1,459,121</u>
	<u>1,932,764</u>	<u>2,831,601</u>	<u>4,764,365</u>

- (i) The loans receivable is unsecured, interest free and has no fixed terms of repayment.
- (ii) A reconciliation of the allowance for impairment losses on loans receivable is as follows:

	<b>Individually impaired</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
At 1 January	447,341	401,944
Charge for the year	584,104	45,397
At 31 December	<u>1,031,445</u>	<u>447,341</u>

Other than the loans receivable, the other financial assets above are neither past due nor impaired.

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**17. Other receivables**

	Note	Company	
		2018 RM'000	2017 RM'000
Dividend receivable		-	14,740
Interest income receivable		13,716	12,950
Deposits		4,253	4,305
Amount due from related companies	(i)	2,937	19,474
Amount due from Yayasan Amir	(ii)	204,557	204,467
Amount due from MoF, Inc.	(iii)	851,602	987,088
Others		1,050	3,764
		<u>1,078,115</u>	<u>1,246,788</u>

(i) The amount due from related companies is unsecured, bears interest ranging between 4% to 5% (2017: ranging between 4% to 5%) per annum and is repayable on demand.

(ii) The amount due from Yayasan Amir has the same terms as the Ihsan Sukuk Programme, disclosed in Note 26(g).

(iii) The amount due from MoF, Inc. is unsecured, interest free and is repayable on demand.

During the year, the other receivables are neither past due nor impaired.

**18. Tax recoverable**

The tax recoverable relates to tax over-payment of tax based on the Company's tax submissions, which are still subject to Inland Revenue ("IRB") agreement.

**19. Interest in subsidiaries**

	Company	
	2018 RM'000	2017 RM'000
Shares at cost,		
Unquoted shares in Malaysia	42,739,207	41,669,486
Unquoted shares outside Malaysia	6,733,892	7,293,394
	<u>49,473,099</u>	<u>48,962,880</u>
Less: Accumulated allowance for impairment losses	<u>(20,441,647)</u>	<u>(17,758,202)</u>
	29,031,452	31,204,678
Amount due from subsidiaries *	<u>5,852,475</u>	<u>7,532,502</u>
	<u>34,883,927</u>	<u>38,737,180</u>

\* As the amount due from subsidiaries is, in substance, a part of the Company's net investments in the subsidiaries, it is stated at cost less accumulated impairment losses.

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**19. Interest in subsidiaries (cont'd.)**

Details of the subsidiaries are shown in Note 78.

During the current financial year:

**(a) Additional acquisition/subscription in existing subsidiaries**

- (i) The Company subscribed to an additional 91,000,000 preference shares in Agrifood Resources Holdings Sdn Bhd ("ARH"), for a total cash consideration of RM91.0 million, resulting in the Company maintaining its equity interest of 100%. ARH, an unlisted company incorporated in Malaysia, is an investment holding company.
- (ii) The Company subscribed to an additional 176,176,130 preference shares in Granatum Ventures Sdn Bhd ("Granatum"), for a total cash consideration of RM176.2 million, resulting in the Company maintaining its equity interest of 100%. Granatum, an unlisted company incorporated in Malaysia, is an investment holding company.
- (iii) The Company subscribed to an additional 16,220,000 preference shares in i2M Ventures Sdn Bhd ("i2M"), for a total consideration of RM16.2 million, resulting in the Company maintaining its equity interest of 100%. i2M, an unlisted company incorporated in Malaysia, is an investment holding company.
- (iv) The Company subscribed to an additional 12,266,087 preference shares in Ophir Ventures Sdn Bhd ("Ophir"), for a total consideration of RM12.3 million, resulting in the Company maintaining its equity interest of 100%. Ophir, an unlisted company incorporated in Malaysia, is an investment holding company.
- (v) The Company subscribed to an additional 24,472,206 preference shares in Pulau Manukan Ventures Sdn Bhd ("PMV"), for a total cash consideration of RM24.4 million, resulting in the Company maintaining its equity interest of 100%. PMV, an unlisted company incorporated in Malaysia, is an investment holding company.
- (vi) The Company subscribed to an additional 254,735,000 preference shares in Themed Attractions Resorts & Hotels Sdn Bhd ("TARH"), for a total cash consideration of RM254.7 million, resulting in the Company maintaining its equity interest of 100%. TARH, an unlisted company incorporated in Malaysia, is an investment holding company.
- (iv) The Company subscribed to an additional 1,400,000 ordinary shares and 2,200,000 preference shares in Bukit Frasers Ventures Sdn Bhd ("Bukit Frasers"), for a total consideration of RM3.6 million, resulting in the Company maintaining its equity interest of 100%. Bukit Frasers, an unlisted company incorporated in Malaysia, is an investment holding company.

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**19. Interest in subsidiaries (cont'd.)**

**(a) Additional acquisition/subscription in existing subsidiaries (cont'd.)**

- (v) The Company subscribed to an additional 12,700,000 preference shares in Mount Gading Ventures Sdn Bhd ("Mount Gading"), for a total consideration of RM12.7 million, resulting in the Company maintaining its equity interest of 100%. Mount Gading an unlisted company incorporated in Malaysia, is an investment holding company.
- (vi) The Company subscribed to an additional 1,100,000,000 preference shares in Pulau Memutik Ventures Sdn Bhd ("Pulau Memutik"), for a total consideration of RM1.1 billion, resulting in the Company maintaining its equity interest of 100%. Pulau Memutik, an unlisted company incorporated in Malaysia, is an investment holding company.
- (vii) The Company subscribed to an additional 200,000 ordinary shares and 425,000 preference shares in Pulau Segantang Ventures Sdn Bhd ("Pulau Segantang"), for a total consideration of RM0.6 million, resulting in the Company maintaining its equity interest of 100%. Pulau Segantang, an unlisted company incorporated in Malaysia, is an investment holding company.
- (viii) The Company subscribed to an additional 3,100,000 preference shares in Tanjung Bidara Ventures Sdn Bhd ("Tanjung Bidara"), for a total consideration of RM3.1 million, resulting in the Company maintaining its equity interest of 100%. Tanjung Bidara, an unlisted company incorporated in Malaysia, is an investment holding company.
- (ix) The Company subscribed to an additional 22,985,000 preference shares in Teluk Rubiah Ventures Sdn Bhd ("Teluk Rubiah"), for a total consideration of RM22.9 million, resulting in the Company maintaining its equity interest of 100%. Teluk Rubiah, an unlisted company incorporated in Malaysia, is an investment holding company.
- (xi) The Company subscribed to an additional 27,438,000 preference shares in Pulau Tiga Ventures Sdn Bhd ("Pulau Tiga"), for a total consideration of RM27.4 million, resulting in the Company maintaining its equity interest of 100%. Pulau Tiga, an unlisted company incorporated in Malaysia, is an investment holding company.

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**19. Interest in subsidiaries (cont'd.)**

**(b) Special Purpose Vehicles ("SPVs")**

Special purpose vehicles ("SPVs") are wholly-owned subsidiaries of the Company that have been set up to actively hold investments or as funding vehicles of the Company. The SPVs are disclosed in Note 78.

Certain proforma financial statements' captions of the Company after including the assets and liabilities held through the SPVs as at 31 December are as follows:

	<b>Proforma</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	4,470,748	6,112,168
(Loss)/profit from operations	(6,271,325)	2,896,364
Net (loss)/profit for the year	<u>(6,520,800)</u>	<u>2,807,983</u>

	<b>Proforma</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash, bank balances and investment in money market	1,748,537	2,606,759
Other financial assets	29,375,262	30,299,281
Interest in subsidiaries	15,038,080	15,972,949
Interest in associates	36,965,491	37,968,252
Interest in joint ventures	866,343	1,334,456
Borrowings	55,235,165	49,870,701
Retained profits	9,586,537	17,607,257
Currency translation reserve	3,354,773	3,475,279
Fair value adjustment reserve	3,366,776	5,675,498
Capital contribution from shareholders	<u>2,324,423</u>	<u>2,324,423</u>
Total assets	86,818,988	92,567,000
Total liabilities	<u>55,902,278</u>	<u>51,200,342</u>

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**20. Interest in associates**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Shares at cost,		
Quoted shares in Malaysia	24,617,476	24,243,513
Unquoted shares in Malaysia	932,407	645,897
	<u>25,549,883</u>	<u>24,889,410</u>
Less: Accumulated allowance for impairment losses	(144,665)	(184,490)
	<u>25,405,218</u>	<u>24,704,920</u>
Market values of quoted shares in Malaysia	<u>57,783,191</u>	<u>71,252,910</u>

Details of the associates are shown in Note 78.

During the current financial year:

- (i) The Company elected to participate in the dividend reinvestment plan of CIMB Group Holdings Berhad ("CIMB"), resulting in the Company acquiring an additional 110,166,298 ordinary shares. The Company also disposed 62,990,300 ordinary shares of CIMB for a total cash consideration of RM363.5 million. Pursuant to the above transactions, the Company's equity interest in CIMB increased to 27.37%. CIMB, a company incorporated in Malaysia, is listed on Bursa Malaysia Main Market and is involved in investment holding, financial services, property management, provision of consultancy services and dealing in securities.

**21. Derivative financial instruments**

	<b>Company</b>	
	<b>Nominal</b>	<b>Liability</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>2018</b>		
<b>Non-hedging derivative:</b>		
<b>Embedded derivatives</b>		
Long term	<u>2,898,821</u>	<u>46,431</u>
<b>2017</b>		
<b>Non-hedging derivative:</b>		
<b>Embedded derivatives</b>		
Short term	1,380,171	118,677
Long term	3,241,633	122,889
	<u>4,621,804</u>	<u>241,566</u>

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**21. Derivative financial instruments (cont'd.)**

Embedded derivative liabilities

The Company, via special purpose vehicles, issued Exchangeable Trust Certificates, as described in Note 26(b). The embedded derivatives represent the fair value of:

- (i) the option provided to certificate holders to convert into ordinary shares of the underlying assets ("Exchange Property"); and
- (ii) the cash settlement option that the Company has to redeem the Exchangeable Trust Certificates.

**22. Property and equipment**

Company	Office equipment, furniture and fittings and computer equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>At 31 December 2018</b>				
<b>Cost</b>				
At 1 January 2018	30,175	6,294	31,934	68,403
Additions	451	-	43	494
Disposal	(5)	(3,574)	-	(3,579)
At 31 December 2018	<u>30,621</u>	<u>2,720</u>	<u>31,977</u>	<u>65,318</u>
<b>Accumulated depreciation</b>				
At 1 January 2018	18,475	4,502	31,729	54,706
Charge for the year	2,933	822	128	3,883
Disposal	(4)	(3,212)	-	(3,216)
At 31 December 2018	<u>21,404</u>	<u>2,112</u>	<u>31,857</u>	<u>55,373</u>
<b>Net carrying amount</b>				
At 31 December 2018	<u>9,217</u>	<u>608</u>	<u>120</u>	<u>9,945</u>

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**22. Property and equipment (cont'd.)**

<b>Company (cont'd.)</b>	<b>Office equipment, furniture and fittings and computer equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2017</b>				
<b>Cost</b>				
At 1 January 2017	23,515	6,465	32,811	62,791
Additions	7,155	-	152	7,307
Disposal	(495)	(171)	(1,029)	(1,695)
At 31 December 2017	<u>30,175</u>	<u>6,294</u>	<u>31,934</u>	<u>68,403</u>
<b>Accumulated depreciation</b>				
At 1 January 2017	16,098	3,571	31,195	50,864
Charge for the year	2,808	1,102	1,437	5,347
Disposal	(431)	(171)	(903)	(1,505)
At 31 December 2017	<u>18,475</u>	<u>4,502</u>	<u>31,729</u>	<u>54,706</u>
<b>Net carrying amount</b>				
At 31 December 2017	<u>11,700</u>	<u>1,792</u>	<u>205</u>	<u>13,697</u>

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**23. Computer software**

<b>Company</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
<b>Cost</b>		
At 1 January	16,842	16,422
Additions	742	420
Write off	(5,282)	-
At 31 December	<u>12,302</u>	<u>16,842</u>
<b>Accumulated amortisation</b>		
At 1 January	14,510	13,245
Charge for the year	1,495	1,265
Write off	(5,282)	-
At 31 December	<u>10,723</u>	<u>14,510</u>
<b>Net carrying amount</b>		
At 31 December	<u>1,579</u>	<u>2,332</u>

Computer software relates to licence fees, professional fees and other directly attributable costs of preparing the asset for its intended use or for bringing the asset to its working condition.

**24. Deferred taxation**

	<b>Company</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Deferred tax asset	<u>-</u>	<u>170,972</u>

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**24. Deferred taxation (cont'd.)**

The component and movement of deferred tax during the financial year are as follows:

**Deferred tax asset of the Company:**

	<b>Khazanah Bonds and Exchangeable Trust Certificates RM'000</b>
At 1 January 2018	170,972
Recognised in profit or loss	(170,972)
At 31 December 2018	<u>-</u>
At 1 January 2017	225,972
Recognised in profit or loss	(55,000)
At 31 December 2017	<u>170,972</u>

**25. Provisions and other payables**

	<b>Note</b>	<b>Company</b>	
		<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Interest payable	(i)	379,653	313,885
Dividend payable		-	400,000
Amount due to related companies	(ii)	1,823,357	462,595
Other payables and accruals	(iii)	102,623	138,979
Other provisions	(iv)	-	154,294
		<u>2,305,633</u>	<u>1,469,753</u>

The terms and conditions of the above liabilities are as follows:

- (i) Interest payable is normally settled quarterly, semi-annually or annually throughout the financial year, depending on the terms of the respective borrowings of the Company.
- (ii) The amount due to related companies is unsecured, interest free and is repayable on demand.
- (iii) Other payables and accruals are interest free and have an average term of 60 to 90 days (2017: average term of 60 to 90 days).

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**25. Provisions and other payables (cont'd.)**

(iv) The movement in the other provisions are as follows:

	<b>Note</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Balance as at 1 Jan		154,294	155,314
Less: Payment of LTIP		(27,594)	(1,020)
Reversal for the year	8(i)	(126,700)	-
Balance as at 31 Dec		<u>-</u>	<u>154,294</u>

**26. Borrowings**

	<b>Note</b>	<b>Short term</b> <b>RM'000</b>	<b>Company</b> <b>Long term</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2018</b>				
Khazanah Bonds - secured Exchangeable Trust	(a)	2,446,349	10,179,439	12,625,788
Certificates	(b)	-	2,898,822	2,898,822
Danga Capital Berhad	(c)	-	15,815,364	15,815,364
Rantau Abang Capital Berhad	(d)	1,500,000	5,500,000	7,000,000
Term loans - unsecured	(e)	913,614	2,500,000	3,413,614
Revolving credit facility	(f)	3,400,000	-	3,400,000
Ihsan Sukuk Berhad	(g)	-	200,000	200,000
		<u>8,259,963</u>	<u>37,093,625</u>	<u>45,353,588</u>

	<b>Note</b>	<b>Short term</b> <b>RM'000</b>	<b>Company</b> <b>Long term</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2017</b>				
Khazanah Bonds - secured Exchangeable Trust	(a)	1,933,287	12,079,258	14,012,545
Certificates	(b)	1,380,171	3,241,633	4,621,804
Danga Capital Berhad	(c)	-	12,248,934	12,248,934
Rantau Abang Capital Berhad	(d)	-	7,000,000	7,000,000
Term loans - unsecured	(e)	897,569	2,500,000	3,397,569
Revolving credit facility	(f)	2,300,000	-	2,300,000
Ihsan Sukuk Berhad	(g)	-	200,000	200,000
		<u>6,511,027</u>	<u>37,269,825</u>	<u>43,780,852</u>

**Khazanah Nasional Berhad**  
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**26. Borrowings (cont'd.)**

**(a) Khazanah Bonds - secured**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	14,012,545	14,373,004
Amortisation of discount for the year (Note 11)	613,243	639,541
Less: Redeemed during the year	<u>(2,000,000)</u>	<u>(1,000,000)</u>
At 31 December	<u>12,625,788</u>	<u>14,012,545</u>

On 29 May 2006, the Company launched a Government Guaranteed Bond programme of up to a total of RM20 billion in nominal value.

The details of the Khazanah Bonds are as follows:

- Issued under the Shariah principle of Musyarakah;
- Bear no coupon and shall be redeemed by the Company in full at their face value on the maturity dates;
- Subject to any written law, the Khazanah Bonds rank pari passu among themselves and equal with all other unsecured obligations (other than subordinated obligations and priorities created by law, if any) of the Company; and
- Are irrevocably guaranteed by the Government of Malaysia.

Khazanah Bonds of RM2 billion were fully redeemed during the year.

The maturity structure of Khazanah Bonds is as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Due within one year</b>		
Zero coupon Khazanah bonds, at nominal value	2,500,000	2,000,000
Less: Unamortised discount *	<u>(53,651)</u>	<u>(66,713)</u>
	<u>2,446,349</u>	<u>1,933,287</u>
<b>Due after one year, and within five years</b>		
Zero coupon Khazanah bonds, at nominal value	8,000,000	8,500,000
Less: Unamortised discount *	<u>(1,019,420)</u>	<u>(966,362)</u>
	<u>6,980,580</u>	<u>7,533,638</u>

**Khazanah Nasional Berhad**  
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**26. Borrowings (cont'd.)**

**(a) Khazanah Bonds - secured**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Due after five years</b>		
Zero coupon Khazanah bonds, at nominal value	4,500,000	6,500,000
Less: Unamortised discount *	<u>(1,301,141)</u>	<u>(1,954,380)</u>
	<u>3,198,859</u>	<u>4,545,620</u>
	<u>12,625,788</u>	<u>14,012,545</u>
* The total unamortised discount is derived as follows:		
Total discount upon issuance	(7,819,164)	(7,819,164)
Total amortisation to date	<u>5,444,952</u>	<u>4,831,709</u>
Total unamortised discount at 31 December	<u>(2,374,212)</u>	<u>(2,987,455)</u>

**(b) Exchangeable Trust Certificates ("ETC")**

		<b>Company</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
USD500 million 7-year ETC	(i)	188,794	1,816,267
SGD600 million 5-year ETC	(ii)	-	1,380,171
USD398.8 million 5-year ETC	(iii)	1,501,261	1,425,366
USD320.8 million 5-year ETC	(iv)	<u>1,208,767</u>	<u>-</u>
		<u>2,898,822</u>	<u>4,621,804</u>

The maturity structure of the ETCs is as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within one year	-	1,380,171
Due after one year, and within five years	<u>2,898,822</u>	<u>3,241,633</u>
	<u>2,898,822</u>	<u>4,621,804</u>

**Khazanah Nasional Berhad  
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**26. Borrowings (cont'd.)**

**(b) Exchangeable Trust Certificates ("ETC") (cont'd.)**

**(i) USD500 million 7-year Exchangeable Trust Certificates**

On 18 September 2014, the Company via an independent special purpose company, Cahaya Capital Limited (the "Issuer"), issued a Shariah-compliant exchangeable trust certificates (the "Certificates").

The issuance comprise USD500 million 7-year Certificates with a put option on Year 4 and is exchangeable into ordinary shares of RM1.00 each of Tenaga Nasional Berhad ("TNB"), the Exchange Property. The Certificates were priced at 100% of the principal amount at zero periodic payments with a yield to optional/scheduled dissolution of negative 0.05%. Unless previously exchanged, redeemed, purchased or cancelled, the Certificates will be redeemed at 99.65% of their nominal amount on 18 September 2021 ("the Scheduled Dissolution Date").

**Exchange Right**

The Certificates are exchangeable for a pro-rata share of TNB ordinary shares with par value of RM1.00 each during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property initially comprise 111,728,612 TNB shares and include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Following the dividends declared by TNB during the Exchange Period which exceeded the reference amount as defined in the Conditions of the Certificates, further adjustments to the Exchange Property were made resulting in the Certificate holders being entitled to receive 223.4572 TNB shares and RM315.08 cash as capital distribution for each USD1,000 nominal value of Certificates effective 29 December 2017.

**Exchange Period**

Each Certificateholder has the right ("Exchange Right") to exchange a Certificate at any time during the Exchange Period, beginning on and including 29 October 2014 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; or

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**26. Borrowings (cont'd.)**

**(b) Exchangeable Trust Certificates ("ETC") (cont'd.)**

**(i) USD500 million 7-year Exchangeable Trust Certificates (cont'd.)**

**Exchange Period (cont'd.)**

- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

**Redemption**

During the year, 2,252.02 Certificates worth of USD449.5 million were exchanged for TNB ordinary shares.

This note to the financial statements should be read in conjunction with the conditions set out in the offering circular dated 15 September 2014 relating to the Certificates.

**(ii) SGD600 million 5-year Exchangeable Trust Certificates**

On 24 October 2013, the Company via an independent special purpose company, Indah Capital Limited (the "Issuer"), issued a Shariah-compliant exchangeable trust certificates (the "Certificates").

The issuance comprise SGD600 million 5-year Certificates with a put option on Year 3 and is exchangeable into ordinary shares of RM1.00 each of IHH Healthcare Berhad ("IHH"), the Exchange Property, currently held by a subsidiary of the Company. The Certificates were priced at 100% of the principal amount at zero periodic payments with a yield to optional/scheduled dissolution of negative 0.25%. Unless previously exchanged, redeemed, purchased or cancelled, the Certificates will be redeemed at 98.76% of their nominal amount on 24 October 2018 ("the Scheduled Dissolution Date").

**Exchange Right**

The Certificates are exchangeable for a pro-rata share of IHH ordinary shares with par value of RM1.00 each during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

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**26. Borrowings (cont'd.)**

**(b) Exchangeable Trust Certificates ("ETC") (cont'd.)**

**(ii) SGD600 million 5-year Exchangeable Trust Certificates (cont'd.)**

The Exchange Property initially comprise 311,364,054 IHH shares and include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Following the dividends declared by IHH during the Exchange Period which exceeded the reference amount as defined in the Conditions of the Certificates, further adjustments to the Exchange Property were made resulting in the Certificate holders being entitled to receive 129,735.0223 IHH shares and RM14,270.85 cash as capital distribution for each SGD250,000 nominal value of Certificates effective 18 July 2017.

**Exchange Period**

Each Certificateholder has the right ("Exchange Right") to exchange a Certificate at any time during the Exchange Period, beginning on and including 4 December 2013 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; and
- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

**Redemption**

The Certificates were exchanged and fully redeemed during the year.

This note to the financial statements should be read in conjunction with the conditions set out in the offering circular dated 18 October 2013 relating to the Certificates.

**(iii) USD398.8 million 5-year Exchangeable Trust Certificates**

On 23 September 2016, the Company via an independent special purpose company, Bagan Capital Limited (the "Issuer"), issued a Shariah-compliant exchangeable trust certificates (the "Certificates").

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**26. Borrowings (cont'd.)**

**(b) Exchangeable Trust Certificates ("ETC") (cont'd.)**

**(iii) USD398.8 million 5-year Exchangeable Trust Certificates (cont'd.)**

The issuance comprise USD398.8 million 5-year Certificates with a put option on Year 3 and is exchangeable into ordinary shares of HKD0.10 each of Beijing Enterprises Water Group Limited ("BEWG"), the Exchange Property, currently held by a subsidiary of the Company. The Certificates were priced at 100% of the principal amount at zero periodic payments and yield to optional/scheduled dissolution. Unless previously exchanged, redeemed, purchased or cancelled, the Certificates will be redeemed at 100.00% of their nominal amount on 23 September 2021 ("the Scheduled Dissolution Date").

**Exchange Right**

The Certificates are exchangeable for a pro-rata share of BEWG ordinary shares with par value of HKD0.10 each during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property initially comprise 399,856,758 BEWG shares and include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property.

Certificate holders being entitled to receive 1,002.6498 BEWG shares for each USD1,000 nominal value of Certificates.

Following the dividends declared by BEWG during the Exchange Period which exceeded the reference amount as defined in the Conditions of the Certificates, further adjustments to the Exchange Property were made resulting in the Certificate holders being entitled to receive 1,002.6498 BEWG shares and HKD199.53 cash as capital distribution for each USD1,000 nominal value of Certificates effective 20 October 2017.

**Exchange Period**

Each Certificateholder has the right ("Exchange Right") to exchange a Certificate at any time during the Exchange Period, beginning on and including 3 November 2016 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; or

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**26. Borrowings (cont'd.)**

**(b) Exchangeable Trust Certificates ("ETC") (cont'd.)**

**(iii) USD398.8 million 5-year Exchangeable Trust Certificates (cont'd.)**

**Exchange Period (cont'd.)**

- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

**Redemption**

There were no redemptions made during the year.

This note to the financial statements should be read in conjunction with the conditions set out in the offering circular dated 20 September 2016 relating to the Certificates.

**(iv) USD320.8 million 5-year Exchangeable Trust Certificates**

On 8 February 2018, the Company via an independent special purpose company, Cindai Capital Limited (the "Issuer"), issued a Shariah-compliant exchangeable trust certificates (the "Certificates").

The issuance comprise USD320.8 million 5-year Certificates with a put option on Year 3 and is exchangeable into ordinary shares of RMB1.00 each of CITIC Securities Co. Ltd. ("CITIC"), the Exchange Property, currently held by a subsidiary of the Company. The Certificates were priced at 100% of the principal amount at zero periodic payments and yield to optional/scheduled dissolution. Unless previously exchanged, redeemed, purchased or cancelled, the Certificates will be redeemed at 100.00% of their nominal amount on 8 February 2023 ("the Scheduled Dissolution Date").

**Exchange Right**

The Certificates are exchangeable for a pro-rata share of CITIC ordinary shares with par value of RMB1.00 each during the Exchange Period. Notwithstanding the Exchange Right, at any time when the delivery of Exchange Property is required to satisfy the Exchange Right, the Company has the option to purchase the Exchange Property for an amount equal to the Cash Settlement Amount.

The Exchange Property initially comprise 94,494,683 CITIC shares and include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property. Certificate holders being entitled to receive 294.5594 CITIC shares for each USD1,000 nominal value of Certificates.

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**26. Borrowings (cont'd.)**

**(b) Exchangeable Trust Certificates ("ETC") (cont'd.)**

**(iii) USD320.8 million 5-year Exchangeable Trust Certificates (cont'd.)**

**Exchange Period**

Each Certificateholder has the right ("Exchange Right") to exchange a Certificate at any time during the Exchange Period, beginning on and including 21 March 2018 and ending on and including the earlier to occur of:

- (a) the close of business on the date which falls 10 Business Days prior to the Scheduled Dissolution Date; or
- (b) if the Certificates shall have been called for dissolution prior to the Scheduled Dissolution Date, the close of business on the day which falls 10 Business Days prior to the date fixed for dissolution.

**Redemption**

There were no redemptions made during the year.

This note to the financial statements should be read in conjunction with the conditions set out in the offering circular dated 5 February 2018 relating to the Certificates.

**(c) Danga Capital Berhad ("Danga")**

	Note	Company	
		2018 RM'000	2017 RM'000
Islamic Medium Term Note 1 ("IMTN 1")	(i)	1,500,000	1,500,000
Islamic Medium Term Note 2 ("IMTN 2")	(i)	2,000,000	2,000,000
Islamic Medium Term Note 3 ("IMTN 3")	(i)	1,500,000	1,500,000
Islamic Medium Term Note 4 ("IMTN 4")	(i)	1,500,000	1,500,000
Islamic Medium Term Note 5 ("IMTN 5")	(i)	1,500,000	-
Islamic Medium Term Note 6 ("IMTN 6")	(i)	2,000,000	-
Multicurrency Islamic Medium Term Note 1 ("MIMTN 1")	(ii)	2,729,071	2,737,914
Multicurrency Islamic Medium Term Note 2 ("MIMTN 2")	(ii)	3,086,293	3,011,020
		<u>15,815,364</u>	<u>12,248,934</u>

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**26. Borrowings (cont'd.)**

**(c) Danga Capital Berhad ("Danga") (cont'd.)**

On 19 November 2008, the Securities Commission of Malaysia ("SC") approved a RM10 billion IMTN and MIMTN programme to be issued by the Company, via a special purpose vehicle, Danga Capital Berhad. The programme has a tenure of 35 years from the date of the first drawdown.

On 12 October 2015, the SC approved for the programme to be increased to RM20 billion.

The Company will use the proceeds for financing of general investments, refinancing of borrowings and working capital requirements.

**(i) Islamic Medium Term Notes ("IMTN")**

The details of the IMTNs are as follows:

	<b>IMTN 1</b>	<b>IMTN 2</b>	<b>IMTN 3</b>	<b>IMTN 4</b>	<b>IMTN 5</b>	<b>IMTN 6</b>
Issuance date	29-Jan-15	9-Apr-15	23-Feb-16	6-Sep-17	26-Jan-18	21-Mar-18
Maturity date	29-Jan-30	9-Apr-20	23-Feb-26	6-Sep-27	26-Jan-33	21-Sep-33
Tenure	15 years	5 years	10 years	10 years	15 years	15.5 years
Yield to maturity	4.88%	4.10%	4.60%	4.52%	4.94%	5.02%
Nominal amount	RM1.5 billion	RM2.0 billion	RM1.5 billion	RM1.5 billion	RM1.5 billion	RM2.0 billion

The IMTNs are unsecured and were issued at par.

The IMTNs will make periodic distribution at the profit rate every six months from the issuance to maturity.

During the year, the Company issued IMTN 5 and IMTN 6 for investment and general working capital requirements.

The maturity structure of the IMTNs is as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due after one year, and within five years	2,000,000	2,000,000
Due after five years	8,000,000	4,500,000
	<u>10,000,000</u>	<u>6,500,000</u>

**Khazanah Nasional Berhad  
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**26. Borrowings (cont'd.)**

**(c) Danga Capital Berhad ("Danga") (cont'd.)**

**(ii) Multicurrency Islamic Medium Term Notes ("MIMTN")**

The details of the MIMTNs are as follows:

	<b>MIMTN 1</b>	<b>MIMTN 2</b>
Issuance date	11-Aug-10	1-Mar-16
Maturity date	11-Aug-20	1-Mar-21
Tenure	10 years	5 years
Profit rate	3.725%	3.035%
Nominal amount	SGD900 million	USD750 million

The MIMTNs are unsecured and were issued at par.

The MIMTNs will make periodic distribution at the profit rate every six months from the issuance to maturity.

No new issuance during the year.

The maturity structure of the MIMTNs are as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due after one year, and within five years	<u>5,815,364</u>	<u>5,748,934</u>

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**26. Borrowings (cont'd.)**

**(d) Rantau Abang Capital Berhad ("RACB")**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Medium Term Note 1 ("MTN 1")	1,000,000	1,000,000
Medium Term Note 2 ("MTN 2")	1,000,000	1,000,000
Medium Term Note 3 ("MTN 3")	1,500,000	1,500,000
Medium Term Note 4 ("MTN 4")	1,500,000	1,500,000
Medium Term Note 5 ("MTN 5")	1,000,000	1,000,000
Medium Term Note 6 ("MTN 6")	1,000,000	1,000,000
	<u>7,000,000</u>	<u>7,000,000</u>

On 24 February 2006, the SC approved a RM7 billion Sukuk financing to be issued by the Company, via a special purpose vehicle, Rantau Abang Capital Berhad. The programme has a tenure of 35 years from the date of the first drawdown.

The Company will use the proceeds for financing of general investments, refinancing of borrowings and working capital requirements.

The details of the Sukuk financing are as follows:

	<b>MTN 1</b>	<b>MTN 2</b>	<b>MTN 3</b>	<b>MTN 4</b>	<b>MTN 5</b>	<b>MTN 6</b>
Issuance date	12-May-11	26-Mar-14	28-Aug-14	19-Oct-15	3-Dec-15	17-Jan-17
Maturity date	12-May-31	26-Mar-29	28-Aug-19	19-Oct-22	3-Dec-20	17-Jan-32
Tenure	20 years	15 years	5 years	7 years	5 years	15 years
Yield to maturity	5.05%	5.20%	4.14%	4.57%	4.30%	5.00%
Nominal amount	RM1.0 billion	RM1.0 billion	RM1.5 billion	RM1.5 billion	RM1.0 billion	RM1.0 billion

The Sukuk financing are unsecured and were issued at par.

The Sukuk financing will make periodic distribution at the profit rate every six months from the issuance to maturity.

No new issuance during the year.

**Khazanah Nasional Berhad  
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**26. Borrowings (cont'd.)**

**(d) Rantau Abang Capital Berhad ("RACB") (cont'd.)**

The maturity structure of the Sukuk financing is as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within one year	1,500,000	-
Due after one year, and within five years	2,500,000	4,000,000
Due after five years	3,000,000	3,000,000
	<u>7,000,000</u>	<u>7,000,000</u>

**(e) Term loans - unsecured**

	<b>Short term</b>	<b>Company</b>	<b>Total</b>
	<b>RM'000</b>	<b>Long term</b>	<b>RM'000</b>
		<b>RM'000</b>	
<b>2018</b>			
Unsecured floating term loans	913,614	-	913,614
Unsecured fixed term loans	-	2,500,000	2,500,000
	<u>          </u>	<u>          </u>	<u>          </u>
<b>2017</b>			
Unsecured floating term loans	897,569	-	897,569
Unsecured fixed term loans	-	2,500,000	2,500,000
	<u>          </u>	<u>          </u>	<u>          </u>

The unsecured floating term loan bear interest ranging between 2.5263% to 3.0171% (2017: 1.6962% to 1.9522%) per annum.

The unsecured fixed term loans bear interest of 4.641% (2017: 4.641%) per annum.

The maturity structure of the term loans are as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within one year	913,614	897,569
Due after five years	2,500,000	2,500,000
	<u>3,413,614</u>	<u>3,397,569</u>

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**26. Borrowings (cont'd.)**

**(f) Revolving credit facility**

The Company utilised RM3.4 billion in nominal value under the existing banking facilities of RM4.5 billion. The utilisation/rollover period for the year is 1 month.

The Company used the proceeds for Khazanah's investment and general working capital requirements.

The revolving credit bears interest ranging from 3.76% to 4.23% (2017: 3.76% to 3.96%) per annum.

The maturity structure of the revolving credit is as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within one year	3,400,000	2,300,000

**(g) Ihsan Sukuk Berhad**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Medium Term Note 1 ("MTN 1")	100,000	100,000
Medium Term Note 2 ("MTN 2")	100,000	100,000
	200,000	200,000

On 11 March 2015, the SC approved a RM1 billion in nominal value, Sukuk Programme to be established under the Sustainable and Responsible Investment Sukuk framework ("Sukuk Programme") to be issued by the Company, via a special purpose vehicle, Ihsan Sukuk Berhad. The programme has a tenure of 25 years from the date of the first issuance under the Sukuk Programme.

The Company will use the proceeds for the purpose of funding Shariah-compliant Eligible Sustainable and Responsible Investment.

The details of the Ihsan Sukuk are as follows:

	<b>MTN 1</b>	<b>MTN 2</b>
Issuance date	18-Jun-15	8-Aug-17
Maturity date	18-Jun-22	8-Aug-24
Tenure	7 years	7 years
Profit rate	4.30%	4.60%
Nominal amount	RM100 million	RM100 million

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**26. Borrowings (cont'd.)**

**(g) Ihsan Sukuk Berhad (cont'd.)**

The Ihsan Sukuk are unsecured and issued at par. The proceeds were utilised to fund Yayasan Amir Trust Schools Programme ("Yayasan Amir"). Yayasan Amir is a not-for-profit foundation established on 26 October 2010 to improve assessibility to quality education in government schools through a Public-Private-Partnership with the Ministry of Education of Malaysia.

**MTN 1**

The Ihsan Sukuk will make annual distribution at the profit rate from the issuance to maturity. In relation to the repayment of the Principal, the Company shall reduce the amount to be repaid by 6.22% (by redeeming the Ihsan Sukuk at 93.78%) in the event Yayasan Amir meets its key performance indicators ("KPIs") pursuant to the conditions of the Ihsan Sukuk.

This note to the financial statements should be read in conjunction with the conditions set out in the information memorandum dated 11 June 2015 relating to the Ihsan Sukuk.

**MTN 2**

The Ihsan Sukuk will make annual distribution at the profit rate from the issuance to maturity. In relation to the repayment of the Principal, the Company shall reduce the amount to be repaid by 3.18% (by redeeming the Ihsan Sukuk at 96.82%) in the event Yayasan Amir meets its key performance indicators ("KPIs") pursuant to the conditions of the Ihsan Sukuk.

This note to the financial statements should be read in conjunction with the conditions set out in the prospectus dated 13 July 2017 relating to the Ihsan Sukuk.

The First and Second Sukuk Ihsan Sukukholders may exercise their option to waive the repayment of the principal and profit of the IMTNs at any time during the tenure of the First and Second Sukuk Ihsan.

The potential reduction to the dissolution distribution amount and the potential waiver above give rise to embedded derivative. As at 31 December 2018, the embedded derivative cannot be reliably measured thus bifurcated and carried at RMNil due to the uncertainty in determining the ability of Yayasan Amir to meet the KPIs.

The maturity structure of the Ihsan Sukuk financing is as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due after one year, and within five years	100,000	100,000
Due after five years	100,000	100,000
	<u>200,000</u>	<u>200,000</u>

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**26. Borrowings (cont'd.)**

The movement in the borrowings are as follows:

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	43,780,852	42,244,089
Drawdown	5,884,662	2,600,000
Repayment	(5,007,644)	(1,000,000)
Unrealised loss/(gain) on foreign exchange	82,475	(702,778)
Amortisation of discounts on Khazanah Bonds (Note 26(a))	613,243	639,541
	<u>45,353,588</u>	<u>43,780,852</u>

**27. Ordinary and preference shares**

**Issued and fully paid-up:**

	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>'000</b>	<b>'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	5,443,953	5,443,953	12,283,201	5,443,953
Transition to no-par regime	-	-	-	5,640,248
Redemption of RCCPS	-	-	-	1,199,000
At 31 December	<u>5,443,953</u>	<u>5,443,953</u>	<u>12,283,201</u>	<u>12,283,201</u>

- (a) Under the Companies Act, 2016 in Malaysia which came into effect on 31 January 2017, the concept of authorised share capital no longer exists.
- (b) In accordance with Section 74 of the Companies Act, 2016, the Company's ordinary share no longer have a par or nominal value with effect from 31 January 2017. Pursuant to Section 618 of the Companies Act, 2016, the amount standing to the credit of the Company's share premium became part of the Company's share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members of the Company.

**Issued and fully paid-up:**

	<b>Number of RCCPS</b>		<b>Amount</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>'000</b>	<b>'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	1,000	1,200,000	1,000	1,200,000
Redeemed during the year	-	(1,199,000)	-	(1,199,000)
At 31 December	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

<b>Total ordinary and preference shares</b>	<u><b>5,444,953</b></u>	<u><b>5,444,953</b></u>	<u><b>12,284,201</b></u>	<u><b>12,284,201</b></u>
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**27. Ordinary and preference shares (cont'd.)**

The salient terms of the RCCPS are as follows:

- (a) Under the Companies Act, 2016 in Malaysia which came into effect on 31 January 2017, the concept of authorised share capital no longer exists.
- (b) In accordance with Section 74 of the Companies Act, 2016, the Company's RCCPS no longer have a par or nominal value with effect from 31 January 2017. Pursuant to Section 618 of the Companies Act, 2016, the amount standing to the credit of the Company's share premium became part of the Company's share capital. There is no impact on the numbers of RCCPS in issue or the relative entitlement of any of the members of the Company.
- (c) The RCCPS shall carry a variable dividend whereby the dividend rate and the payment of which shall be payable at the option of the Company. If dividend is not paid, any part of that dividend will be accumulated until such time as the Company is in a position to declare any such dividend at its discretion;
- (d) The RCCPS shall rank for dividend in priority to the ordinary shares;
- (e) Redemption of the RCCPS shall be at the discretion of the Company and shall be redeemed at the par value;
- (f) Conversion of the RCCPS shall be at the discretion of the Company at any time after the issuance of the RCCPS;
- (g) The RCCPS will be convertible into new ordinary shares of the Company for a value of RM1 per RCCPS where the number of new ordinary shares shall be calculated based on the last available/audited realisable asset value of the Company at the time of conversion provided that the conversion price for each unit of RCCPS shall not fall below the par value of the ordinary shares of RM1 each;
- (h) Prior to the conversion of the RCCPS, the RCCPS holder would not have the right to vote at any general meeting of the Company;
- (i) The maturity dates of the RCCPS are as follows:

	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
7 March 2021	<u>1,000</u>	<u>1,000</u>

- (j) The Company has the discretion to extend the tenure of the RCCPS.

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**28. Financial instruments by category**

**31 December 2018**

	<b>Amortised cost RM'000</b>	<b>Financial assets designated as fair value through profit or loss RM'000</b>	<b>Financial assets designated as fair value through OCI RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Cash and bank balances	867,544	-	-	867,544
Investment in money market instruments	9,903	-	-	9,903
Other financial assets	1,820,620	2,449,234	110,500	4,380,354
Other receivables	1,078,115	-	-	1,078,115
<b>Total</b>	<b>3,776,182</b>	<b>2,449,234</b>	<b>110,500</b>	<b>6,335,916</b>
		<b>Financial liabilities designated as fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Financial liabilities</b>				
Borrowings		-	45,353,588	45,353,588
Derivative liabilities		46,431	-	46,431
Other payables		-	2,305,633	2,305,633
<b>Total</b>		<b>46,431</b>	<b>47,659,221</b>	<b>47,705,652</b>

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**28. Financial instruments by category (cont'd.)**

**31 December 2017**

	<b>Amortised cost RM'000</b>	<b>Financial assets designated as fair value through profit or loss RM'000</b>	<b>Financial assets designated as fair value through OCI RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Cash and bank balances	1,232,708	-	-	1,232,708
Other financial assets	2,404,724	2,960,260	991,000	6,355,984
Other receivables	1,246,788	-	-	1,246,788
<b>Total</b>	<b>4,884,220</b>	<b>2,960,260</b>	<b>991,000</b>	<b>8,835,480</b>
		<b>Financial liabilities designated as fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Financial liabilities</b>				
Borrowings		-	43,780,852	43,780,852
Derivative liabilities		241,566	-	241,566
Other payables		-	1,315,459	1,315,459
<b>Total</b>		<b>241,566</b>	<b>45,096,311</b>	<b>45,337,877</b>

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**29. Fair value of financial instruments**

**(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities</b>				
Exchangeable Trust Certificates	2,945,253	3,140,922	4,863,370	5,209,612
Islamic Medium Term Notes				
- Danga	16,041,910	15,941,461	12,415,015	12,372,978
- RACB	7,081,601	7,170,150	7,081,601	7,110,155
- Ihsan Sukuk	204,136	199,653	204,125	198,156
Fixed term loans	<u>2,552,132</u>	<u>2,660,047</u>	<u>2,503,123</u>	<u>2,670,069</u>

For the purpose of comparability, the above carrying amounts include the following:

- (i) Exchangeable Trust Certificates include carrying amount of related embedded derivative liabilities.
- (ii) For interest-bearing financial liabilities, interest payable as at reporting date is included.

**(b) Determination of fair value**

(i) Cash and cash equivalents, receivables and payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value due either to their short term nature or are repayable on demand.

(ii) Quoted shares

The fair value of quoted shares is determined directly by reference to their published market bid price at the reporting date.

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**29. Fair value of financial instruments (cont'd.)**

**(b) Determination of fair value (cont'd.)**

(iii) Financial assets designated as fair value through profit and loss

The fair value of unquoted bonds, funds and structured products are based on the indicative fair values obtained from Bond Pricing Agency of Malaysia, Bloomberg and/or respective licensed banks.

(iv) Loans receivable

The fair value of loans receivable are estimated by discounting the estimated future cash flows using current interest rates for financial assets with similar risk profile.

(v) Embedded derivatives

The fair value of embedded derivatives are valued using the Binomial/Black Scholes model with market observable inputs. The model incorporates various inputs including closing market prices of underlying shares, foreign exchange spot rates and market interest rates.

(vi) Periodic Payment Exchangeable Trust Certificates

The fair value of Periodic Payment Exchangeable Trust Certificates is determined directly by reference to their published market ask price at the reporting date.

(vii) Other loans and borrowings

The carrying amount of the current portion of other loans and borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

The carrying amount of certain other loans and borrowings are reasonable approximations of fair value as they are floating rate instruments that are re-priced to market interest rates near the reporting date.

The fair value of non-current other loans and borrowings, other than floating rate instruments, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the reporting date.

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**29. Fair value of financial instruments (cont'd.)**

**(c) Fair value measurement hierarchy**

**Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2018:**

<b>Assets and liabilities measured at fair value</b>	<b>Carrying amount RM'000</b>	<b>Fair value measurement using</b>		
		<b>Quoted market price Level 1 RM'000</b>	<b>Observable input Level 2 RM'000</b>	<b>Unobservable input Level 3 RM'000</b>
<b>Financial assets</b>				
Financial assets designated as fair value through profit or loss				
- Quoted shares	1,129,019	1,129,019	-	-
- Quoted equity funds	818,234	818,234	-	-
- Unquoted money market funds	396,881	-	396,881	-
- Unquoted bonds	105,100	105,100	-	-
Financial assets designated as fair value through other comprehensive income				
- Quoted shares	110,500	110,500	-	-
- Unquoted bonds	-	-	-	-
<b>Financial liability</b>				
Embedded derivatives	46,431	-	46,431	-
<b>Assets and liabilities for which fair values are disclosed</b>				
<b>Assets</b>				
Investments in associates				
- Quoted shares	24,617,476	57,783,191	-	-

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**29. Fair value of financial instruments (cont'd.)**

**(c) Fair value measurement hierarchy (cont'd.)**

**Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2018 (cont'd.):**

<b>Assets and liabilities for which fair values are disclosed (cont'd.)</b>	<b>Carrying amount RM'000</b>	<b>Fair value measurement using</b>		
		<b>Quoted market price Level 1 RM'000</b>	<b>Observable input Level 2 RM'000</b>	<b>Unobservable input Level 3 RM'000</b>
<b>Liabilities</b>				
Exchangeable Trust				
Certificates	2,945,253	3,140,922	-	-
Islamic Medium Term				
Notes				
- Danga	16,041,910	-	15,941,461	-
- RACB	7,081,601	-	7,170,150	-
- Ihsan Sukuk	204,136	-	199,653	-
Term loans - unsecured	2,552,132	-	2,660,047	-

**Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2017:**

<b>Assets and liabilities measured at fair value</b>	<b>Carrying amount RM'000</b>	<b>Fair value measurement using</b>		
		<b>Quoted market price Level 1 RM'000</b>	<b>Observable input Level 2 RM'000</b>	<b>Unobservable input Level 3 RM'000</b>
<b>Financial assets</b>				
Financial assets designated as fair value through profit or loss				
- Quoted shares	1,463,233	1,463,233	-	-
- Quoted equity funds	1,118,689	1,118,689	-	-
- Unquoted money market funds	273,136	-	273,136	-
- Unquoted bonds	105,202	105,202	-	-
Financial assets designated as fair value through other comprehensive income				
- Quoted shares	108,000	108,000	-	-
- Unquoted shares	883,000	-	-	883,000

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**29. Fair value of financial instruments (cont'd.)**

**(c) Fair value measurement hierarchy (cont'd.)**

**Quantitative disclosures fair value measurement hierarchy for asset and liabilities as at 31 December 2017 (cont'd.):**

<b>Assets and liabilities measured at fair value (cont'd.)</b>	<b>Carrying amount</b>	<b>Fair value measurement using</b>		
		<b>Quoted market price Level 1</b>	<b>Observable input Level 2</b>	<b>Unobservable input Level 3</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial liability</b>				
Embedded derivatives	241,566	-	241,566	-

<b>Assets and liabilities for which fair values are disclosed</b>	<b>Carrying amount</b>	<b>Fair value measurement using</b>		
		<b>Quoted market price Level 1</b>	<b>Observable input Level 2</b>	<b>Unobservable input Level 3</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>				
Investments in associates				
- Quoted shares	24,243,513	71,252,910	-	-
<b>Liabilities</b>				
Exchangeable Trust Certificates	4,863,370	5,209,612	-	-
Islamic Medium Term Notes				
- Danga	12,415,015	-	12,372,978	-
- RACB	7,081,601	-	7,110,155	-
- Ihsan Sukuk	204,125	-	198,156	-
Term loans - unsecured	2,503,123	-	2,670,069	-

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**29. Fair value of financial instruments (cont'd.)**

**(c) Fair value measurement hierarchy (cont'd.)**

A reconciliation of the beginning and closing balances of Level 3 financial instruments, including movements is summarised below:

	<b>Fair value through OCI investments Unquoted shares RM'000</b>
At 1 January 2018	883,000
Net fair value movement	(883,000)
At 31 December 2018	<u>-</u>
At 1 January 2017	1,022,000
Net fair value movement	(139,000)
At 31 December 2017	<u>883,000</u>

**(d) Level 3 fair value measurement**

**Description of significant unobservable inputs to valuation:**

Fair value through other comprehensive income investments - unquoted shares

<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Sensitivity of input to fair value</b>
Market comparables	Discount rate (ranging from 0%-15%)	5% increase/(decrease) in the discount would result in decrease/(increase) in fair value (2017: RM 44 million)

Discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the instruments.

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**30. Financial risk management objectives and policies**

The Company is exposed to financial risks arising from its operations and the use of the financial instruments. The key financial risks include interest rate, foreign currency, equity price, credit and liquidity risks.

The Company has an approved set of guidelines and policies as well as internal controls which set out its overall business strategies to manage these risks. The Company's overall financial risk management objective is to enhance shareholders' value through effective management of the Company's risks.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's term loans with floating interest rates.

The Company actively manages its interest rate risk by maintaining an interest cover ratio of at least one and a half times.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings. With all other variables held constant, the table below summarises the Company's exposure to interest rate risk on floating rate borrowings. There is no impact on the Company's equity.

	<b>Effect on profit or loss RM'000</b>
<b>2018</b>	
Increase in 25 basis points	(10,784)
Decrease in 25 basis points	10,784
	<hr/>
<b>2017</b>	
Increase in 25 basis points	(7,994)
Decrease in 25 basis points	7,994
	<hr/>

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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**30. Financial risk management objectives and policies (cont'd.)**

**(a) Interest rate risk (cont'd.)**

Weighted average interest rate and average maturity

**(i) Financial assets**

The weighted average interest rates per annum and the average remaining maturity of deposits as at 31 December were as follows:

	2018		2017	
	Weighted average interest rates %	Average days to maturity	Weighted average interest rates %	Average days to maturity
Licensed banks	3.59	17	3.35	13
Other financial institutions	-	-	3.48	15

**(ii) Financial liabilities**

The interest rates per annum and the remaining maturity of borrowings and term loans as at 31 December were as follows:

	2018		2017	
	Interest rates %	Years to maturity	Interest rates %	Years to maturity
Term loans	4.64	6.06	4.64	7.06
Bonds and notes	3.04 to 5.33	0.22 to 13.68	3.04 to 5.20	0.52 to 14.68

**(b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which investments are located or by borrowing in currencies that match the future revenue stream to be generated from the investments.

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**30. Financial risk management objectives and policies (cont'd.)**

**(b) Foreign currency risk (cont'd.)**

During the year, the currencies in which the Company mainly transacted in other than its functional currency of Ringgit Malaysia ("RM") were United States Dollars ("USD"), Singapore Dollar ("SGD") and Chinese Renminbi ("CNY"). This is mainly due to the other investments, cash and bank balances and borrowings. The natural hedge strategy was maintained as the proceeds from the floating term loan, ETCs and MIMTN were used for investments in USD and SGD respectively.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD, SGD and CNY exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	<b>Changes in rate</b>	<b>Effect on profit or loss RM'000</b>
<b>2018</b>		
USD/RM - Strengthened	5%	(302,000)
USD/RM - Weakened	5%	302,000
SGD/RM - Strengthened	5%	(136,000)
SGD/RM - Weakened	5%	136,000
CNY/RM - Strengthened	5%	123,000
CNY/RM - Weakened	5%	(123,000)
<b>2017</b>		
USD/RM - Strengthened	5%	(319,000)
USD/RM - Weakened	5%	319,000
SGD/RM - Strengthened	5%	(212,000)
SGD/RM - Weakened	5%	212,000
CNY/RM - Strengthened	5%	153,000
CNY/RM - Weakened	5%	(153,000)

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**30. Financial risk management objectives and policies (cont'd.)**

**(c) Equity price risk**

The Company's quoted equity securities are susceptible to market price risk arising from the uncertainties on future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio monitoring are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Equity price sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the equity price, with all other variables held constant, of the Company's equity investments (due to changes in the fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss).

	<b>Effect on equity RM'000</b>	<b>Effect on profit or loss RM'000</b>
<b>2018</b>		
Increase of 10% in equity price	11,100	240,300
Decrease of 10% in equity price	(11,100)	(240,300)
	<hr/>	<hr/>
<b>2017</b>		
Increase of 10% in equity price	99,100	271,900
Decrease of 10% in equity price	(99,100)	(271,900)
	<hr/>	<hr/>

**(d) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from loan receivables. For other financial assets (including investments in bonds, money market instruments and cash and deposits with banks) the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair value.

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**30. Financial risk management objectives and policies (cont'd.)**

**(d) Credit risk (cont'd.)**

Financial assets that are neither past due nor impaired

Information regarding the financial assets that are neither past due nor impaired is disclosed in Note 16 and Note 17. Investments in money market instruments and cash and deposits with licensed banks are neither past due nor impaired as these are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding the financial assets that are either past due or impaired is disclosed in Note 16 and Note 17.

**(e) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises from mismatches of the maturities of financial assets and liabilities.

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains a portfolio of highly liquid assets to meet its working capital and investment requirements.

In addition, the Company maintains a balanced and flexible funding structure through the use of credit facilities, short and long term borrowings. Short term flexibility is achieved through credit facilities and short term borrowings. As far as possible, the Company raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with certain short term funding so as to achieve overall cost effectiveness.

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**30. Financial risk management objectives and policies (cont'd.)**

**(e) Liquidity risk (cont'd.)**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations.

<b>31 December 2018</b>	<b>On demand RM'000</b>	<b>Less than 3 months RM'000</b>	<b>3 to 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>More than 5 years RM'000</b>	<b>Total RM'000</b>
<b>Non-interest bearing financial liabilities</b>						
Amount due to related companies	1,823,357	-	-	-	-	1,823,357
Dividend payable	-	-	-	-	-	-
Other payables and accruals	-	102,623	-	-	-	102,623
Khazanah Bonds - secured	-	1,000,000	1,500,000	8,000,000	4,500,000	15,000,000
Exchangeable Trust Certificates ("ETC") #	-	-	-	5,034,592	-	5,034,592
	<u>1,823,357</u>	<u>1,102,623</u>	<u>1,500,000</u>	<u>13,034,592</u>	<u>4,500,000</u>	<u>21,960,572</u>
<b>Interest bearing financial liabilities *</b>						
Islamic Medium Term Notes						
- Danga	-	246,094	426,456	9,983,156	10,630,148	21,285,854
- RACB	-	82,050	1,744,100	3,358,650	4,089,750	9,274,550
- Ihsan Sukuk	-	-	8,600	130,112	104,312	243,024
Floating term loans	-	928,004	-	-	-	928,004
Fixed term loans	-	58,807	57,854	463,782	2,674,832	3,255,275
Revolving credit facility	-	3,409,987	-	-	-	3,409,987
	<u>-</u>	<u>4,724,942</u>	<u>2,237,010</u>	<u>13,935,700</u>	<u>17,499,042</u>	<u>38,396,694</u>
<b>Total undiscounted financial liabilities</b>	<u><b>1,823,357</b></u>	<u><b>5,827,565</b></u>	<u><b>3,737,010</b></u>	<u><b>26,970,292</b></u>	<u><b>21,999,042</b></u>	<u><b>60,357,266</b></u>

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**30. Financial risk management objectives and policies (cont'd.)**

**(e) Liquidity risk (cont'd.)**

<b>31 December 2017</b>	<b>On demand RM'000</b>	<b>Less than 3 months RM'000</b>	<b>3 to 12 months RM'000</b>	<b>1 to 5 years RM'000</b>	<b>More than 5 years RM'000</b>	<b>Total RM'000</b>
<b>Non-interest bearing financial liabilities</b>						
Amount due to related companies	462,595	-	-	-	-	462,595
Dividend payable	-	400,000	-	-	-	400,000
Other payables and accruals	-	138,979	-	-	-	138,979
Khazanah Bonds - secured	-	-	2,000,000	8,500,000	6,500,000	17,000,000
Exchangeable Trust Certificates ("ETC") #	-	-	1,424,500	3,637,610	-	5,062,110
	<u>462,595</u>	<u>538,979</u>	<u>3,424,500</u>	<u>12,137,610</u>	<u>6,500,000</u>	<u>23,063,684</u>
<b>Interest bearing financial liabilities *</b>						
Islamic Medium Term Notes						
- Danga	-	281,642	370,915	9,097,485	5,553,653	15,303,695
- RACB	-	82,050	244,100	5,032,300	4,242,250	9,600,700
- Ihsan Sukuk	-	-	8,900	135,648	109,213	253,761
Floating term loans	-	985,428	-	-	-	985,428
Fixed term loans	-	59,125	56,900	464,418	2,790,857	3,371,300
Revolving credit facility	-	2,307,687	-	-	-	2,307,687
	<u>-</u>	<u>3,715,932</u>	<u>680,815</u>	<u>14,729,851</u>	<u>12,695,973</u>	<u>31,822,571</u>
Total undiscounted financial liabilities	<u>462,595</u>	<u>4,254,911</u>	<u>4,105,315</u>	<u>26,867,461</u>	<u>19,195,973</u>	<u>54,886,255</u>

# For the purpose of liquidity risk presentation, the embedded derivatives are not separated from the host instrument of ETC.

\* For interest bearing financial liabilities, the above analysis include future interest or coupon payments, as well as repayment of the principal. The cash flows of floating interest financial liabilities are estimated based on forward rates.

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**31. Transition to MFRS Framework**

During the year, the Company adopted:

MFRS 1: First-time Adoption of Malaysian Financial Standards.

The adoption of this MFRS had no material effect on the amounts reported by the Company for the current or prior years.

The effect of changes for the Group is disclosed in Note 76.

MFRS 15: Revenue from Contracts with Customers.

The adoption of this MFRS had no material effect on the amounts reported by the Company for the current or prior years.

The effect of changes for the Group is disclosed in Note 76.

MFRS 9: Financial Instruments

The adoption of this MFRS had no material effect on the amounts reported by the Company for the current or prior years other than elected reclassifications as disclosed below.

The effect of changes for the Group is disclosed in Note 76.

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**31. Transition to MFRS Framework (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation.

	31 December 2017 MFRS 139 RM'000	Remeasurement RM'000	1 January 2018		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- Cash and cash equivalents	1,232,708	-	-	1,232,708	-
- Loans receivable	852,065	2,000,000	-	2,852,065	-
	2,084,773	2,000,000	-	4,084,773	-
<i>Financial assets designated as fair value through profit or loss</i>					
- Quoted shares	1,463,233	-	1,463,233	-	-
- Quoted equity funds	1,118,689	-	1,118,689	-	-
- Unquoted money market funds	273,136	-	273,136	-	-
- Unquoted bonds	2,105,202	(2,000,000)	105,202	-	-
	4,960,260	(2,000,000)	2,960,260	-	-
<i>Financial assets designated as available-for-sale</i>					
- Quoted shares	108,000	-	-	-	108,000
- Unquoted shares	883,000	-	-	-	883,000
	991,000	-	-	-	991,000

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**31. Transition to MFRS Framework (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation. (cont'd.)

	31 December 2017 MFRS 139 RM'000	Remeasurement RM'000	1 January 2018		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial liabilities</b>					
<i>At amortised cost</i>					
- Embedded derivatives	241,566	-	241,566	-	-
- Exchangeable Trust Certificates	4,863,370	-	-	4,863,370	-
- Islamic Medium Term Notes					
- Danga	12,415,015	-	-	12,415,015	-
- RACB	7,081,601	-	-	7,081,601	-
- Ihsan Sukuk	204,125	-	-	204,125	-
- Term loans - unsecured	2,503,123	-	-	2,503,123	-
	27,308,800	-	241,566	27,067,234	-

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**31. Transition to MFRS Framework (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation. (cont'd.)

	31 December 2016 MFRS 139 RM'000	Remeasurement RM'000	1 January 2017		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- Cash and cash equivalents	1,899,907	-	-	1,899,907	-
- Loans receivable	861,065	1,000,000	-	1,861,065	-
	2,760,972	1,000,000	-	3,760,972	-
<i>Financial assets designated as fair value through profit or loss</i>					
- Quoted shares	1,029,746	-	1,029,746	-	-
- Quoted equity funds	872,534	-	872,534	-	-
- Unquoted money market funds	164,475	-	164,475	-	-
- Unquoted bonds	1,110,489	(1,000,000)	110,489	-	-
	3,177,244	(1,000,000)	2,177,244	-	-
<i>Financial assets designated as available-for-sale</i>					
- Quoted shares	106,000	-	-	-	106,000
- Unquoted shares	1,022,000	-	-	-	1,022,000
	1,128,000	-	-	-	1,128,000

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**31. Transition to MFRS Framework (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation. (cont'd.)

	31 December 2016 MFRS 139 RM'000	Remeasurement RM'000	1 January 2017		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial liabilities</b>					
<i>At amortised cost</i>					
- Embedded derivatives	506,368	-	506,368	-	-
- Exchangeable Trust Certificates	5,332,621	-	-	5,332,621	-
- Islamic Medium Term Notes					
- Danga	11,301,896	-	-	11,301,896	-
- RACB	6,058,775	-	-	6,058,775	-
- Ihsan Sukuk	102,285	-	-	102,285	-
- Term loans - unsecured	2,552,132	-	-	2,552,132	-
	25,854,077	-	506,368	25,347,709	-

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**31. Transition to MFRS Framework (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation. (cont'd.)

	<b>31 December 2017 Previously reported under FRS RM'000</b>	<b>MFRS 9 Remeasurement RM'000</b>	<b>1 January 2018 Reported under MFRS RM'000</b>
<b>Other comprehensive income ("OCI")</b>			
Net loss on available-for-sale financial assets			
- Loss on fair value changes, net of tax representing other comprehensive income for the year	(137,000)	137,000	-
	<hr/>		
Net loss on fair value through other comprehensive income financial assets			
- Loss on fair value changes, net of tax representing other comprehensive income for the year	-	(137,000)	(137,000)
	<hr/>		

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### 32. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in line with the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return of capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes for the years ended 31 December 2018 and 31 December 2017.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital after including the assets and liabilities held through the SPVs ("Proforma") using gearing ratio, which is defined to be net debt divided by total capital. The Company's policy is to keep the gearing ratio below two and a half times (2.5 times). The Company includes within net debt, loans and borrowings less cash and bank balances. Capital represents equity attributable to the owners of the Company.

	Note	Proforma	
		2018 RM'000	2017 RM'000
Borrowings	19(b)	55,235,165	49,870,701
Less: Cash, bank balances and investment in money market	19(b)	<u>(1,748,537)</u>	<u>(2,606,759)</u>
Net debt		<u>53,486,628</u>	<u>47,263,942</u>
Share capital	27	12,284,201	12,284,201
Capital contribution from shareholders		2,324,423	2,324,423
Retained profits	19(b)	9,586,537	17,607,257
Fair value adjustment reserve	19(b)	3,366,776	5,675,498
Currency translation reserve	19(b)	3,354,773	3,475,279
Equity attributable to the owners of the Company		<u>30,916,710</u>	<u>41,366,658</u>
Gearing ratio (times)		<u>1.73</u>	<u>1.14</u>

### 33. Commitments

	Company	
	2018 RM'000	2017 RM'000
Approved but not contracted for:		
Capital injection committed for a subsidiary	1,600,200	1,792,000
Capital injection committed for investments	3,219,323	7,172,262
Investment injection committed for an associate	-	1,000,000
Property and equipment	<u>32,526</u>	<u>33,200</u>

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**34. Contingent liabilities**

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantee given to certain subsidiaries for term loan facilities with licensed banks	9,882,120	6,090,179
Guarantee given to an associate for letter of credit facility with a licensed bank	51,556	49,701
	<u>51,556</u>	<u>49,701</u>

**35. Subsequent events**

The Company issued the following for investment and general working capital requirements:

- (i) On 14 February 2019, the Company via Danum Capital Berhad, under a new RM10.0 billion Islamic Securities Programme ("Sukuk financing"), issued a new 7 years RM500 million IMTN with a semi-annual periodic distribution at a profit rate of 4.30% per annum and a new 15 years RM1.0 billion IMTN with a semi-annual periodic distribution at a profit rate of 4.68% per annum.
- (ii) On 28 November 2018, the Company via Pulau Memutik Ventures Sdn. Bhd., entered into a Share Purchase Agreement ("SPA") with Mitsui & Co., Ltd for the divestment of 1,403,087,400 shares of IHH. As of 22 March 2019, the conditions precedent for the SPA entered have been fulfilled. Accordingly, the current asset classified as held for sale has been fully disposed of for a total cash consideration of USD2,007,517,444.
- (iii) On 14 January 2019, the Company via Mostyn Investment (Mauritius) Limited, entered into a Share Purchase Agreement with Quinag Bidco Ltd, a company incorporated under the laws of Mauritius to sell the Company's entire shareholding in Fractal Analytics Private Limited for a total consideration of USD101,519,434.

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**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2018**

	Note	Group	
		2018 RM'000	2017 RM'000 (Restated)
<b>Continuing operations</b>			
Revenue	36	20,666,604	23,627,806
Operating expenses		(27,489,620)	(22,728,789)
Other income		969,677	3,867,119
Operating (loss)/profit	37	(5,853,339)	4,766,136
Finance costs	40	(3,253,058)	(3,011,234)
Share of results of associates and joint ventures		1,248,857	6,810,670
(Loss)/profit before taxation		(7,857,540)	8,565,572
Taxation	41	(472,616)	(322,919)
(Loss)/profit for the year, net of taxation		<u>(8,330,156)</u>	<u>8,242,653</u>
<b>Discontinued operations</b>			
Loss from discontinued operations, net of taxation	42	(321,510)	-
(Loss)/profit for the year		<u>(8,651,666)</u>	<u>8,242,653</u>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		(791,864)	(1,922,211)
Net (loss)/gain on fair value of cash flow hedges		(469,171)	19,382
Share of other comprehensive loss of associates and joint ventures		(3,703)	(1,577,428)
		<u>(1,264,738)</u>	<u>(3,480,257)</u>

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**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2018 (cont'd.)**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>Other comprehensive income (cont'd.):</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net (loss)/gain on fair value through other comprehensive income financial assets, net of tax	(2,733,905)	4,516,596
Actuarial (loss)/gain on defined benefit plans	65 (289)	3,067
Share of other comprehensive income/(loss) of associates and joint ventures	58,074	(290,262)
	<u>(2,676,120)</u>	<u>4,229,401</u>
Other comprehensive (loss)/income for the year	<u>(3,940,858)</u>	<u>749,144</u>
<b>Total comprehensive (loss)/income for the year</b>	<b><u>(12,592,524)</u></b>	<b><u>8,991,797</u></b>
<b>Profit attributable to:</b>		
Owners of the Company	(8,676,373)	8,027,791
Non-controlling interests	24,707	214,862
	<u>(8,651,666)</u>	<u>8,242,653</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(12,618,794)	8,915,020
Non-controlling interests	26,270	76,777
	<u>(12,592,524)</u>	<u>8,991,797</u>

The accompanying notes form an integral part of the financial statements.

**Khazanah Nasional Berhad**  
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**Consolidated statement of financial position**  
**As at 31 December 2018**

		<b>Group</b>		
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>As at 1</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>January 2017</b>
			<b>(Restated)</b>	<b>RM'000</b>
				<b>(Restated)</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	43	12,385,313	15,214,459	16,891,547
Land held for property development	44	5,593,236	5,122,427	5,416,090
Investment properties	45	3,044,449	2,801,461	2,774,900
Concession intangible assets	46	3,647,853	3,862,903	4,371,732
Goodwill on consolidation	47	2,047,588	1,922,871	2,186,617
Other intangible assets	48	825,820	986,775	941,975
Interest in associates	50	65,106,060	71,086,049	70,240,203
Interest in joint ventures	51	4,470,480	4,941,339	4,076,747
Other non-current financial investments	52	34,200,214	35,422,554	30,764,360
Other non-current assets	53	2,164,365	3,123,662	4,191,957
Derivative assets	54	7,055	30,031	5,599
Deferred tax assets	55	340,605	557,568	594,972
		<u>133,833,038</u>	<u>145,072,099</u>	<u>142,456,699</u>
<b>Current assets</b>				
Property development-in-progress	56	1,831,223	2,518,303	1,854,701
Inventories and work-in-progress	57	2,156,720	1,345,094	1,152,004
Trade receivables	58	2,715,369	1,351,305	1,936,066
Other receivables	59	5,296,700	5,233,946	5,180,485
Tax recoverable		13,561	131,575	112,824
Derivative assets	54	17,559	206,857	153,618
Other current financial investments	52	1,180,031	1,885,516	1,086,864
Cash and bank balances	60	5,730,632	6,845,117	9,323,631
		<u>18,941,795</u>	<u>19,517,713</u>	<u>20,800,193</u>
Assets held for sale and assets of disposal group classified as held for sale	42	<u>1,352,385</u>	<u>630,626</u>	<u>2,587,266</u>
		<u>20,294,180</u>	<u>20,148,339</u>	<u>23,387,459</u>
<b>Total assets</b>		<u>154,127,218</u>	<u>165,220,438</u>	<u>165,844,158</u>

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**Consolidated statement of financial position**  
**As at 31 December 2018 (cont'd.)**

		<b>Group</b>		
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>As at 1</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>January 2017</b>
			<b>(Restated)</b>	<b>RM'000</b>
				<b>(Restated)</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Borrowings	61	23,240,715	18,577,607	18,814,644
Trade payables	62	2,725,414	2,648,796	2,392,722
Other current liabilities	63	8,142,308	10,993,344	14,464,174
Tax payable		88,596	8,087	75,162
Derivative liabilities	54	288,100	24,370	3,505
		<u>34,485,133</u>	<u>32,252,204</u>	<u>35,750,207</u>
Liabilities of disposal group classified as held for sale	42	-	194,279	791,132
		<u>34,485,133</u>	<u>32,446,483</u>	<u>36,541,339</u>
<b>Non-current liabilities</b>				
Borrowings	61	54,150,732	52,725,665	54,235,285
Other non-current liabilities	66	8,349,701	7,613,552	7,133,056
Deferred tax liabilities	55	646,812	683,694	657,739
Derivative liabilities	54	147,793	312,816	612,857
		<u>63,295,038</u>	<u>61,335,727</u>	<u>62,638,937</u>
<b>Total liabilities</b>		<u>97,780,171</u>	<u>93,782,210</u>	<u>99,180,276</u>
<b>Equity attributable to owners of the Company:</b>				
Share capital		12,284,201	12,284,201	12,284,201
Ordinary and preference shares	27	12,284,201	12,284,201	6,643,953
Share premium		-	-	3,840,248
Capital redemption reserve		-	-	1,800,000
Capital contribution from shareholders		4,124,423	4,124,423	4,124,423
Reserves		33,887,504	49,048,222	44,099,829
Shareholders' funds		<u>50,296,128</u>	<u>65,456,846</u>	<u>60,508,453</u>
Non-controlling interests		6,050,919	5,981,382	6,155,429
<b>Total equity</b>		<u>56,347,047</u>	<u>71,438,228</u>	<u>66,663,882</u>
<b>Total equity and liabilities</b>		<u>154,127,218</u>	<u>165,220,438</u>	<u>165,844,158</u>

The accompanying notes form an integral part of the financial statements.

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**Khazanah Nasional Berhad**  
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**Consolidated statement of changes in equity**  
**For the year ended 31 December 2018**

	<----- Attributable to owners of the Company ----->									
	Ordinary and preference shares (Note 27) RM'000	Share premium RM'000	Capital redemption reserve RM'000	Total share capital RM'000	Capital contribution from shareholders ("CCS") RM'000	Other reserves (Note 65) RM'000	Distributable retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>2018</b>										
<b>At 1 January (as reported)</b>	12,284,201	-	-	12,284,201	4,124,423	6,841,825	42,669,919	65,920,368	5,989,665	71,910,033
Effect of adoption of MFRS	-	-	-	-	-	2,008	(465,530)	(463,522)	(8,283)	(471,805)
<b>At 1 January (as restated)</b>	12,284,201	-	-	12,284,201	4,124,423	6,843,833	42,204,389	65,456,846	5,981,382	71,438,228
(Loss)/profit for the year	-	-	-	-	-	-	(8,676,373)	(8,676,373)	24,707	(8,651,666)
Other comprehensive (loss)/income - arising during the year	-	-	-	-	-	(3,942,421)	-	(3,942,421)	1,563	(3,940,858)
Total comprehensive income	-	-	-	-	-	(3,942,421)	(8,676,373)	(12,618,794)	26,270	(12,592,524)
<b>Transactions with owners</b>										
Dilution of interest in subsidiaries	-	-	-	-	-	-	(585)	(585)	1,647	1,062
Acquisition of subsidiaries	-	-	-	-	-	-	(36,540)	(36,540)	6,680	(29,860)
Disposal of subsidiaries	-	-	-	-	-	-	10,410	10,410	4,648	15,058
Dilution of interest in associates	-	-	-	-	-	86,419	(386,881)	(300,462)	-	(300,462)
Share of reserves of associates and joint ventures	-	-	-	-	-	(645,999)	37,335	(608,664)	-	(608,664)
Transfer to:										
- disposal group held for sale	-	-	-	-	-	56,597	-	56,597	-	56,597
- statutory reserve	-	-	-	-	-	(208,958)	127,878	(81,080)	-	(81,080)
- capital reserve	-	-	-	-	-	-	485,058	485,058	89,068	574,126
- general reserve	-	-	-	-	-	(502,032)	-	(502,032)	-	(502,032)
Redemption of preference shares	-	-	-	-	-	-	(35,853)	(35,853)	-	(35,853)
Share based payment	-	-	-	-	-	(28,773)	-	(28,773)	-	(28,773)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(58,776)	(58,776)
Dividends paid to owners	-	-	-	-	-	-	(1,500,000)	(1,500,000)	-	(1,500,000)
Total transactions with owners	-	-	-	-	-	(1,242,746)	(1,299,178)	(2,541,924)	43,267	(2,498,657)
<b>At 31 December</b>	12,284,201	-	-	12,284,201	4,124,423	1,658,666	32,228,838	50,296,128	6,050,919	56,347,047

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**Khazanah Nasional Berhad**  
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**Consolidated statement of changes in equity**  
**For the year ended 31 December 2018 (cont'd.)**

	-----> Attributable to owners of the Company <-----									
	Ordinary and preference shares (Note 27) RM'000	Share premium RM'000	Capital redemption reserve RM'000	Total share capital RM'000	Capital contribution from shareholders ("CCS") RM'000	Other reserves (Note 65) RM'000	Distributable retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<b>2017</b>										
<b>At 1 January (as reported)</b>	6,643,953	3,840,248	1,800,000	12,284,201	4,124,423	7,629,355	36,876,380	60,914,359	6,130,515	67,044,874
Effect of adoption of MFRS	-	-	-	-	-	2,009	(407,915)	(405,906)	24,914	(380,992)
<b>At 1 January (as restated)</b>	6,643,953	3,840,248	1,800,000	12,284,201	4,124,423	7,631,364	36,468,465	60,508,453	6,155,429	66,663,882
Profit for the year	-	-	-	-	-	-	8,027,791	8,027,791	214,862	8,242,653
Other comprehensive income										
- arising during the year	-	-	-	-	-	887,229	-	887,229	(138,085)	749,144
Total comprehensive income	-	-	-	-	-	887,229	8,027,791	8,915,020	76,777	8,991,797
<b>Transactions with owners</b>										
Dilution of interest in subsidiaries	-	-	-	-	-	-	(25,631)	(25,631)	16,407	(9,224)
Disposal of subsidiaries	-	-	-	-	-	(153)	9,120	8,967	(44,497)	(35,530)
Share of reserves of associates and joint ventures	-	-	-	-	-	61,348	24,914	86,262	(24,914)	61,348
Transfer to:										
- disposal group held for sale	-	-	-	-	-	45,213	-	45,213	-	45,213
- statutory reserve	-	-	-	-	-	(1,864,681)	(12,600)	(1,877,281)	-	(1,877,281)
- capital reserve	-	-	-	-	-	-	(91,251)	(91,251)	-	(91,251)
- general reserve	-	-	-	-	-	84,089	-	84,089	-	84,089
Net effect of redemption of RCCPS	-	-	-	-	-	-	(1,199,000)	(1,199,000)	-	(1,199,000)
Expiry of share options	-	-	-	-	-	(3,064)	2,581	(483)	(28,163)	(28,646)
Share based payment	-	-	-	-	-	2,488	-	2,488	(248)	2,240
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(169,409)	(169,409)
Dividends paid to owners	-	-	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Total transactions with owners	-	-	-	-	-	(1,674,760)	(2,291,867)	(3,966,627)	(250,824)	(4,217,451)
Transition to no-par regime	5,640,248	(3,840,248)	(1,800,000)	-	-	-	-	-	-	-
<b>At 31 December</b>	12,284,201	-	-	12,284,201	4,124,423	6,843,833	42,204,389	65,456,846	5,981,382	71,438,228

The accompanying notes form an integral part of the financial statements.

**Khazanah Nasional Berhad**  
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**Consolidated statement of cash flows**  
**For the year ended 31 December 2018**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation	(7,857,540)	8,565,572
Adjustments for:		
Gain from divestments of investments	(1,393,368)	(2,696,803)
Dividend income from other investments	(476,105)	(674,503)
Interest income	(334,597)	(361,632)
Unrealised loss/(gain) on foreign exchange, net	160,763	(697,407)
Depreciation	1,250,838	2,261,854
Net fair value loss/(gain) on financial assets at fair value through profit or loss	785,384	(604,570)
Loss/(gain) on revaluation of derivatives, net	46,251	(615,627)
Allowance for impairment losses on investments and receivables, net	3,704,130	1,101,201
Allowance for impairment losses on property, plant and equipment	2,555,811	170,641
Allowance for impairment on investment properties	12,901	-
Allowance for impairment land held for property development	-	638
Allowance for impairment on assets held for sale	-	82,000
Net amortisation charge for concession assets	97,610	102,910
Amortisation of other intangible assets	70,602	138,068
Amortisation of government grants	(1,890)	(48,309)
Impairment of goodwill on consolidation	90,441	12,916
Impairment of concession assets	325	3,100
Bad debts written off/(recovered)	174,337	(315)
Inventories written (back)/off	(34,162)	4,541
Property, plant and equipment written off	39,357	35,938
Loss on disposal of property, plant and equipment	(35,317)	(62,258)
Gain on disposal of investment properties	(97)	-
Interest expense	3,253,058	3,011,234
Amortisation of deferred income	(3,600)	(29,464)
Depreciation of investment properties	35,761	13,481
Reversal of provision for foreseeable losses	(669,093)	(3,604)
Provision for aircraft maintenance and overhaul	356,156	91,888
Share of results from associates and joint ventures	(1,248,857)	(6,810,670)
Operating profit before working capital changes	<u>579,099</u>	<u>2,990,820</u>

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**Consolidated statement of cash flows**  
**For the year ended 31 December 2018 (cont'd.)**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities (cont'd.)</b>		
Increase in property development-in-progress	(1,475,778)	(1,705,923)
Decrease in land held for property development	53,700	-
(Increase)/decrease in inventories and work-in-progress	(778,613)	78,783
(Increase)/decrease in trade and other receivables	(1,426,818)	2,355,679
Decrease in trade and other payables	(2,774,418)	(4,520,787)
Interest paid	(3,187,290)	(2,180,912)
Interest received	337,148	376,419
Dividend received	475,869	673,960
Income tax refund/(paid)	274,094	(433,739)
Net cash used in operating activities	<u>(7,923,007)</u>	<u>(2,365,700)</u>
<b>Cash flows from investing activities</b>		
Net inflow of investments	6,813,183	3,557,371
Acquisition of subsidiaries	(1,032,342)	-
Net cash inflow from disposal of subsidiaries	626,340	462,999
Purchase of property, plant and equipment	(1,223,029)	(1,274,038)
Purchase of other intangible assets	(107,043)	(216,093)
Proceeds from disposal of property, plant and equipment	18,464	172,372
Proceeds from disposal of intangible assets	-	31,852
Proceeds from disposal of investment properties	783	7,771
Proceeds from disposal of land held for property development	-	268,097
Addition in concession assets	(30,551)	(30,554)
Addition in land held for property development	(445,229)	(445,067)
Addition in investment properties	(66,984)	(47,813)
Net cash generated from investing activities	<u>4,553,592</u>	<u>2,486,897</u>
<b>Cash flows from financing activities</b>		
Drawdown of borrowings	20,625,896	6,487,747
Repayment of borrowings	(16,383,842)	(6,740,995)
Redemption of RCCPS	-	(1,199,000)
Dividends paid	(1,957,776)	(911,126)
Net cash generated from/(used in) financing activities	<u>2,284,278</u>	<u>(2,363,374)</u>

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**Consolidated statement of cash flows  
For the year ended 31 December 2018 (cont'd.)**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Net changes in cash and cash equivalents</b>	(1,085,137)	(2,242,177)
<b>Cash and cash equivalents at the beginning of year</b>	6,845,117	9,323,631
<b>Exchange rate effects</b>	(29,348)	(236,337)
<b>Cash and cash equivalents at the end of year</b>	<u>5,730,632</u>	<u>6,845,117</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	4,643,194	2,636,017
Short term placements	1,087,438	4,209,100
	<u>5,730,632</u>	<u>6,845,117</u>

The accompanying notes form an integral part of the financial statements.

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**Notes to the consolidated financial statements**

**36. Revenue**

Revenue of the Group consists of the following:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>Investment-related revenue:</b>		
Gain from divestments of investments and investment properties	1,393,368	2,696,803
Dividend income from fair value through other comprehensive income investments	332,853	619,054
Dividend income from fair value through profit or loss investments	143,252	55,449
Interest income on:		
Loans and receivables	205,452	251,127
Fair value through other comprehensive income investments	51,242	39,399
Fair value through profit or loss investments	77,903	71,106
Lease and rental income	46,972	58,037
Others	29,401	36,684
	<u>2,280,443</u>	<u>3,827,659</u>
<b>Engineering and construction-related revenue:</b>		
Toll collection	430,845	429,396
Construction contracts	157,647	329,824
Land and property development sales	1,948,364	1,754,957
Sale of goods	836,056	961,484
Others	582,787	793,155
	<u>3,955,699</u>	<u>4,268,816</u>
<b>Services-related revenue:</b>		
Revenue from airlines and airport operations	9,185,565	9,144,533
Rendering of services	3,443,986	3,600,590
Insurance related services	929,532	1,909,710
Others	871,379	876,498
	<u>14,430,462</u>	<u>15,531,331</u>
<b>Total Revenue</b>	<u>20,666,604</u>	<u>23,627,806</u>

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**36. Revenue (cont'd.)**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>Timing of revenue recognition:</b>		
- At a point in time	6,078,495	7,766,651
- Over time	14,588,109	15,861,155
	<u>20,666,604</u>	<u>23,627,806</u>

**37. Operating (loss)/profit**

Operating (loss)/profit is stated after charging/(crediting) the following:

	<b>Note</b>	<b>Group</b>	
		<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
			<b>(Restated)</b>
Staff costs	38	3,657,444	3,470,691
Auditors' remuneration:			
Statutory audits			
- to member firms of Ernst & Young Global		8,316	10,810
- to other firms		2,911	4,766
Other services		1,361	1,361
Rental expense of land, buildings and equipment		184,402	252,828
Unrealised foreign exchange loss/(gain), net		160,763	(697,407)
Fuel cost		3,255,867	3,115,515
Handling, landing, parking, enroute charges, catering and other related costs		1,404,077	1,472,285
Aircraft maintenance and overhaul		1,323,968	1,117,689
Provision for aircraft maintenance and overhaul costs	63	356,156	91,888
Depreciation	43	1,250,838	2,261,854
Allowance for impairment losses on investments and receivables, net		3,704,130	1,101,201
Allowance for impairment losses on property, plant and equipment	43	2,555,811	170,641
Allowance for impairment losses on assets held for sale		-	82,000
Net amortisation charge for concession assets	46	97,610	102,910
Amortisation of deferred income		(3,600)	(29,464)
Amortisation of other intangible assets	48	70,602	138,068
Amortisation of Government grants	66(i)	(1,890)	(48,309)
Depreciation of investment properties	45	35,761	13,481
Allowance for impairment losses on investment properties	45	12,901	-

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**37. Operating profit (cont'd.)**

	Note	Group	
		2018 RM'000	2017 RM'000 (Restated)
Impairment of goodwill on consolidation	47	90,441	12,916
Impairment of concession assets	46	325	3,100
Impairment of land held for property development	44	-	638
Bad debts written off/(recovered)		174,337	(315)
Inventories written (back)/off		(34,162)	4,541
Retirement benefit obligations		-	2,628
Reversal of provision for foreseeable losses		(669,093)	(3,604)
Gain on disposal of investment properties		(97)	-
Gain on disposal of property, plant and equipment		(35,317)	(62,258)
Property, plant and equipment written off	43	39,357	35,938
Net fair value loss/(gain) on financial assets at fair value through profit or loss		785,384	(604,570)
Net fair value loss/(gain) on derivatives		46,251	(615,627)
		<u>3,657,444</u>	<u>3,470,691</u>

**38. Staff costs**

	Note	Group	
		2018 RM'000	2017 RM'000
Wages and salaries		3,156,517	2,883,063
Statutory contributions to EPF and social security		329,944	275,896
LTIP	(i)	(126,840)	14,615
Employees service entitlement and retirement benefits	64	3,380	2,855
Others		294,443	294,262
		<u>3,657,444</u>	<u>3,470,691</u>

- (i) During the year, the Company's Board has exercised its right to terminate the LTIP Scheme and cancel all existing options. There will be no further offers made pursuant to the cancellation.

In addition to the Company's LTIP, two of the subsidiaries, UEM Group Berhad ("UEM Group") and Avicennia Capital Sdn. Bhd. ("Avicennia") also introduced LTIP plan, which is governed by and construed in accordance with applicable laws in Malaysia, which was approved by UEM Group and Avicennia's Boards respectively.

- (ii) Included in the staff costs of the Group and of the Company is Executive Directors' remuneration amounting to RM8,500,000 (2017: RM8,422,000) as disclosed in Note 39.

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**39. Directors' remuneration**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Executive Directors of the Company:		
Wages and salaries	7,269	7,117
Statutory contribution to EPF	1,231	1,305
	<u>8,500</u>	<u>8,422</u>
Non-Executive Directors of the Company:		
Fees and allowances	109	31
Others	286	2,881
	<u>395</u>	<u>2,912</u>
	<u>8,895</u>	<u>11,334</u>

**40. Finance costs**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense on term loans and borrowings	1,277,716	937,830
Interest expense on bonds and Medium Term Notes	985,180	969,208
Amortisation of discount on Khazanah Bonds	613,243	639,541
Amortisation of discount on Exchangeable Trust Certificates	311,951	149,856
Others	64,968	314,799
	<u>3,253,058</u>	<u>3,011,234</u>

**41. Taxation**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
<b>Continuing operations</b>		
Current income tax:		
Malaysian income tax	284,311	188,236
Foreign income tax	15,018	22,939
	<u>299,329</u>	<u>211,175</u>
(Over)/under provision in prior year:		
Malaysian income tax	(5,604)	1,193
	<u>293,725</u>	<u>212,368</u>

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## 41. Taxation (cont'd.)

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b> <b>(Restated)</b>
<b>Continuing operations (cont'd.)</b>		
Deferred tax (Note 55):		
Relating to origination and reversal of temporary differences	178,503	110,622
Under/(over) provision in prior year	388	(71)
	<u>178,891</u>	<u>110,551</u>
Income tax expense recognised in profit or loss	<u>472,616</u>	<u>322,919</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year. Income tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b> <b>(Restated)</b>
(Loss)/profit before taxation from continuing operations	<u>(7,857,540)</u>	<u>8,565,572</u>
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	(1,885,809)	2,055,737
Effect of different tax rates in foreign jurisdiction	21,325	12,381
Effect of income not subject to tax	(915,198)	(1,479,122)
Effect of expenses not deductible for tax purposes	2,757,430	856,754
Effect of utilisation of previously unrecognised tax losses	(498,496)	(704,822)
Deferred tax benefits not recognised	1,298,306	1,215,430
Tax effect on share of associates and joint ventures' profit attributable to the equity holders	(299,726)	(1,634,561)
(Over)/under provision of income tax expense in prior year	(5,604)	1,193
Under/(over) provision of deferred tax expense in prior year	388	(71)
Income tax expense recognised in profit or loss	<u>472,616</u>	<u>322,919</u>

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**41. Taxation (cont'd.)**

- (i) In 2011, the Ministry of Finance granted Iskandar Management Services Sdn Bhd (a subsidiary of IIB) a tax exemption on statutory income arising from services for the "Legoland" project from 2011 until 2020.
- (ii) In 2015, the Ministry of Finance granted IIB a 5-year tax exemption of up to 70% of its taxable income from 1 January 2013 to 31 December 2017. As at 31 December 2018, IIB is currently in the process of applying for extension of income tax exemption from MoF.
- (iii) On 4 April 2018, Malaysian Airline System Berhad ("MAS") received a letter from the Inland Revenue Board ("IRB") questioning the non-deduction of withholding tax in respect of payments made by MAS to leasing entities incorporated in Labuan in connection with its lease of aircraft from foreign lessors. The IRB views the use of the Labuan incorporated entities as tax avoidance schemes under Section 140(1)(c) of the ITA. MAS has since taken professional advice and the view is that the use of Labuan incorporated entities are legitimate and lease payments made should not be subjected to withholding taxes. MAS will make representations to the IRB to justify its position. No demand notices or assessments have been raised by the IRB to-date. On this basis, no provision for withholding tax has been made in the statement of comprehensive income.

**42. Assets held for sale**

Discontinued operations and disposal group classified as held for sale and other assets held for sale by the Group are as follows:

A) Avicennia Capital Sdn Bhd

- (i) Divestment of Acibadem Saglik Ve Hayat Sigorta A.S.

On 17 August 2018, the Group via Burau Ventures Sdn. Bhd. (a subsidiary held through Pasir Kalong Investments Limited) entered into Share Purchase Agreement with Bupa International Markets Limited ("Bupa") for the disposal of its entire equity interest in Acibadem for a total cash consideration of USD176,580,301 equivalent to approximately RM724,120,496 (exchange rate: USD1: RM4.1008). On 31 December 2018, the disposal exercise was completed following fulfillment of all conditions precedent to the sale. Accordingly, Acibadem ceased to be a subsidiary of the Group on 31 December 2018.

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**42. Assets held for sale (cont'd.)**

A) Avicennia Capital Sdn Bhd (cont'd.)

(ii) Transfer of General Takaful Business to other Takaful Operators

The Islamic Financial Services Act 2013 ("IFSA 2013") requires all composite Takaful Operators to segregate their composite licences into separate Family Takaful and General Takaful licences by 1 July 2018. In compliance with this Act, Sun Life Malaysia Takaful Berhad ("SLMT") (a subsidiary company) had relinquished its composite Takaful licence by the Minister of Finance to conduct its Family Takaful Business. Accordingly, SLMT had ceased to underwrite any new general takaful business.

As at 31 December 2018, all takaful related assets and liabilities in the notes to the financial statements are in respect of the discontinued general takaful business.

The combined financial results in respect of the discontinued operations (i.e. Acibadem and General Takaful Business) included in the profit for the year are set out as below.

**Statement of comprehensive income**

<b>Group</b>	<b>Note</b>	<b>2018 RM'000</b>
<b>Operating revenue</b>		1,002,348
Net earned contribution		962,032
Other operating revenue		133,150
Net benefits and claims		(808,549)
Fees and commission expense		(70,075)
Other operating expenses		(221,309)
Loss before taxation		(4,751)
Taxation		(16,791)
Loss after tax of discontinued operation		(21,542)
Loss on disposal of subsidiary	49	(299,968)
Loss from discontinued operations		(321,510)

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**42. Assets held for sale (cont'd.)**

B) IHH Healthcare Berhad ("IHH")

The assets classified as held for sale as at 31 December 2018 are as follows:

	<b>Note</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Investment in associate	50	1,205,675	-

On 28 November 2018, the Company via Pulau Memutik Ventures Sdn. Bhd. entered into a Share Purchase Agreement ("SPA") with Mitsui & Co., Ltd for the divestment of 1,403,087,400 shares of IHH.

C) Iskandar Investment Berhad ("IIB")

The assets classified as held for sale as at 31 December 2017 are as follows:

		<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Land held for development	44	-	79,280

On 14 April 2016, the shareholders of the Company approved the sale of certain plots of land measuring approximately 200 acres to an interested buyer and/or its nominees.

This sale was not completed and the land has been reclassified back to land held for development, as disclosed in Note 44.

D) Penerbangan Malaysia Berhad ("PMB")

Certain aircraft and spare engines with net book value of RM63,439,000 (2017: RM69,287,000) have been classified under assets held for sale.

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**42. Assets held for sale (cont'd.)**

The major classes of assets held for sale and assets and liabilities of the disposal group classified as held for sale on the consolidated statement of financial position are as follows:

		2018	Group 2017	2016
	Note	RM'000	RM'000 (Restated)	RM'000 (Restated)
Assets:				
Land held for property development	44	-	79,280	79,280
Investment in associate	50	1,205,675	-	1,044,388
Financial assets		79,968	39,295	-
Reinsurance and retakaful assets		-	7,088	-
Insurance and takaful receivables		-	3,071	-
Property, plant and equipment	43	66,742	499,125	394,960
Investment properties		-	-	38,721
Other non-current financial investments		-	-	303,672
Other non-current assets		-	-	482,182
Deferred tax assets	55	-	236	-
Tax recoverable		-	-	2,023
Receivables		-	7	69,640
Cash and bank balances		-	2,524	172,400
Assets held for sale and assets of disposal group classified as held for sale		<u>1,352,385</u>	<u>630,626</u>	<u>2,587,266</u>
Liabilities:				
Deferred tax liabilities	55	-	-	2,582
Borrowings		-	142,058	60,000
Other liabilities		-	52,221	5,880
Insurance contract liabilities		-	-	650,987
Insurance payables		-	-	71,683
Liabilities of disposal group classified as held for sale		<u>-</u>	<u>194,279</u>	<u>791,132</u>

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**43. Property, plant and equipment**

<b>Group</b>	<b>Plant and machinery RM'000</b>	<b>Aircraft and spare engines RM'000</b>	<b>Furniture and fittings and other equipment RM'000</b>	<b>Land and buildings RM'000</b>	<b>Renovation, capital improvements and capital work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>2018</b>						
<b>Cost</b>						
At 1 January	6,007,229	16,250,778	1,661,448	4,346,067	1,476,525	29,742,047
Additions	73,584	276,012	66,353	51,736	755,344	1,223,029
Reclassification	935,039	(1,533,589)	890,408	623,673	(915,531)	-
Currency translation differences	-	-	16,370	2,925	3,491	22,786
Disposals	(10,257)	(464)	(26,219)	(10,309)	(9,557)	(56,806)
Write-offs	(2,786)	(170,586)	(12,791)	(1,530)	(14,165)	(201,858)
Disposal of subsidiaries (Note 49 (iii))	-	-	(3,164)	-	-	(3,164)
Transfer to investment properties (Note 45)	-	-	-	-	(102,415)	(102,415)
Transfer to property development-in-progress (Note 56)	-	-	-	-	(25,787)	(25,787)
Transfer to asset held for sale (Note 42)	-	(66,512)	-	(230)	-	(66,742)
At 31 December	<u>7,002,809</u>	<u>14,755,639</u>	<u>2,592,405</u>	<u>5,012,332</u>	<u>1,167,905</u>	<u>30,531,090</u>

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**43. Property, plant and equipment (cont'd.)**

<b>Group (cont'd.)</b>	<b>Plant and machinery RM'000</b>	<b>Aircraft and spare engines RM'000</b>	<b>Furniture and fittings and other equipment RM'000</b>	<b>Land and buildings RM'000</b>	<b>Renovation, capital improvements and capital work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>2018 (cont'd.)</b>						
<b>Accumulated depreciation and impairment losses</b>						
At 1 January	4,797,145	7,358,430	1,359,135	1,007,132	5,746	14,527,588
Charge for the year (Note 37)	222,807	752,952	174,338	96,405	4,336	1,250,838
Allowance for impairment losses (Note 37)	64,827	2,269,137	204,805	17,042	-	2,555,811
Currency translation differences	763	-	15,345	1,364	(115)	17,357
Disposals	(2,081)	(116)	(29,109)	(2,820)	(8,992)	(43,118)
Write-offs	(254)	(152,453)	(9,794)	-	-	(162,501)
Transfer to investment properties (Note 45)	-	-	-	-	(198)	(198)
At 31 December	<u>5,083,207</u>	<u>10,227,950</u>	<u>1,714,720</u>	<u>1,119,123</u>	<u>777</u>	<u>18,145,777</u>
<b>Net book value</b>						
At 31 December	<u>1,919,602</u>	<u>4,527,689</u>	<u>877,685</u>	<u>3,893,209</u>	<u>1,167,128</u>	<u>12,385,313</u>

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**43. Property, plant and equipment (cont'd.)**

<b>Group</b>	<b>Plant and machinery RM'000</b>	<b>Aircraft and spare engines RM'000</b>	<b>Furniture and fittings and other equipment RM'000</b>	<b>Land and buildings RM'000</b>	<b>Renovation, capital improvements and capital work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>2017</b>						
<b>Cost</b>						
At 1 January	5,573,803	16,540,202	1,334,486	4,336,256	1,380,700	29,165,447
Additions	640,759	112,766	171,443	98,881	250,189	1,274,038
Reclassification	(36,905)	-	162,856	17,684	(143,635)	-
Currency translation differences	(3,467)	-	(3,218)	(7,782)	(8,304)	(22,771)
Disposals	(82,507)	(21,005)	(536)	(11,833)	-	(115,881)
Write-offs	(2,951)	-	(3,583)	(62,115)	(2,425)	(71,074)
Disposal of subsidiaries	(81,503)	-	-	-	-	(81,503)
Transfer to land held for property development (Note 44)	-	-	-	(25,024)	-	(25,024)
Transfer to asset held for sale	-	(381,185)	-	-	-	(381,185)
At 31 December	<u>6,007,229</u>	<u>16,250,778</u>	<u>1,661,448</u>	<u>4,346,067</u>	<u>1,476,525</u>	<u>29,742,047</u>

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**43. Property, plant and equipment (cont'd.)**

<b>Group (cont'd.)</b>	<b>Plant and machinery RM'000</b>	<b>Aircraft and spare engines RM'000</b>	<b>Furniture and fittings and other equipment RM'000</b>	<b>Land and buildings RM'000</b>	<b>Renovation, capital improvements and capital work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>2017 (cont'd.)</b>						
<b>Accumulated depreciation and impairment losses</b>						
At 1 January	3,816,503	6,710,103	941,302	800,597	5,395	12,273,900
Charge for the year (Note 37)	987,558	625,107	417,644	231,428	117	2,261,854
Allowance for impairment losses (Note 37)	-	170,641	-	-	-	170,641
Currency translation differences	3,426	-	2,082	6,897	234	12,639
Disposals	(1,735)	(2,534)	(50)	(1,448)	-	(5,767)
Write-offs	(2,951)	-	(1,843)	(30,342)	-	(35,136)
Disposal of subsidiaries	(5,656)	-	-	-	-	(5,656)
Transfer to asset held for sale	-	(144,887)	-	-	-	(144,887)
At 31 December	<u>4,797,145</u>	<u>7,358,430</u>	<u>1,359,135</u>	<u>1,007,132</u>	<u>5,746</u>	<u>14,527,588</u>
<b>Net book value</b>						
At 31 December	<u>1,210,084</u>	<u>8,892,348</u>	<u>302,313</u>	<u>3,338,935</u>	<u>1,470,779</u>	<u>15,214,459</u>

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**43. Property, plant and equipment (cont'd.)**

The net carrying amounts of aircraft held under finance lease arrangements is RM821,041,000 (2017: RM486,185,000).

The net carrying amounts of aircraft pledged as securities for term loan is RM469,071,000 (2017: RM3,465,895,000).

**44. Land held for property development**

	Note	Group 2018 RM'000	2017 RM'000 (Restated)
<b>At cost</b>			
At 1 January (as reported)		3,939,786	4,785,908
Effect of adoption of MFRS	76	1,182,641	630,182
At 1 January (as restated)		<u>5,122,427</u>	<u>5,416,090</u>
Additions		445,229	445,067
Disposals		(93)	(268,097)
Impairment loss	37	-	(638)
Currency translation differences		-	(5,066)
Transfer from property, plant and equipment	43		25,024
Transfer from assets held for sale	42	79,280	-
Transfer to investment properties	45	(26,457)	-
Transfer to property development-in-progress	56	<u>(27,150)</u>	<u>(489,953)</u>
At 31 December		<u>5,593,236</u>	<u>5,122,427</u>

As at the reporting date, freehold land and related development expenditure of:

- (a) RM21.7 million (2017: RM21.7 million) have been deposited by UEM Land Berhad as security for the borrowing granted to a subsidiary of UEM; and
- (b) RM282.1million (2017: RM289.1 million) are pledged as securities for the borrowing facilities granted to UEM Sunrise Berhad's subsidiaries.

Included in the current year additions are as follows:

	Group 2018 RM'000	2017 RM'000
Staff costs	6,015	6,430
Interest expense	35,231	41,992

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**44. Land held for property development (cont'd.)**

Included in land held for property development of the Group are parcels of land committed through the agreement as follows:

UEM

Master Agreement ("MA") dated 23 October 2012 entered between UEM Land and Ascendas to undertake the development of an integrated technology park over approximately 519 acres of land in Gerbang Nusajaya, Iskandar Puteri, Johor Darul Takzim. The development to be undertaken on the lands consists of the following:

- (i) Phase 1 lands measuring approximately 205 acres and further broken down into two plots identified as Plot A with an estimated area of 120 acres and Plot B with an estimated area of 85 acres;
- (ii) Phase 2 lands measuring approximately 166 acres; and
- (iii) Phase 3 lands measuring approximately 148 acres.

In 2013, 120 acres of Plot A lands were purchased by Nusajaya Tech Park Sdn Bhd ("NTPSB"). Pursuant to the MA, UEM Land agreed to grant Ascendas the option to agree for NTPSB to complete the purchase of Plot B lands and to exercise the options to purchase Phase 2 and Phase 3 lands, all within the period of 9 years commencing from the date of the MA. No option was exercised in the current and preceding financial years. The options shall automatically lapse if not exercised within the option period.

**45. Investment properties**

	Note	Group 2018 RM'000	2017 RM'000
<b>Land and building</b>			
Cost			
At 1 January		2,933,586	2,898,868
Additions		66,984	47,813
Disposals		(550)	(13,095)
Transfer from property, plant and equipment	43	102,415	-
Transfer from land held for property development	44	26,457	-
Transfer from property development-in-progress	56	96,678	-
At 31 December		3,225,570	2,933,586

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**45. Investment properties (cont'd.)**

	Note	Group 2018 RM'000	2017 RM'000
<b>Land and building (cont'd.)</b>			
Accumulated depreciation and impairment losses			
At 1 January		132,125	123,968
Depreciation	37	35,761	13,481
Disposals		136	(5,324)
Allowance for impairment losses	37	12,901	-
Transfer from property, plant and equipment	43	198	-
At 31 December		<u>181,121</u>	<u>132,125</u>
Carrying amount at 31 December		<u>3,044,449</u>	<u>2,801,461</u>
Fair value		<u>8,365,644</u>	<u>9,123,927</u>

Investment properties comprise commercial properties, office lots, condominium units and landed properties.

- (a) The fair values of the investment properties are determined by an independent professional valuer based on the following valuation techniques depending on the location and types of properties.
- (i) The income approach converts estimated future amounts of cash flows or income to a single present value (discounted) amount by applying an appropriate market-derived discount rate.
  - (ii) The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The land is valued by reference to transactions of similar lands in surrounding area with appropriate adjustments made for differences in the relevant characteristics of the land. Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overhead, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

The fair values of investment properties are categorised as Level 3 under the fair value hierarchy as disclosed in Note 68.

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**46. Concession intangible assets**

	Note	Group	
		2018 RM'000	2017 RM'000
<b>Cost</b>			
At 1 January		4,153,443	4,580,855
Additions		30,551	30,554
Exchange differences		(158,844)	(457,966)
At 31 December		<u>4,025,150</u>	<u>4,153,443</u>
<b>Accumulated amortisation and impairment losses</b>			
At 1 January		290,540	209,123
Charge for the year, net of reversal	37	97,610	102,910
Impairment loss	37	325	3,100
Exchange differences		(11,178)	(24,593)
At 31 December		<u>377,297</u>	<u>290,540</u>
<b>Net carrying amount</b>			
<b>At 31 December</b>		<u>3,647,853</u>	<u>3,862,903</u>

As at the reporting date, the Group has the following concession intangible assets:

Concession intangible asset	Concession companies	Concession period
Cikampek-Palimanan Toll Road Indonesia ("CPTR")	PT Lintas Marga Sedaya ("LMS")	up to 2041
Padalur-Trichy Highway, India	Trichy Padalur Tollways Private Limited ("TPTPL")	up to 2031
REPPA arrangement	Kualiti Alam Sdn. Bhd. and Cenergi SEA Sdn. Bhd.	up to 2034

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**47. Goodwill on consolidation**

	Note	Group	
		2018 RM'000	2017 RM'000
At 1 January		1,922,871	2,186,617
Acquisition of subsidiaries	49(i)	641,950	-
Disposal of subsidiary	49(iii)	(445,962)	(191,375)
Exchange differences		19,170	(59,455)
Less: Impairment of goodwill on consolidation	37	(90,441)	(12,916)
At 31 December		<u>2,047,588</u>	<u>1,922,871</u>

**(a) Impairment tests for goodwill**

**Allocation of goodwill**

Goodwill has been allocated to the Group's cash generating units ("CGUs") identified according to business segment as follows:

	2018 RM'000	2017 RM'000
<b>Goodwill - Business Segment</b>		
Engineering, construction and expressway	1,002,901	1,080,461
Financial services	398,626	838,299
Healthcare	641,950	-
	<u>2,043,477</u>	<u>1,918,760</u>
Other business segments	4,111	4,111
	<u>2,047,588</u>	<u>1,922,871</u>

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**47. Goodwill on consolidation (cont'd.)**

**(b) Key assumptions used in recoverable amount**

The recoverable amount of a CGU is determined based on the following methodology:

- (i) where investments are listed, principally the market value is used.
- (ii) where investments are not investment holding and where the underlying is unlisted, value-in-use is applied.
- (iii) where investments themselves are investment holding, the market value of the underlying value-in-use is calculated using cash flow projections or earnings and book multiples of a comparable listed company in the same market and the same industry.

The following describes each key assumption on which management has based its evaluation to undertake impairment testing of goodwill:

- (i) Company earnings and book multiples  
Earnings and book multiples are chosen based on acknowledged market norms for that industry and that geography with due consideration to asset size, market share, profitability and target market.
- (ii) Growth rate  
The average growth rate used in cash flow projections are consistent with the long term average growth rate for the industry.
- (iii) Discount rate  
The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

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**48. Other intangible assets**

<b>Group</b>	<b>Note</b>	<b>Development expenditure and work in progress RM'000</b>	<b>Software and related costs RM'000</b>	<b>Brand name RM'000</b>	<b>VOBA and banc- assurance RM'000</b>	<b>Intellectual property and licences RM'000</b>	<b>Total RM'000</b>
<b>2018</b>							
At 1 January		17,517	162,160	16,098	572,610	218,390	986,775
Additions		14,129	71,754	-	-	21,160	107,043
Disposal		(4,428)	(8,194)	-	(77,297)	-	(89,919)
Disposal of subsidiaries	49(iii)	-	-	-	(107,468)	-	(107,468)
Foreign exchange difference		-	(9)	-	-	-	(9)
		<u>27,218</u>	<u>225,711</u>	<u>16,098</u>	<u>387,845</u>	<u>239,550</u>	<u>896,422</u>
Less: Amortisation	37	(1,841)	(55,248)	-	-	(13,513)	(70,602)
At 31 December		<u>25,377</u>	<u>170,463</u>	<u>16,098</u>	<u>387,845</u>	<u>226,037</u>	<u>825,820</u>
<b>2017</b>							
At 1 January		18,271	128,656	15,777	603,026	176,245	941,975
Additions		129	100,040	325	37,600	77,999	216,093
Disposal		-	(2,369)	-	-	(29,483)	(31,852)
Foreign exchange difference		-	(1,314)	-	-	(59)	(1,373)
		<u>18,400</u>	<u>225,013</u>	<u>16,102</u>	<u>640,626</u>	<u>224,702</u>	<u>1,124,843</u>
Less: Amortisation	37	(883)	(62,853)	(4)	(68,016)	(6,312)	(138,068)
At 31 December		<u>17,517</u>	<u>162,160</u>	<u>16,098</u>	<u>572,610</u>	<u>218,390</u>	<u>986,775</u>

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**49. Investment in subsidiaries**

Details of the subsidiaries are shown in Note 78 and Note 79.

**(i) Acquisition of Prince Court Medical Centre ("PCMC")**

In March 2018, the Company via a special purpose company, Pulau Memutik Ventures Sdn. Bhd. has signed a share sale and purchase agreement for the acquisition of 100% interest in Prince Court Medical Centre ("PCMC") from Petronas Hartabina Sdn Bhd. The Company also entered into a term sheet for a collaboration agreement with IHH Healthcare Berhad ("IHH") for shared services support and operational improvement initiatives at PCMC. Accordingly, IHH will be given a right of first offer to acquire PCMC during a pre-agreed period.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

<u>Fair value of the consideration transferred</u>	<b>2018</b> <b>RM'000</b>
Total consideration transferred	1,086,663
 <u>Identifiable assets acquired and liabilities assumed</u>	
Land and building	360,307
Other property, plant and equipment	27,692
Project in-progress	8,430
Cash and cash equivalent	54,321
Other assets	53,742
Trade payables	(13,398)
Other payables	(46,381)
	<u>444,713</u>
 <u>Net cash outflow from acquisition of subsidiary</u>	
Purchase consideration settled via cash and cash equivalents	(1,086,663)
Cash and cash equivalent acquired	54,321
	<u>(1,032,342)</u>
 <u>Goodwill</u>	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	1,086,663
Fair value of identifiable net assets	(444,713)
Goodwill	<u>641,950</u>

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**49. Investment in subsidiaries (cont'd.)**

**(ii) Newly incorporated subsidiary**

- (a) On 1 March 2018, Malaysia Airlines Holidays Sdn. Bhd. was incorporated for a consideration of RM2. During the financial year, the investment was increased to RM200,000.
- (b) On 22 February 2018, UEM Sunrise (Developments) Pty Ltd, a wholly-owned subsidiary of UEM Sunrise formalised the incorporation of UEM Sunrise (Aurora Melbourne Central Property Management) Pty Ltd and UEM Sunrise (Conservatory Melbourne Property Management) Pty Ltd with paid-up share capital of AUD2 each.

**(iii) Disposal, dissolution or dilution of interests in subsidiaries**

- (a) On 10 August 2018, Edgenta UEMS Pte. Ltd. Became a direct subsidiary of Edgenta (Singapore) Pte. Ltd. ("ESG"), a wholly-owned subsidiary of UEM Edgenta via the transfer of shares by way of distribution-in-specie from Asia Integrated Facility Solution ("AIFS"), a wholly owned subsidiary of ESG).
- (b) During the year, the following subsidiaries were dissolved via members' voluntary liquidation, deregistered, struck off, or wind up:
  - AIFS
  - Asia Facility Solutions Pte Ltd ("AFS")
  - Cimaco Quarry Sdn. Bhd. ("CQSB")
  - International Business Link Inc
  - 0757422 B.C. Ltd.
  - Nusajaya Business Park Sdn. Bhd.
  - Projek Usahasama Transit Ringan Automatik Sdn. Bhd. ("PUTRA")
  - UEM Sunrise Pacific Sdn. Bhd.
  - York Place Limited

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**49. Investment in subsidiaries (cont'd.)**

**(iii) Disposal, dissolution or dilution of interests in subsidiaries (cont'd.)**

The value of the assets and liabilities of subsidiaries disposed at the respective dates of dissolution are as follows:

	<b>Note</b>	<b>2018</b> <b>RM'000</b>
<b>Assets:</b>		
Property and equipment	43	3,164
Intangible assets	48	107,468
Goodwill	47	445,962
Financial assets		496,205
Reinsurance and retakaful assets		9,077
Insurance and takaful receivables		167,390
Other receivables		25,277
Deferred tax assets	55	10,102
Current tax assets		6,744
Cash and bank balances		97,780
		<u>1,369,169</u>
<b>Liabilities:</b>		
Insurance and takaful contract liabilities		364,672
Insurance and takaful payables		115,695
Investment contract liabilities		8,925
Financial liabilities		133
Other payables		49,205
Deferred tax liabilities	55	12,007
		<u>550,637</u>
<b>Net assets disposed of</b>		<u><u>818,532</u></u>

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**49. Investment in subsidiaries (cont'd.)**

**(iii) Disposal, dissolution or dilution of interests in subsidiaries (cont'd.)**

	<b>Note</b>	<b>2018</b> <b>RM'000</b>
Consideration receivable	59(iv)(e)	724,120
Net assets disposed of/derognised		<u>(818,532)</u>
Loss on disposal before reclassification adjustments		(94,412)
Cumulative gain on FVOCI financial assets in respect of the disposal subsidiary reclassified from equity to profit or loss		420
Cumulative foreign exchange loss in respect of the net assets of the disposal subsidiary reclassified from equity to profit or loss		<u>(205,976)</u>
Loss on disposal of subsidiary/derecognition of investment in subsidiary	42	<u>(299,968)</u>

**Net cash inflows arising from the disposal of interests in subsidiaries were as follows:**

		<b>2018</b> <b>RM'000</b>
Consideration receivable	59(iv)(e)	724,120
Less: Cash and cash equivalent balance disposed of		<u>(97,780)</u>
Net cash inflows		<u>626,340</u>

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**49. Investment in subsidiaries (cont'd.)**

**(iv) Segments with material non-controlling interests**

Segments which have non-controlling interests that are material to the Group are listed below:

**2018**

**(a) Summarised consolidated statement of comprehensive income**

	<b>Infrastructure &amp; Construction RM'mil</b>	<b>Property RM'mil</b>	<b>Transportation &amp; Logistics RM'mil</b>	<b>Total RM'mil</b>
Revenue	4,653	33	10,487	15,173
Profit/(loss) for the year	405	(64)	(4,124)	(3,783)
Profit/(loss) attributable to:				
Owners of the Company	270	(328)	(4,708)	(4,766)
Non-controlling interests	135	264	584	983
	405	(64)	(4,124)	(3,783)

**(b) Summarised consolidated statement of financial position**

	<b>Infrastructure &amp; Construction RM'mil</b>	<b>Property RM'mil</b>	<b>Transportation &amp; Logistics RM'mil</b>	<b>Total RM'mil</b>
Non-current assets	13,309	3,240	5,553	22,102
Current assets	7,239	1,059	3,577	11,875
Total assets	20,548	4,299	9,130	33,977
Non-current liabilities	6,132	492	10,805	17,429
Current liabilities	4,489	310	13,826	18,625
Total liabilities	10,621	802	24,631	36,054
Net assets/(liabilities)	9,927	3,497	(15,501)	(2,077)
Non-controlling interests	3,409	2,446	34	5,889
Non-controlling interests which are immaterial to the Group				162
				6,051

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**49. Investment in subsidiaries (cont'd.)**

**(iv) Segments with material non-controlling interests**

Segments which have non-controlling interests that are material to the Group are listed below (cont'd.):

**2018 (cont'd.)**

**(c) Summarised consolidated statement of cash flows**

	<b>Infrastructure &amp; Construction RM'mil</b>	<b>Property RM'mil</b>	<b>Transportation &amp; Logistics RM'mil</b>	<b>Total RM'mil</b>
Net cash generated from/ (used in):				
Operating activities	685	(3)	1,899	2,581
Investing activities	(162)	439	152	429
Financing activities	(232)	(342)	(2,239)	(2,813)
Net changes in cash and cash equivalents	291	94	(188)	197
Effects of exchange rate changes	(26)	-	-	(26)
Cash and cash equivalents at beginning of year	1,317	25	896	2,238
Cash and cash equivalents at end of year	1,582	119	708	2,409

**2017**

**(a) Summarised consolidated statement of comprehensive income**

	<b>Infrastructure &amp; Construction RM'mil</b>	<b>Property RM'mil</b>	<b>Transportation &amp; Logistics RM'mil</b>	<b>Total RM'mil</b>
Revenue	5,452	72	10,644	16,168
Profit/(loss) for the year	573	(52)	(524)	(3)
Profit/(loss) attributable to:				
Owners of the Company	395	(323)	(1,110)	(1,038)
Non-controlling interests	178	271	586	1,035
	573	(52)	(524)	(3)

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**49. Investment in subsidiaries (cont'd.)**

**(iv) Segments with material non-controlling interests**

Segments which have non-controlling interests that are material to the Group are listed below (cont'd.):

**(b) Summarised consolidated statement of financial position**

**2017 (cont'd.)**

	<b>Infrastructure &amp; Construction RM'mil</b>	<b>Property RM'mil</b>	<b>Transportation &amp; Logistics RM'mil</b>	<b>Total RM'mil</b>
Non-current assets	11,849	3,327	9,953	25,129
Current assets	9,287	1,304	3,060	13,651
Total assets	<u>21,136</u>	<u>4,631</u>	<u>13,013</u>	<u>38,780</u>
Non-current liabilities	7,195	699	7,560	15,454
Current liabilities	4,010	419	16,448	20,877
Total liabilities	<u>11,205</u>	<u>1,118</u>	<u>24,008</u>	<u>36,331</u>
Net assets/(liabilities)	<u>9,931</u>	<u>3,513</u>	<u>(10,995)</u>	<u>2,449</u>
Non-controlling interests	3,404	2,448	30	5,882
Non-controlling interests which are immaterial to the Group				<u>99</u>
				<u>5,981</u>

**(c) Summarised consolidated statement of cash flows**

	<b>Infrastructure &amp; Construction RM'mil</b>	<b>Property RM'mil</b>	<b>Transportation &amp; Logistics RM'mil</b>	<b>Total RM'mil</b>
Net cash generated from/ (used in):				
Operating activities	285	(85)	1,432	1,632
Investing activities	(90)	(297)	(97)	(484)
Financing activities	(243)	(85)	(1,685)	(2,013)
Net changes in cash and cash equivalents	(48)	(467)	(350)	(865)
Cash and cash equivalents at beginning of year	<u>1,365</u>	<u>492</u>	<u>1,246</u>	<u>3,103</u>
Cash and cash equivalents at end of year	<u>1,317</u>	<u>25</u>	<u>896</u>	<u>2,238</u>

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**50. Interest in associates**

	<b>Group</b>		
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b> <b>(Restated)</b>	<b>2016</b> <b>RM'000</b> <b>(Restated)</b>
Shares at cost,			
Quoted shares in Malaysia	41,758,924	39,537,461	39,424,310
Quoted shares outside Malaysia	732,033	780,297	855,661
Unquoted shares in Malaysia	1,432,609	2,888,688	2,259,219
Unquoted shares outside Malaysia	3,626,063	3,389,913	4,392,001
	<u>47,549,629</u>	<u>46,596,359</u>	<u>46,931,191</u>
Share of post acquisition reserves	21,894,778	24,838,608	23,599,412
	<u>69,444,407</u>	<u>71,434,967</u>	<u>70,530,603</u>
Less: Allowance for impairment losses	(3,132,672)	(348,918)	(290,400)
Less: Reclassification to asset held for sale (Note 42)	(1,205,675)	-	-
	<u>65,106,060</u>	<u>71,086,049</u>	<u>70,240,203</u>
Market value of quoted shares			
In Malaysia	78,986,787	94,483,339	83,954,253
Outside Malaysia	301,151	286,819	439,599

The summarised financial information in respect of each of the Group's aggregated material associates is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

**2018**

**Summarised consolidated statement of comprehensive income**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Transportation &amp; logistics RM'mil</b>	<b>Total RM'mil</b>
Revenue	116,190	227	4,852	121,269
Profit for the year	<u>4,653</u>	<u>31</u>	<u>727</u>	<u>5,410</u>

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**50. Interest in associates (cont'd.)**

**2018**

**Summarised consolidated statement of financial position**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Transportation &amp; logistics RM'mil</b>	<b>Total RM'mil</b>
Non-current assets	760,570	1,892	18,010	780,472
Current assets	59,951	1,897	4,263	66,111
<b>Total assets</b>	<b>820,521</b>	<b>3,789</b>	<b>22,273</b>	<b>846,583</b>
Non-current liabilities	599,210	1,608	11,000	611,818
Current liabilities	50,933	649	2,132	53,714
<b>Total liabilities</b>	<b>650,143</b>	<b>2,257</b>	<b>13,132</b>	<b>665,532</b>

**Reconciliation of the summarised financial information presented above**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Transportation &amp; logistics RM'mil</b>	<b>Total RM'mil</b>
Net assets	170,378	1,532	9,141	181,051
Share of net assets	44,810	518	2,704	48,032
Goodwill	10,743	-	1,237	11,980
	<b>55,553</b>	<b>518</b>	<b>3,941</b>	<b>60,012</b>
Carrying amount of the Group's immaterial interest in associates				9,432
				<b>69,444</b>

**2017**

**Summarised consolidated statement of comprehensive income**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Transportation &amp; logistics RM'mil</b>	<b>Total RM'mil</b>
Revenue	112,674	374	4,652	117,700
Profit for the year	18,540	30	237	18,807

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**50. Interest in associates (cont'd.)**

**2017**

	Investment holding RM'mil	Infrastructure & construction RM'mil	Transportation & logistics RM'mil	Total RM'mil
<b>Summarised consolidated statement of financial position</b>				
Non-current assets	728,510	1,883	19,092	749,485
Current assets	53,599	1,857	3,404	58,860
Total assets	<u>782,109</u>	<u>3,740</u>	<u>22,496</u>	<u>808,345</u>
Non-current liabilities	566,596	1,919	11,253	579,768
Current liabilities	43,950	321	2,234	46,505
Total liabilities	<u>610,546</u>	<u>2,240</u>	<u>13,487</u>	<u>626,273</u>

**Reconciliation of the summarised financial information presented above**

	Investment holding RM'mil	Infrastructure & construction RM'mil	Transportation & logistics RM'mil	Total RM'mil
Net assets	<u>171,563</u>	<u>1,500</u>	<u>9,009</u>	<u>182,072</u>
Share of net assets	50,624	510	2,661	53,795
Goodwill	10,264	-	1,237	11,501
	<u>60,888</u>	<u>510</u>	<u>3,898</u>	<u>65,296</u>
Carrying amount of the Group's immaterial interest in associates				<u>6,139</u>
				<u>71,435</u>

**2016**

	Investment holding RM'mil	Infrastructure & construction RM'mil	Transportation & logistics RM'mil	Total RM'mil
<b>Summarised consolidated statement of comprehensive income</b>				
Revenue	104,245	512	4,173	108,930
Profit for the year	<u>15,887</u>	<u>66</u>	<u>73</u>	<u>16,026</u>

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**50. Interest in associates (cont'd.)**

**2016**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Transportation &amp; logistics RM'mil</b>	<b>Total RM'mil</b>
<b>Summarised consolidated statement of financial position</b>				
Non-current assets	702,886	1,923	18,699	723,508
Current assets	48,726	1,941	2,590	53,257
Total assets	<u>751,612</u>	<u>3,864</u>	<u>21,289</u>	<u>776,765</u>
Non-current liabilities	545,626	2,077	10,826	558,529
Current liabilities	45,963	317	1,766	48,046
Total liabilities	<u>591,589</u>	<u>2,394</u>	<u>12,592</u>	<u>606,575</u>

**Reconciliation of the summarised financial information presented above**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Transportation &amp; logistics RM'mil</b>	<b>Total RM'mil</b>
Net assets	<u>160,023</u>	<u>1,470</u>	<u>8,697</u>	<u>170,190</u>
Share of net assets	49,328	503	2,826	52,657
Goodwill	10,265	-	1,237	11,502
	<u>59,593</u>	<u>503</u>	<u>4,063</u>	<u>64,159</u>
Carrying amount of the Group's immaterial interest in associates				<u>6,372</u>
				<u>70,531</u>

Details of the associates, are shown in Note 78 and Note 79.

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**51. Interest in joint ventures**

	Note	2018 RM'000	Group 2017 RM'000 (Restated)	2016 RM'000 (Restated)
Shares at cost,				
Unquoted shares				
in Malaysia	(i)	2,961,194	3,122,775	3,115,591
Unquoted shares				
outside Malaysia		616,258	677,132	242,208
Investments in				
unincorporated entities		141,146	141,146	141,146
		<u>3,718,598</u>	<u>3,941,053</u>	<u>3,498,945</u>
Share of post-acquisition				
reserves		1,133,786	1,020,750	544,734
		<u>4,852,384</u>	<u>4,961,803</u>	<u>4,043,679</u>
Less: Accumulated				
impairment losses		(435,120)	(20,539)	(141,363)
		<u>4,417,264</u>	<u>4,941,264</u>	<u>3,902,316</u>
Amount due from joint				
ventures		53,216	75	174,431
		<u>4,470,480</u>	<u>4,941,339</u>	<u>4,076,747</u>

**(i) Acquisition/accretion of interest in joint ventures by the Group**

(a) During the year, PEIB subscribed to:

- (i) additional 39,950,542 CCPS at an issued price of INR10 each in Jetpur Somnath Tollways Private Limited ("JSTPL") for a cash consideration of INR399.5million or RM23.7 million.
- (ii) additional 83,127,858 Compulsory Convertible Preference Shares ("CCPS") at an issued price of INR10 each in Uniquet through Ghir Investments (Mauritius) Limited for a total cash consideration of INR831.3 million or RM49.0 million.

(b) During the year, UEM Sunrise subscribed for 25,850,000 RPS pf RM1.00 per share amounting to RM25.9 million via conversion of advances to Nusajaya Lifestyle Sdn. Bhd.

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**51. Interest in joint ventures (cont'd.)**

Details of the joint ventures are disclosed in Note 78 and Note 79.

The summarised financial information in respect of each of the Group's aggregated material joint ventures is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

**2018**

**Summarised consolidated statement of comprehensive income**

	Investment holding RM'mil	Infrastructure & construction RM'mil	Property RM'mil	Total RM'mil
Revenue	2,487	427	327	3,241
Profit for the year	-	87	26	113

**Summarised consolidated statement of financial position**

	Investment holding RM'mil	Infrastructure & construction RM'mil	Property RM'mil	Total RM'mil
Non-current assets	20,958	733	2,819	24,510
Current assets	4,858	1,091	870	6,819
Total assets	25,816	1,824	3,689	31,329
Non-current liabilities	17,792	471	203	18,466
Current liabilities	929	239	740	1,908
Total liabilities	18,721	710	943	20,374

**Reconciliation of the summarised financial information presented above**

	Investment holding RM'mil	Infrastructure & construction RM'mil	Property RM'mil	Total RM'mil
Net assets	7,095	1,114	2,746	10,955
Share of net assets	3,884	422	1,094	5,400
Carrying amount of the Group's immaterial interest in joint ventures				(548)
				4,852

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**51. Interest in joint ventures (cont'd.)**

**2017**

**Summarised consolidated statement of comprehensive income**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Property RM'mil</b>	<b>Total RM'mil</b>
Revenue	1,115	433	237	1,785
Profit for the year	<u>210</u>	<u>65</u>	<u>5</u>	<u>280</u>

**Summarised consolidated statement of financial position**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Property RM'mil</b>	<b>Total RM'mil</b>
Non-current assets	20,678	754	2,747	24,179
Current assets	<u>7,601</u>	<u>1,104</u>	<u>689</u>	<u>9,394</u>
Total assets	<u>28,279</u>	<u>1,858</u>	<u>3,436</u>	<u>33,573</u>
Non-current liabilities	20,235	571	157	20,963
Current liabilities	<u>1,405</u>	<u>212</u>	<u>614</u>	<u>2,231</u>
Total liabilities	<u>21,640</u>	<u>783</u>	<u>771</u>	<u>23,194</u>

**Reconciliation of the summarised financial information presented above**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Property RM'mil</b>	<b>Total RM'mil</b>
Net assets	<u>6,639</u>	<u>1,075</u>	<u>2,665</u>	<u>10,379</u>
Share of net assets	<u>3,529</u>	<u>419</u>	<u>1,067</u>	5,015
Carrying amount of the Group's immaterial interest in joint ventures				<u>(53)</u>
				<u>4,962</u>

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**51. Interest in joint ventures (cont'd.)**

**2016**

**Summarised consolidated statement of comprehensive income**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Property RM'mil</b>	<b>Total RM'mil</b>
Revenue	2,085	479	130	2,694
Profit for the year	<u>(82)</u>	<u>(3)</u>	<u>(11)</u>	<u>(96)</u>

**Summarised consolidated statement of financial position**

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Property RM'mil</b>	<b>Total RM'mil</b>
Non-current assets	18,659	804	3,479	22,942
Current assets	<u>7,561</u>	<u>1,104</u>	<u>430</u>	<u>9,095</u>
Total assets	<u>26,220</u>	<u>1,908</u>	<u>3,909</u>	<u>32,037</u>

	<b>Investment holding RM'mil</b>	<b>Infrastructure &amp; construction RM'mil</b>	<b>Property RM'mil</b>	<b>Total RM'mil</b>
Non-current liabilities	13,002	596	109	13,707
Current liabilities	<u>7,614</u>	<u>212</u>	<u>954</u>	<u>8,780</u>
Total liabilities	<u>20,616</u>	<u>808</u>	<u>1,063</u>	<u>22,487</u>

**Reconciliation of the summarised financial information presented above**

Net assets	<u>5,604</u>	<u>1,100</u>	<u>2,846</u>	<u>9,550</u>
Share of net assets	<u>2,909</u>	<u>440</u>	<u>1,141</u>	<u>4,490</u>
Carrying amount of the Group's immaterial interest in joint ventures				<u>(446)</u>
				<u>4,044</u>

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**52. Other financial investments**

**Group - 2018**

	<b>Current RM'000</b>	<b>Non-current RM'000</b>	<b>Total RM'000</b>
<b>Financial assets designated as fair value through profit or loss</b>			
At fair value:			
Quoted shares in Malaysia	94,983	10,999,033	11,094,016
Quoted shares outside Malaysia	-	59,745	59,745
Unquoted shares in Malaysia	-	965,590	965,590
Unquoted shares outside Malaysia	-	(37,176)	(37,176)
Quoted bonds in Malaysia	-	448,278	448,278
Unquoted bonds in Malaysia	-	1,143,212	1,143,212
Quoted fund in Malaysia	-	407,927	407,927
Unquoted fund in Malaysia	191,673	-	191,673
	<u>286,656</u>	<u>13,986,609</u>	<u>14,273,265</u>
<b>Financial assets designated as fair value through other comprehensive income</b>			
At fair value:			
Quoted shares in Malaysia	-	16,256,448	16,256,448
Quoted shares outside Malaysia	-	24,270	24,270
Unquoted shares in Malaysia	883,000	212,432	1,095,432
Quoted bonds in Malaysia	-	328,558	328,558
Unquoted bonds in Malaysia	-	817,678	817,678
At cost:			
Unquoted shares in Malaysia	-	53,231	53,231
Unquoted shares outside Malaysia	10,375	13,206	23,581
	<u>893,375</u>	<u>17,705,823</u>	<u>18,599,198</u>
<b>Amortised cost</b>			
Loans receivable	-	2,507,782	2,507,782
	<u>1,180,031</u>	<u>34,200,214</u>	<u>35,380,245</u>
<b>Total</b>	<u>1,180,031</u>	<u>34,200,214</u>	<u>35,380,245</u>

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**52. Other financial investments (cont'd.)**

**Group - 2017 (Restated)**

	<b>Current RM'000</b>	<b>Non-current RM'000</b>	<b>Total RM'000</b>
<b>Financial assets designated as fair value through profit or loss</b>			
At fair value:			
Quoted shares in Malaysia	-	219,307	219,307
Quoted shares outside Malaysia	161,892	11,374,809	11,536,701
Unquoted shares in Malaysia	10,375	23,595	33,970
Unquoted shares outside Malaysia	-	496,256	496,256
Quoted bonds in Malaysia	-	430,032	430,032
Unquoted bonds in Malaysia	-	1,069,185	1,069,185
Quoted fund in Malaysia	-	366,617	366,617
Unquoted fund in Malaysia	433,767	107,328	541,095
	<u>606,034</u>	<u>14,087,129</u>	<u>14,693,163</u>
<b>Financial assets designated as fair value through other comprehensive income</b>			
At fair value:			
Quoted shares in Malaysia	-	178,799	178,799
Quoted shares outside Malaysia	-	11,361,157	11,361,157
Unquoted shares in Malaysia	1,279,482	1,246,003	2,525,485
Unquoted shares outside Malaysia	-	3,694,627	3,694,627
Quoted bonds in Malaysia	-	285,791	285,791
Quoted bonds outside Malaysia	-	430,981	430,981
Unquoted bonds in Malaysia	-	774,224	774,224
Quoted fund in Malaysia	-	2,646	2,646
Quoted fund outside Malaysia	-	28,523	28,523
At cost:			
Unquoted shares in Malaysia	-	47,061	47,061
Unquoted shares outside Malaysia	-	43,644	43,644
	<u>1,279,482</u>	<u>18,093,456</u>	<u>19,372,938</u>
<b>Amortised cost</b>			
Unquoted bonds outside Malaysia	-	45,721	45,721
Loans receivable	-	3,196,248	3,196,248
	<u>-</u>	<u>3,241,969</u>	<u>3,241,969</u>
<b>Total</b>	<u>1,885,516</u>	<u>35,422,554</u>	<u>37,308,070</u>

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**52. Other financial investments (cont'd.)**

**Group - 2016 (restated)**

	<b>Current RM'000</b>	<b>Non-current RM'000</b>	<b>Total RM'000</b>
<b>Financial assets designated as fair value through profit or loss</b>			
At fair value:			
Quoted shares in Malaysia	14	156,470	156,484
Quoted shares outside Malaysia	86,006	9,825,639	9,911,645
Unquoted shares in Malaysia	-	528,886	528,886
Unquoted shares outside Malaysia	-	586,147	586,147
Quoted bonds in Malaysia	-	455,919	455,919
Quoted bonds outside Malaysia	-	139	139
Unquoted bonds in Malaysia	-	984,782	984,782
Quoted fund in Malaysia	-	296,905	296,905
Unquoted fund in Malaysia	932,990	183,267	1,116,257
	<u>1,019,010</u>	<u>13,018,154</u>	<u>14,037,164</u>
<b>Financial assets designated as fair value through other comprehensive income</b>			
At fair value:			
Quoted shares in Malaysia	1,997	106,000	107,997
Quoted shares outside Malaysia	-	10,217,254	10,217,254
Unquoted shares in Malaysia	65,857	1,055,402	1,121,259
Unquoted shares outside Malaysia	-	2,638,816	2,638,816
Quoted bonds in Malaysia	-	324,089	324,089
Quoted bonds outside Malaysia	-	418,259	418,259
Unquoted bonds in Malaysia	-	654,562	654,562
Quoted fund outside Malaysia	-	2,933	2,933
Unquoted fund in Malaysia	-	11,790	11,790
At cost:			
Unquoted shares in Malaysia	-	37,061	37,061
Unquoted shares outside Malaysia	-	43,705	43,705
Less: Accumulated allowance for impairment losses	-	(22,525)	(22,525)
	<u>67,854</u>	<u>15,487,346</u>	<u>15,555,200</u>
<b>Amortised cost</b>			
Unquoted bonds in Malaysia	-	7,500	7,500
Unquoted bonds outside Malaysia	-	52,741	52,741
Loans receivable	-	2,198,619	2,198,619
	<u>-</u>	<u>2,258,860</u>	<u>2,258,860</u>
<b>Total</b>	<u>1,086,864</u>	<u>30,764,360</u>	<u>31,851,224</u>

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**53. Other non-current assets**

		<b>2018</b>	<b>Group</b>	<b>2016</b>
	<b>Note</b>	<b>RM'000</b>	<b>2017</b>	<b>RM'000</b>
			<b>RM'000</b>	<b>RM'000</b>
			<b>(Restated)</b>	<b>(Restated)</b>
Receivables under finance lease	(i)	16,136	19,008	511,326
Trade receivables		172,725	391,947	512,068
Reinsurance assets		185,168	1,331,917	2,089,202
Prepaid land lease payments		13,842	3,902	-
Staff loans		28,651	31,233	39,824
Cash and bank balances	60, (ii)	5,955	-	2,659
Contract assets	(iii)	1,190,904	1,143,101	957,327
Others		550,984	202,554	79,551
		<u>2,164,365</u>	<u>3,123,662</u>	<u>4,191,957</u>

- (i) Leasing portfolio of a subsidiary of the Group comprises financing of long term lease related to investment properties of the Group. As at the reporting date, the present value of lease receivables under non-cancellable lease agreements was as follows:

	<b>Group</b>	<b>2017</b>
	<b>2018</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Minimum lease receivables:</b>		
Within one year	4,851	2,544
Between one and five years	20,722	19,008
More than five years	10,246	-
Total minimum lease payments	<u>35,819</u>	<u>21,552</u>
<b>Present value of receivables:</b>		
Within one year	2,039	2,544
Between one and five years	8,880	19,008
More than five years	7,256	-
	<u>18,175</u>	<u>21,552</u>
Less: Amount due within one year (Note 59)	<u>(2,039)</u>	<u>(2,544)</u>
Amount due after one year	<u>16,136</u>	<u>19,008</u>

- (ii) Relates to security for banking facilities granted to UEM Group's subsidiaries.

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**53. Other non-current assets (cont'd.)**

(iii) Contract assets

<b>Group</b>	<b>Note</b>	<b>2018 RM'000</b>	<b>2017 RM'000 (Restated)</b>	<b>2016 RM'000 (Restated)</b>
<b>Contract assets</b>				
Current	58	388,098	546,739	884,395
Non-current		1,190,904	1,143,101	957,327
		<u>1,579,002</u>	<u>1,689,840</u>	<u>1,841,722</u>

**Contract liabilities**

Current	62	(54,306)	(161,483)	(203,660)
Non-current	66	(291,116)	(298,078)	(310,193)
		<u>(345,422)</u>	<u>(459,561)</u>	<u>(513,853)</u>

<b>Group</b>	<b>Note</b>	<b>2018 RM'000</b>	<b>2017 RM'000 (Restated)</b>	<b>2016 RM'000 (Restated)</b>
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**Contract assets**

Contract assets from property development and strategic land sales	(a)	116,894	263,066	531,755
Contract assets from construction contracts	(b)	1,262,262	1,165,211	955,509
Contracts assets from rendering services	(c)	199,846	261,563	354,458
		<u>1,579,002</u>	<u>1,689,840</u>	<u>1,841,722</u>

**Contract liabilities**

Contract assets from property development and strategic land sales	(a)	(330,638)	(364,899)	(398,658)
Contract liabilities from construction contracts	(b)	(417)	(66,900)	(33,326)
Contracts liabilities from rendering services	(c)	(14,367)	(27,762)	(81,869)
		<u>(345,422)</u>	<u>(459,561)</u>	<u>(513,853)</u>

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**53. Other non-current assets (cont'd.)**

(iii) Contract assets (cont'd.)

**(a) Contract assets from property development and strategic land sales**

For property development, the Group issues progress billings to purchasers when the billing milestones are attained. The Group recognises revenue when the performance obligation is satisfied.

For strategic land sales, the Group recognises revenue and issues billings to purchasers upon transfer of control. The contract assets and contract liabilities relating to the sale of properties and land sales as of each reporting period are shown as below:

<b>Group</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b> <b>(Restated)</b>
Contract assets	116,894	263,066
Contract liabilities	<u>(330,638)</u>	<u>(364,899)</u>
	<u>(213,744)</u>	<u>(101,833)</u>
At 1 January	(101,833)	133,097
Revenue recognised during the financial year	569,695	1,060,453
Deferred during the financial year	<u>(681,606)</u>	<u>(1,295,383)</u>
At 31 December	<u>(213,744)</u>	<u>(101,833)</u>

The unsatisfied performance obligations at the end of the reporting period are estimated to be recognised in the following periods:

	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b> <b>(Restated)</b>
Within 1 year	2,601,548	1,899,559
Between 1 and 4 years	1,618,956	2,932,166
More than 4 years	<u>167,477</u>	<u>179,132</u>
	<u>4,387,981</u>	<u>5,010,857</u>

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**53. Other non-current assets (cont'd.)**

(iii) Contract assets (cont'd.)

**(b) Contract assets from construction contracts**

<b>Group</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b> <b>(Restated)</b>	<b>2016</b> <b>RM'000</b> <b>(Restated)</b>
Contract assets	1,262,262	1,165,211	955,509
Contract liabilities	(417)	(66,900)	(33,326)
	<u>1,261,845</u>	<u>1,098,311</u>	<u>922,183</u>
Construction work in progress ("WIP"), at cost	4,305,862	7,306,960	7,039,354
Add : Attributable profit	14,786	144,646	175,347
	<u>4,320,648</u>	<u>7,451,606</u>	<u>7,214,701</u>
Less :			
- Progress billings	(2,389,393)	(5,612,665)	(5,551,784)
- Recognition of expected losses	(669,410)	(740,630)	(740,734)
	<u>1,261,845</u>	<u>1,098,311</u>	<u>922,183</u>

<b>Group</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
Contract revenue recognised as revenue in the year	130,376	306,835
Contract cost recognised as expense in the year	186,011	294,492
Retention sum receivable on construction contracts	<u>133,392</u>	<u>136,309</u>

Included in current year additions in construction WIP of the Group are:

	<b>Group</b>	
	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
- staff costs	11,358	22,106
- interest income	(873)	(1,590)
- interest expense	45,111	66,424
- depreciation charge	1,412	2,848
- amortisation charge	<u>6</u>	<u>12</u>

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**53. Other non-current assets (cont'd.)**

(iii) Contract assets (cont'd.)

**(c) Contract assets from rendering services**

Contract assets are initially recognised for revenue earned from services transferred which receipt of the consideration is conditional on the completion and final acceptance by customers. Upon final acceptance by the customers, the amounts recognised as contract assets becomes unconditional and are reclassified to trade receivables.

Contract liabilities include billings made in advance which represent amounts where customers have been invoiced ahead of the satisfaction of the performance obligation by the Group.

<b>Group</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b> <b>(Restated)</b>
Contract assets	199,846	261,563
Contract liabilities	<u>(14,367)</u>	<u>(27,762)</u>
	<u>185,479</u>	<u>233,801</u>
Revenue recognised from amounts included in contract liabilities at the beginning of the year	<u>27,762</u>	<u>81,869</u>

The unsatisfied performance obligations at the end of the reporting period are estimated to be recognised in the following periods:

Within 1 year	1,728,000	1,848,000
Between 1 and 20 years	<u>7,700,000</u>	<u>8,038,000</u>
	<u>9,428,000</u>	<u>9,886,000</u>

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**54. Derivative financial instruments**

2018		Nominal amount RM'000	Group	
			Assets RM'000	Liabilities RM'000
Forward exchange				
rate contracts	(i)	14,100	-	(167)
Fuel hedging contracts				
(barrels)	(ii)	8,800	-	(388,384)
Foreign currency				
hedging contracts	(iii)	56,070	(311)	-
Interest rate derivatives	(iv)	530,694	8,969	-
Currency swap-i	(v)	599,100	15,956	-
Profit rate swap-i	(v)		-	(911)
Embedded derivatives		2,898,821	-	(46,431)
			<u>24,614</u>	<u>(435,893)</u>
Analysed as:				
Current			17,559	(288,100)
Non-current			7,055	(147,793)
			<u>24,614</u>	<u>(435,893)</u>
<b>2017</b>				
Forward exchange				
rate contracts	(i)	10,700	-	(346)
Fuel hedging contracts				
(barrels)	(ii)	6,750	234,378	-
Foreign currency				
hedging contracts	(iii)	123,926	-	(2,185)
Interest rate derivatives	(iv)	781,983	2,510	(1,078)
Currency swap-i	(v)	174,000	-	(1,614)
Profit rate swap-i	(v)	474,500	-	(3,038)
Coupon Exchange				
Agreement	(vi)	56,927,245	-	(87,359)
Embedded derivatives		4,621,804	-	(241,566)
			<u>236,888</u>	<u>(337,186)</u>
Analysed as:				
Current			206,857	(24,370)
Non-current			30,031	(312,816)
			<u>236,888</u>	<u>(337,186)</u>

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**54. Derivative financial instruments (cont'd.)**

(i) Forward exchange rate contracts

Cement Industries of Malaysia Berhad's ("CIMA") outstanding forward exchange rate contracts with notional amount totalling RM14.1 million (2017: RM10.7million), which are used to manage portion of CIMA's transaction exposure denominated in USD.

(ii) Fuel hedging contracts (barrels)

Malaysian Aviation Group Berhad ("MAGB") hold swaps designated as hedge of highly probable forecast fuel purchases to reduce the volatility of cash flows. The contracts are intended to hedge the volatility of the purchase price of fuel for a period up to 36 months forward.

The amounts retained in other comprehensive income at 31 December 2018 are expected to mature and affect the profit or loss between 2019 and 2020.

There were no highly probable transactions for which hedge accounting had previously been used, which is no longer expected to occur.

The cash flow hedges of the highly probable forecast fuel purchases were assessed to be highly effective and as at 31 December 2018, a net unrealised loss of RM388,148,000 (2017: net unrealised gain of RM105,832,000) was included in other comprehensive income in respect of these contracts.

The amount removed from other comprehensive income during the financial year and included in profit or loss is gain of RM386,121,000 (2017: gain of RM57,821,000).

(iii) Foreign currency hedging contracts

MAGB has options and forward currency contracts outstanding as at 31 December 2018 designated as hedges of firm commitments and highly probable future payments denominated in foreign currencies.

The amount retained in other comprehensive income at 31 December 2018 are expected to mature and affect profit or loss in 2019.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which is no longer expected to occur.

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**54. Derivative financial instruments (cont'd.)**

(iii) Foreign currency hedging contracts (cont'd.)

The cash flow hedges of the highly probable future payments denominated in foreign currencies were assessed to be highly effective and as at 31 December 2018, a net unrealised loss of RM4,868,000 (2017: net unrealised gain of RM22,262,000) was included in other comprehensive income in respect of these contracts.

The amount removed from other comprehensive income during the financial year and included in profit or loss is loss of RM7,030,000 (2017: loss of RM18,897,000).

(iv) Interest rate derivatives

As at 31 December 2018, MAGB has interest rate caps and swaps at contracted interest rates varying between 2.1% to 3% (2017: 2.1% to 3.0%) per annum. The contracts are intended to hedge the volatility of interest rates for up to maximum 80% of the floating interest rate risk exposure of any financial year.

The amounts retained in other comprehensive income at 31 December 2018 are expected to mature and affect the profit or loss between 2019 to 2025.

There were no highly probable transactions for which hedge accounting had previously been used, which is no longer expected to occur.

The cash flow hedges of the highly probable forecast fuel purchases were assessed to be highly effective and as at 31 December 2018, a net unrealised loss of RM4,010,000 (2017: net unrealised gain of RM2,291,000) was included in other comprehensive income in respect of these contracts.

The amount removed from other comprehensive income during the financial year and included in profit or loss is loss of RM476,000 (2017: loss of RM7,253,000).

(v) Currency swap-i and profit rate swap-i

UEM Sunrise (Australia) Sdn. Bhd.'s outstanding profit rate swap-i with notional amount of RM438.4 million (2017: RM474.5 million) to hedge the profit rate risk arising from the profit margin repayment on AUD150 million Commodity Murabahah Financing-i Facility.

UEM Sunrise (Australia) Sdn. Bhd.'s outstanding cross currency swap-i contract with notional amount of RM160.7 million (2017: RM174.0 million) to convert the USD45 million Commodity Murabahah Financing-i Facility into AUD, which shall not exceed AUD55 million.

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**54. Derivative financial instruments (cont'd.)**

(vi) Coupon Exchange Agreement

On 8 March 2013, LMS entered into a Coupon Exchange Agreement with Export-Import Bank of Malaysia Berhad ("EXIM") whereby LMS' obligation in respect of payment of interest and principal for tranche B of its syndicated term loan was swapped from IDR to USD. The agreement was terminated following the refinancing of the syndicated term loan.

**55. Deferred taxation**

	<b>Note</b>	<b>Group 2018 RM'000</b>	<b>2017 RM'000 (Restated)</b>
At 1 January (as reported)		(134,242)	(31,121)
Effect of adoption of MFRS		8,116	(31,646)
As 1 January (as restated)		<u>(126,126)</u>	<u>(62,767)</u>
Disposal of subsidiary (net)	49(iii)	1,905	(30,372)
Recognised in profit or loss	41	(178,891)	(110,551)
Recognised in other comprehensive income		(907)	-
Exchange differences		(2,188)	77,800
Reclassified to disposal group classified as held for sale	42	-	(236)
At 31 December		<u>(306,207)</u>	<u>(126,126)</u>

Presented after appropriate offsetting as follows:

Deferred tax assets	340,605	557,568
Deferred tax liabilities	(646,812)	(683,694)
	<u>(306,207)</u>	<u>(126,126)</u>

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**55. Deferred taxation (cont'd.)**

The components and movements of deferred tax liabilities and assets of the Group during the financial year are as follows:

**Deferred tax liabilities of the Group:**

	Note	Accelerated capital allowances RM'000	Fair value adjustment of land and building RM'000	Interest capitalised RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2018 (as reported)		(314,322)	(235,621)	(74,322)	(52,306)	(676,571)
Effect of adoption of MFRS		(7,123)	-	-	-	(7,123)
At 1 January (as restated)		(321,445)	(235,621)	(74,322)	(52,306)	(683,694)
Recognised in profit or loss		(14,461)	3,182	(63)	38,735	27,393
Disposal of subsidiary	49(iii)	12,007	-	-	-	12,007
Exchange differences		(2,518)	-	-	-	(2,518)
At 31 December 2018		(326,417)	(232,439)	(74,385)	(13,571)	(646,812)
At 1 January 2017 (as reported)		(286,849)	(235,621)	(74,322)	(44,884)	(641,676)
Effect of adoption of MFRS		(16,063)	-	-	-	(16,063)
At 1 January 2017 (as restated)		(302,912)	(235,621)	(74,322)	(44,884)	(657,739)
Recognised in profit or loss		(28,375)	-	-	(78,322)	(106,697)
Exchange differences		9,842	-	-	70,900	80,742
At 31 December 2017 (as restated)		(321,445)	(235,621)	(74,322)	(52,306)	(683,694)

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**55. Deferred taxation (cont'd.)**

**Deferred tax assets of the Group:**

	<b>Provision for liabilities RM'000</b>	<b>Unutilised tax losses and unabsorbed capital allowance RM'000</b>	<b>Khazanah Bonds and Exchangeable Trust Certificates RM'000</b>	<b>Other temporary differences RM'000</b>	<b>Total RM'000</b>
At 1 January 2018 (as reported)	220,829	144,524	170,972	6,004	542,329
Effect of adoption of MFRS	-	15,239	-	-	15,239
At 1 January 2018 (as restated)	220,829	159,763	170,972	6,004	557,568
Recognised in profit or loss	3,471	(42,544)	(170,972)	3,761	(206,284)
Disposal of subsidiary	(10,102)	-	-	-	(10,102)
Recognised in other comprehensive income	61	-	-	(968)	(907)
Exchange differences	(1)	331	-	-	330
At 31 December 2018	214,258	117,550	-	8,797	340,605
At 1 January 2017 (as reported)	242,308	144,908	225,972	(2,633)	610,555
Effect of adoption of MFRS	-	(15,583)	-	-	(15,583)
At 1 January 2017 (as restated)	242,308	129,325	225,972	(2,633)	594,972
Recognised in profit or loss	10,390	46,893	(55,000)	(6,137)	(3,854)
Disposal of subsidiary	(28,927)	(16,455)	-	15,010	(30,372)
Reclassified to disposal group classified as held for sale	-	-	-	(236)	(236)
Exchange differences	(2,942)	-	-	-	(2,942)
At 31 December 2017 (as restated)	220,829	159,763	170,972	6,004	557,568

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**55. Deferred taxation (cont'd.)**

Deferred tax assets have not been recognised in respect of the following items:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses	9,483,040	5,445,269
Unabsorbed capital allowances and investment tax allowance	8,151,516	6,779,677
Other temporary differences	1,245,811	3,322,879
	<u>18,880,367</u>	<u>15,547,825</u>

Based on Budget 2019, business entities are allowed to carry forward unabsorbed losses and unutilised capital allowances in a year of assessment for a maximum period of seven years of assessment. Deferred tax assets have not been recognised due to the history of losses in the Group's subsidiaries.

**56. Property development-in-progress**

	<b>Note</b>	<b>2018</b>	<b>Group</b>	<b>2016</b>
		<b>RM'000</b>	<b>2017</b>	<b>RM'000</b>
			<b>RM'000</b>	<b>RM'000</b>
			<b>(Restated)</b>	<b>(Restated)</b>
<b>Cumulative property development costs</b>				
At 1 January		7,541,983	6,617,516	5,766,896
Effect of adoption of MFRS		(1,762,024)	(1,273,118)	(985,000)
At 1 January (as restated)		5,779,959	5,344,398	4,781,896
Development costs incurred during the year		1,475,778	2,110,310	1,784,082
Transfers from/(to)				
- Land held for property development	44	27,150	489,953	(111,560)
- Property, plant and equipment	43	25,787	-	1,342
- Investment properties	45	(96,678)	-	-
- Inventories		(903,251)	(276,414)	(205,256)
Foreign currency translation		(1,790)	(14,972)	13,996
Reversal of costs arising from completed projects		(502,771)	(1,873,316)	(920,102)
At 31 December		<u>5,804,184</u>	<u>5,779,959</u>	<u>5,344,398</u>

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**56. Property development-in-progress (cont'd.)**

	2018 RM'000	Group 2017 RM'000 (Restated)	2016 RM'000 (Restated)
<b>Cumulative costs recognised in statement of comprehensive income</b>			
At 1 January (as reported)	(4,492,951)	(4,000,161)	(3,419,815)
Effect of adoption of MFRS	1,231,295	510,464	883,348
At 1 January (as restated)	(3,261,656)	(3,489,697)	(2,536,467)
Reversal of costs arising from completed projects	502,771	1,873,316	920,102
Recognised during the year	(1,225,529)	(1,682,668)	(1,851,539)
Foreign currency translation	11,453	37,393	(21,793)
At 31 December	<u>(3,972,961)</u>	<u>(3,261,656)</u>	<u>(3,489,697)</u>
<b>At 31 December</b>	<u>1,831,223</u>	<u>2,518,303</u>	<u>1,854,701</u>

Included in costs incurred during the year are:

	Group 2018 RM'000	2017 RM'000
Staff costs	10,189	12,421
Interest expense	<u>77,615</u>	<u>91,897</u>

As at the reporting date, freehold land and related development expenditure of RM271.5 million (2017: RM263.2 million) is pledged as security for the borrowing facilities granted to a subsidiary of the Group.

**57. Inventories and work-in-progress**

	Group 2018 RM'000	2017 RM'000
<b>At cost:</b>		
Raw materials	62,446	54,091
Work-in-progress	26,795	72,624
Finished goods	39,917	49,556
Consumables	139,334	149,450
Catering and general stores	23,902	22,685
Property held for sale	597,392	715,125
Others	644,158	14,228
	<u>1,533,944</u>	<u>1,077,759</u>

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**57. Inventories and work-in-progress (cont'd.)**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At net realisable value:</b>		
Work-in-progress	22,361	-
Finished goods	13,958	-
Consumables	529	480
Consumable aircraft spares	342,331	206,398
Property held for sale	214,215	21,855
Golf memberships *	28,606	29,242
Others	776	9,360
	<u>622,776</u>	<u>267,335</u>
	<u>2,156,720</u>	<u>1,345,094</u>

\* In accordance with the Development Agreement dated 16 June 2005 between Horizon Hills Development Sdn. Bhd. ("Horizon Hills") and Nusajaya Greens Sdn. Bhd. ("NGSB"), Horizon Hills shall settle part of the purchase consideration of the golf course land in the form of rights to club membership (golf and non-golf) which is to be issued by Horizon Hills Resort Bhd, a wholly-owned subsidiary of Horizon Hills.

The cost of inventories and work-in-progress recognised as an expense during the year is RM839.0 million (2017: RM799.3 million).

**58. Trade receivables**

		<b>Group</b>		
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>(Restated)</b>	<b>(Restated)</b>
Trade receivables	(i)	2,915,282	1,218,240	1,465,660
Less: Allowance for doubtful debts		<u>(588,011)</u>	<u>(413,674)</u>	<u>(413,989)</u>
		2,327,271	804,566	1,051,671
Contract assets	53(iii)	<u>388,098</u>	<u>546,739</u>	<u>884,395</u>
		<u>2,715,369</u>	<u>1,351,305</u>	<u>1,936,066</u>

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**58. Trade receivables (cont'd.)**

(i) Trade receivables

- The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.
- Trade receivables are non-interest bearing and are generally on 30 to 90 days (2017: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of the trade receivables is as follows:

	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Neither past due nor impaired	1,396,219	368,510
1 to 30 days past due not impaired	196,336	160,834
31 to 60 days past due not impaired	92,770	73,128
More than 60 days past due not impaired	641,946	202,094
	931,052	436,056
Impaired	588,011	413,674
	<u>2,915,282</u>	<u>1,218,240</u>

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

The Group has trade receivables that are related to customers with good payment records with the Group or those with ongoing transactions, progressive payments and/or amounts owing by the Group.

Receivables that are impaired

The Group's trade receivables that are impaired are all individually impaired. There are no impairment arising from collective impairment.

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**58. Trade receivables (cont'd.)**

(i) Trade receivables (cont'd.)

The movement of the allowance account used to record impairment is as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	413,674	413,989
Written off/(write back)	174,337	(315)
At 31 December	<u>588,011</u>	<u>413,674</u>

**59. Other receivables**

	<b>Note</b>	<b>Group</b>		
		<b>2018</b>	<b>2017</b>	<b>2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>(Restated)</b>	<b>(Restated)</b>
Dividend receivable		986	750	207
Interest income receivable		621	3,172	17,959
Amount due from a former director and shareholder of a subsidiary	(i)	2,315,979	2,315,979	2,315,979
Amount due from MoF Inc.		851,602	987,076	-
Amount due from associates	(ii)	33,661	94,283	948,627
Amount due from joint ventures		117,833	277,803	539,031
Amount due from related companies		360,006	364,531	188,308
Insurance receivables	(iii)	1,164,081	207,200	208,699
Receivable under finance lease	53(i)	2,039	2,544	40,374
Other deposits and prepayments		266,397	62,347	458,131
Accrued income		1,548,197	2,122,680	1,360,290
Others	(iv)	1,248,601	1,548,288	1,716,766
		<u>7,910,003</u>	<u>7,986,653</u>	<u>7,794,371</u>
Less: Allowance for impairment losses		<u>(2,613,303)</u>	<u>(2,752,707)</u>	<u>(2,613,886)</u>
		<u>5,296,700</u>	<u>5,233,946</u>	<u>5,180,485</u>

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**59. Other receivables (cont'd.)**

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

- (i) On 11 December 2000, UEM exercised the Put Option granted by Tan Sri Dato' Seri Halim bin Saad ("TSHS"), a past director of the Company in 1998 in respect of the Company's investment in UEM Land. The cost of shares plus holding cost on the 720,959,000 UEM Land shares ("Put Option Shares"), representing 31.0% of the paid-up capital of UEM Land as at 11 December 2000 amounting to RM3,165.8 million became the principal amount of debt due from TSHS and accrued interest at a rate of 9.4% per annum compounded semi-annually until full repayment.

The amount of RM3,165.8 million repayable in 3 equal instalments of RM100.0 million each on 14 February 2001, 14 July 2001 and 14 December 2001 respectively and the balance including interest was to be paid on 14 May 2002. On 14 February 2001, the Company received the first instalment from TSHS and granted an Extension of Time for the second instalment to 12 September 2001.

On 12 September 2001, the Company announced that it had not received the second instalment payment from TSHS and considered TSHS to have defaulted. The Put Option agreement was terminated subsequently and a notice of termination was sent to TSHS on 21 November 2001. Resulting from the termination of the Put Option agreement, the Company retained the UEM Land shares and forfeited the RM100.0 million first instalment for its own account by way of set-off and in part satisfaction of its claim for compensation. As TSHS had failed to repay the outstanding amount as scheduled, full provision of RM2,316 million had been made on the net amount due from TSHS.

- (ii) The amount due from associates is unsecured, interest-free and is repayable on demand.

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**59. Other receivables (cont'd.)**

(iii) Insurance receivables

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Due premiums, including agents/brokers	15,631	146,723
Due from reinsurers and cedants	1,148,450	60,477
	<u>1,164,081</u>	<u>207,200</u>
Less: Accumulated impairment losses	(727)	(8,885)
Net insurance receivables	<u>1,163,354</u>	<u>198,315</u>

(iv) Included in others are:

- (a) Deposits amounting to RM50 million (2017: Nil) representing a deposit paid by a subsidiary of UEM Sunrise for the subscription of shares in Mega Legacy (M) Sdn. Bhd.
- (b) Deposits amounting to RM10 million (2017: RM42 million) paid by subsidiaries of UEM Sunrise for the acquisition and joint development of lands in Kuala Lumpur and Selangor.
- (c) An amount of RM22.9 million (2017: RM22.9 million) representing tax penalty paid to IRB.
- (d) PLUS BKSP Toll Limited's net carrying value of concession intangible assets of RM131.1 million or INR2,212.1 million (2017: RM140.2 million or INR2,212.1 million) to be recovered through claim submitted to Maharashtra State Road Development Corporation ("MSRDC") for premature termination of the Concession Agreement with MSRDC. The amount had been fully impaired previously.
- (e) An amount of RM724.1 million relating to consideration receivable from disposal of Acibadem Saglik Ve Hayat Sigorta A.S ("Acibadem").

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**60. Cash and bank balances**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash in hand and at bank	4,649,149	2,636,017
Deposits with licensed banks	1,084,002	4,197,096
Deposit with other financial institutions	3,436	12,004
	<u>5,736,587</u>	<u>6,845,117</u>
Analysed as:		
Non-current (Note 53)	5,955	-
Current	<u>5,730,632</u>	<u>6,845,117</u>
	<u>5,736,587</u>	<u>6,845,117</u>

The range of interest rates and maturities of the term deposits as at 31 December 2018 is disclosed in Note 67(c).

**61. Borrowings**

<b>Group</b>	<b>Note</b>	<b>Short term</b>	<b>Long term</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2018</b>				
Secured bonds and notes	(i)	2,481,349	10,984,439	13,465,788
Unsecured bonds and notes	(ii)	3,013,921	24,670,869	27,684,790
Exchangeable Trust Certificates	26(b)	-	2,898,822	2,898,822
Other borrowings	(iii)	<u>17,745,445</u>	<u>15,596,602</u>	<u>33,342,047</u>
		<u>23,240,715</u>	<u>54,150,732</u>	<u>77,391,447</u>
<b>2017</b>				
Secured bonds and notes	(i)	1,933,287	12,944,258	14,877,545
Unsecured bonds and notes	(ii)	877,190	21,372,835	22,250,025
Exchangeable Trust Certificates	26(b)	1,380,171	3,241,633	4,621,804
Other borrowings	(iii)	<u>14,386,959</u>	<u>15,166,939</u>	<u>29,553,898</u>
		<u>18,577,607</u>	<u>52,725,665</u>	<u>71,303,272</u>

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**61. Borrowings (cont'd.)**

**(i) Secured bonds and notes**

<b>Group</b>	<b>Note</b>	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
<b>2018</b>				
Khazanah Bonds	26(a)	2,446,349	10,179,439	12,625,788
Prohawk	(A)	35,000	805,000	840,000
		<u>2,481,349</u>	<u>10,984,439</u>	<u>13,465,788</u>
<b>2017</b>				
Khazanah Bonds	26(a)	1,933,287	12,079,258	14,012,545
Prohawk	(A)	-	865,000	865,000
		<u>1,933,287</u>	<u>12,944,258</u>	<u>14,877,545</u>

**(A) Konsortium ProHAWK Sdn Bhd ("Prohawk")**

**IMTN**

On 18 June 2013, Prohawk established an IMTN Programme under the Shariah Principle of Murabahah, with a nominal amount of up to RM900.0 million.

The IMTN is secured by a first ranking charge over all of Prohawk's assets, rights, interests and titles, including granting the right to the security agent to appoint a substituted entity to take over the concession.

There are several series within the issue tranches, each with different tenure and profit rate. The details of the IMTN issuance are as follows:

<b>Issuance date</b>	<b>Tenures (Years)</b>	<b>Profit rate (% per annum)</b>	<b>At</b>	<b>During the year</b>	<b>At</b>
			<b>1 January 2018 RM'million</b>	<b>Repayment RM'million</b>	<b>31 December 2018 RM'million</b>
20 June 2013	17.5 - 20.0	5.24 - 5.35	200	-	200
20 December 2013	15.0 - 17.5	5.21 - 5.34	120	-	120
26 June 2014	13.0 - 15.0	5.21 - 5.32	120	-	120
22 December 2014	4.5 - 12.0	4.91 - 5.26	425	(25)	400
			<u>865</u>	<u>(25)</u>	<u>840</u>

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**61. Borrowings (cont'd.)**

**(ii) Unsecured bonds and notes**

<b>Group</b>	<b>Note</b>	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
<b>2018</b>				
Islamic CP/MTN Programme				
Khazanah	26(c) & (d)	1,500,000	21,315,364	22,815,364
UEM Sunrise	(a)	1,482,460	2,754,978	4,237,438
UEM Edgenta	(b)	31,461	501,005	532,466
UGB	(c)	-	99,522	99,522
		<u>3,013,921</u>	<u>24,670,869</u>	<u>27,684,790</u>
<b>2017</b>				
Islamic CP/MTN Programme				
Khazanah	26(c) & (d)	-	19,248,934	19,248,934
UEM Sunrise	(a)	877,190	1,722,810	2,600,000
UEM Edgenta	(b)	-	301,691	301,691
UGB	(c)	-	99,400	99,400
		<u>877,190</u>	<u>21,372,835</u>	<u>22,250,025</u>

**(a) UEM Sunrise Berhad ("UEM Sunrise")**

**(i) UEM Sunrise Term Loan and Revolving Credit Facilities**

The term loan and revolving credit facilities utilised by UEM Sunrise's subsidiaries are subject to interest rates ranging from 3.82% to 5.59% (2017: 3.60% to 5.33%) per annum.

The outstanding balance in previous year which consists of two tranches of RM100.0 million each had been fully settled in the previous financial year.

The facilities are secured by certain freehold land held for property development and property development costs, as disclosed in Note 44.

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**61. Borrowings (cont'd.)**

**(ii) Unsecured bonds and notes (cont'd.)**

**(a) UEM Sunrise (cont'd.)**

**(ii) UEM Sunrise ICPN and IMTN**

In 2012, UEM Sunrise established an ICP Programme and an IMTN Programme, with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. The ICP and IMTN Programme have been assigned with a rating of MARC-1<sub>IS</sub>/ AA<sub>IS</sub> respectively.

The details of the IMTN issuance are as follows:

Issuance date	Tenure (Years)	Profit rate (% per annum)	At	Repayment	At
			1 January 2018	during the year	31 December 2018
			RM'million	RM'million	RM'million
13 December 2013	5	4.60	700	(700)	-
30 June 2014	5	4.72	200	-	200
30 June 2014	7	4.90	200	-	200
10 April 2015	5	4.58	150	-	150
10 April 2015	7	4.80	150	-	150
			<u>1,400</u>	<u>(700)</u>	<u>700</u>

In year 2016, UEM Sunrise established its second Sukuk programme: Islamic Commercial Paper Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500.0 million in nominal value. The ICP and IMTN Programmes have been assigned a rating of MARC-1<sub>IS</sub>/AA<sub>IS</sub> respectively.

The details of the IMTN and ICP issuance are as follows:

Issuance date	Tenure (Years)	Profit rate (% per annum)	At	During the year		At
			1 January 2018	Issuance	Repayment	31 December 2018
			RM'million	RM'million	RM'million	RM'million
20 May 2016	7	5.00	500	-	-	500
8 August 2017	1	4.47	100	-	(100)	-
11 December 2017	3	4.80	200	-	-	200
11 December 2017	4	5.06	300	-	-	300
11 December 2017	7	5.32	100	-	-	100
23 May 2018	1	4.62	-	100	-	100
31 October 2018	3	4.85	-	350	-	350
31 October 2018	5	4.98	-	100	-	100
31 October 2018	7	5.15	-	250	-	250
			<u>1,200</u>	<u>800</u>	<u>(100)</u>	<u>1,900</u>

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**61. Borrowings (cont'd.)**

**(ii) Unsecured bonds and notes (cont'd.)**

**(b) UEM Edgenta**

UEM Edgenta had established an ICP Programme and an IMTN Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit on the ICP Programme of RM300.0 million in nominal value.

On 26 April 2017, UEM Edgenta completed the issuance of the following:-

- a) RM50.0 million in nominal value of ICPs with a tenor of 12 months; and
- b) RM250.0 million in nominal value of IMTNs with a tenor of 5 years.

The proceeds from the issuance of ICP and IMTN are utilised by UEM Edgenta for its Shariah-compliant general corporate purposes.

The weighted average interest rates for ICP and IMTN are 4.37% (2017: 4.33%) and 4.85% (2017: 4.85%) respectively.

**(c) United Growth Berhad ("UGB")**

On 21 June 2012, UEM, through UGB, issued an IMTN Programme under the Shariah Principle of Musharakah, with nominal amount of up to RM2.2 billion. On the same day, UGB issued RM100.0 million IMTN at a discounted price of RM98.8 million.

The tenure of IMTN programme is 10 years and will be maturing on 21 June 2022. The IMTN carries a fixed profit rate of 4.73% per annum.

The discount of RM1.2 million is amortised over the tenure of the IMTN at an effective interest rate of 4.88% (2017: 4.88%) per annum. As at the reporting date, the carrying value of the IMTN, taking into consideration the unamortised portion of the discount, is as follows:

	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Principal	100,000	100,000
Unamortised discount	(478)	(600)
	<u>99,522</u>	<u>99,400</u>

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## 61. Borrowings (cont'd.)

## (iii) Other borrowings

Group		Short term RM'000	Long term RM'000	Total RM'000
<b>2018</b>				
<b>Secured:</b>				
CIMA	(A)	-	22,000	22,000
Other term loans and payables	(B)	670,714	12,961,928	13,632,642
Loan from Government	(C)	35,180	352,529	387,709
LMS	(D)	474,065	1,856,755	2,330,820
Finance lease and hire purchase payable	(E)	204,804	403,210	608,014
Others	(F)	25,521	180	25,701
		<u>1,410,284</u>	<u>15,596,602</u>	<u>17,006,886</u>
<b>Unsecured:</b>				
Other term loans and payables	(B)	16,332,404	-	16,332,404
Others	(F)	2,757	-	2,757
		<u>16,335,161</u>	<u>-</u>	<u>16,335,161</u>
<b>Total</b>		<u>17,745,445</u>	<u>15,596,602</u>	<u>33,342,047</u>
<b>2017</b>				
<b>Secured:</b>				
CIMA	(A)	-	142,000	142,000
Other term loans and payables	(B)	961,904	6,953,074	7,914,978
Loan from Government	(C)	528,872	416,673	945,545
LMS	(D)	87,841	2,423,407	2,511,248
Finance lease and hire purchase payable	(E)	3,893,465	463,588	4,357,053
Others	(F)	13,443	309	13,752
		<u>5,485,525</u>	<u>10,399,051</u>	<u>15,884,576</u>
<b>Unsecured:</b>				
Other term loans and payables	(B)	7,734,364	4,767,888	12,502,252
Others	(F)	1,167,070	-	1,167,070
		<u>8,901,434</u>	<u>4,767,888</u>	<u>13,669,322</u>
<b>Total</b>		<u>14,386,959</u>	<u>15,166,939</u>	<u>29,553,898</u>

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**61. Borrowings (cont'd.)**

**(iii) Other borrowings (cont'd.)**

**(A) Cement Industries Of Malaysia Berhad ("CIMA")**

In 2011, CIMA Group obtained a syndicated term loan facility to part finance its plant expansion. The facility is secured by way of third party legal charge over land of CIMA's subsidiary in Negeri Sembilan.

The term loan is subject to fixed interest rate of 5.25% (2017: 5.25%) per annum.

The term loan is fully settled on 25 January 2019.

**(B) Other term loans and payables**

Included in the Group's term loans and payables are secured and unsecured term loans with interest rates ranging from 1.3% to 10.76% (2017: 1.3% to 10.76%) per annum and facility terms of 1 to 5 years.

Secured term loans of the Group are secured by the followings:

- (i) property, plant and equipment
- (ii) deposit with licensed banks
- (iii) investment assets
- (iv) assignment of proceeds
- (v) corporate guarantees

**(C) Loan from Government**

Iskandar Investment Berhad ("IIB"), a subsidiary of the Group, was granted a term loan facility of RM550 million from Ministry of Finance, Malaysia ("MoF"), to finance the Legoland Themed Park Project. The term loan is secured by way of debenture issued by IDR Assets Sdn. Bhd. ("IDRA"), and is subject to interest charge at 3.75% per annum. The interest for the first 48 months is to be capitalised to the principal. The term loan including the capitalised interest is repayable from 2013 to 2026.

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**61. Borrowings (cont'd.)**

**(iii) Other borrowings (cont'd.)**

**(C) Loan from Government (cont'd.)**

In prior years, Themed Attractions And Resort Sdn. Bhd. ("TAR"), the holding company of IDRA had undertake to complete the novation of the term loan by 31 December 2015 and assume the liability in relation to the said loan.

Due to certain unforeseen circumstances not within the control of IIB, the novation was not completed. In August 2016, TAR issued a letter of undertaking ("LOU") to IIB confirming that IIB will remain as a party to the MOF loan and TAR will continue to indemnify IIB for any claims, actions as a party to the MoF loan. IIB shall not be liable for any amount owing under the MOF loan and TAR will be fully responsible for the payment and settlement of all the amounts owing under the MOF loan. With this LOU, TAR has been released from its obligation to novate the MOF loan. Accordingly, the MOF loan is classified based on the existing terms of the loan.

The unamortised borrowing costs eligible for capitalisation included in the term loan is RM1,203,208 (2017: RM1,375,095).

**(D) PT Lintas Marga Sedaya ("LMS")**

On 26 September 2012, LMS obtained a syndicated term loan facility to finance the construction of the Cikampek-Palimanan Toll Road ("CPTR"). The credit facility is divided into three tranches and the maximum amount of the credit facility is IDR8,800,000 million with the first drawdown in June 2013. The applicable interest rates, paid quarterly, are based on time deposits for a period of three months plus margins as follows:

- 5.50% per annum prior to the Project Commercial Operation Date;
- 5.25% per annum since the Project Commercial Operation Date for the part of financing which is unsecured by the Standby Letter of Credit Top Up Guarantee; and
- 3.25% per annum since the Project Commercial Operation Date for the part of financing which is secured by Standby Letter of Credit Top Up Guarantee.

The average interest rates are 10.76% (2017: 10.76%) for the portion of loan without Standby Letter of Credit and 8.96% (2017: 8.96%) for the portion of loan with Standby Letter of Credit.

The loan is secured pari passu and pro rata over all receivables, assets, escrow account, shares issued, assignment of rights agreement and letter of undertaking from UEM, shareholders of LMS and Mezzanine creditors.

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**61. Borrowings (cont'd.)**

**(iii) Other borrowings (cont'd.)**

**(D) PT Lintas Marga Sedaya ("LMS") (cont'd.)**

On August 10, 2018, LMS and a syndication of banks and financial institution signed a new 15 years syndicated term loan facility agreement of IDR8,889,100 million which is divided into two tranches as follows:

- (a) Tranche A amounting to IDR8,416,500 million for the full repayment of the previous syndicated loan balance.
- (b) Tranche B amounting to IDR472,600 million for the construction of access toll road to Kertajati International Airport.

The applicable interest expense, payable quarterly, is based on the interest rates on time deposits for a period of three months plus margins of 3.94%. The average interest rates is 9.70% per annum for current year.

The loan is secured pari passu and pro rata over all receivables, assets, escrow account, shares issued, assignment of rights agreement and letters of undertaking from UEM, shareholders of LMS (which includes PEIB) and PT Astra Tol Nusantara.

**(E) Finance lease and hire purchase creditors**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Future minimum lease payments:</b>		
Less than one year	227,767	4,301,670
Between one year and five years	313,040	454,634
More than five years	141,281	57,970
Total minimum future lease payments	<u>682,088</u>	<u>4,814,274</u>
Less: Future finance charges	<u>(74,074)</u>	<u>(457,221)</u>
Present value of finance liabilities	<u>608,014</u>	<u>4,357,053</u>
<b>Analysis of present value of finance lease liabilities:</b>		
Not later than one year	204,804	3,893,465
Later than one year and not later than five years	268,624	414,384
Later than five years	134,586	49,204
Analysed as:	<u>608,014</u>	<u>4,357,053</u>
Less: Amount due within 12 months	<u>(204,804)</u>	<u>(3,893,465)</u>
Amount due after 12 months	<u>403,210</u>	<u>463,588</u>

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**61. Borrowings (cont'd.)**

**(iii) Other borrowings (cont'd.)**

**(E) Finance lease and hire purchase creditors (cont'd.)**

Finance leases and hire purchases are subject to a floating or fixed interest rate ranging from 1.45% to 5.77% (2017: 1.76% to 9.97%) per annum.

Included in finance lease liabilities are leases of aircraft. Under the terms of the finance lease, the Group has the option to buy the aircraft from the lessor at a predetermined price.

In the event the lessee exercises the option to buy the aircraft at the purchase option date, the purchase price comprises total sum of the purchase option price and rent of the aircraft due and payable on the purchase option date.

The finance lease of the Group has tenure ranging between 5 to 12 years (2017: 5 to 12 years).

**(F) Others**

Included in other borrowings are:

**(i) Revolving credit facilities**

The revolving credit facilities bear interest at rates ranging from 2.08% to 5.59% (2017: 2.08% to 5.45%) per annum. Certain revolving credit facilities are guaranteed by the Group and the Government of Malaysia.

**(ii) Bank overdrafts**

The bank overdrafts bear interest at rates ranging from 7.74% to 8.60% (2017: 7.49% to 8.35%) per annum. Certain bank overdrafts are secured by a general lien over a subsidiary's assets and short term fixed deposits.

The movement in the borrowings are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	71,303,272	73,049,929
Drawdown	20,625,896	6,487,747
Repayment	(16,383,842)	(6,740,995)
Unrealised gain/(loss) on foreign exchange	1,083,022	(2,286,109)
Amortisation	763,099	792,700
	<u>77,391,447</u>	<u>71,303,272</u>

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**62. Trade payables**

	<b>Note</b>	<b>2018</b> <b>RM'000</b>	<b>Group</b> <b>2017</b> <b>RM'000</b> <b>(Restated)</b>	<b>2016</b> <b>RM'000</b> <b>(Restated)</b>
Trade payables		2,671,108	2,487,313	2,189,062
Contract liabilities	53(iii)	54,306	161,483	203,660
		<u>2,725,414</u>	<u>2,648,796</u>	<u>2,392,722</u>

The payables are interest free and the normal trade credit terms granted to the Group range from 30 days to 90days (2017: 30 days to 90 days).

**63. Other current liabilities**

<b>Group</b>	<b>Note</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b> <b>(Restated)</b>	<b>2016</b> <b>RM'000</b> <b>(Restated)</b>
Dividend payable		-	400,000	150,000
Sales in advance of carriage	(i)	1,448,746	1,370,234	1,412,929
Amount due to MOF Inc.	(ii)	-	-	2,484,474
Amount due to associates	(ii)	19,771	21,148	23,898
Amount due to related companies	(iii)	144,536	84,993	192,691
Interest payable		379,653	313,885	272,960
Insurance payables		51,616	181,507	162,621
Government grant	66(i)	55,326	20,648	60,671
Retirement benefit obligations and provision for employee entitlements	64	1,854	975	10,831
Deferred liabilities and income	66(iii)	73,138	117,211	437,263
Provision for aircraft maintenance and overhaul costs	(iv)	2,630,264	2,274,108	2,215,124
Accruals		2,158,671	3,154,152	3,070,092
Other payables		1,178,733	3,054,483	3,970,620
		<u>8,142,308</u>	<u>10,993,344</u>	<u>14,464,174</u>

(i) Sales in advance of carriage represents the value of unutilised passenger tickets and cargo airway bills in respect of transportation services not yet rendered as at the reporting date.

(ii) The amount due to associates is unsecured, interest free and is repayable on demand.

(iii) The amount due to related companies is unsecured, interest free and is repayable on demand.

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**63. Other current liabilities (cont'd.)**

- (iv) The Group leases a majority of its aircraft and engines whereby under the terms of the leases, these aircraft and engines are to be returned substantially in the original state when they were leased. Provisions are made based on the estimated hours flown and estimated costs of maintenance required. These estimates are based on past experiences and are regularly reviewed to ensure they approximate actual costs.

<b>Group</b>	<b>2018</b> <b>RM'000</b>	<b>2017</b> <b>RM'000</b>
At 1 January	2,274,108	2,215,124
Additional provision	409,330	360,077
Reversal of provision	(53,174)	(268,189)
Disposal	-	(32,904)
At 31 December	<u>2,630,264</u>	<u>2,274,108</u>

All other balances of financial liabilities above are unsecured, interest free and are normally settled on 30 to 180 days (2017: 30 to 180 days) terms.

**64. Retirement benefit obligations and provision for service entitlements**

<b>Group</b>	<b>Note</b>	<b>Retirement benefit obligation RM'000</b>	<b>Provision for service entitlements RM'000</b>	<b>Total RM'000</b>
At 1 January 2018		28,625	27,570	56,195
Exchange differences		859	(56)	803
Arising during the year		2,848	532	3,380
Payments made during the year		(1,190)	-	(1,190)
At 31 December 2018		<u>31,142</u>	<u>28,046</u>	<u>59,188</u>
Less: Current portion	63	(1,854)	-	(1,854)
Long term portion	66	<u>29,288</u>	<u>28,046</u>	<u>57,334</u>
At 1 January 2017		27,610	27,343	54,953
Exchange differences		231	-	231
Arising during the year		2,628	227	2,855
Payments made during the year		(1,844)	-	(1,844)
At 31 December 2017		<u>28,625</u>	<u>27,570</u>	<u>56,195</u>
Less: Current portion	63	(975)	-	(975)
Long term portion	66	<u>27,650</u>	<u>27,570</u>	<u>55,220</u>

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**64. Retirement benefit obligations and provision for service entitlements (cont'd.)**

**(a) Retirement benefit obligations**

Provision for retirement benefits mainly arising from:

CIMA

The liabilities and costs relating to the benefit are provided by CIMA pursuant to the Collective Agreement entered between CIMA and Cement Industry Employees' Union. Under the scheme, eligible employees are entitled to retirement benefits upon reaching the retirement age of 60.

The retirement benefit is only payable to unionised employees who:

- (a) retire on attainment of age 60; or
- (b) are medically boarded out; or
- (c) die in service; or
- (d) resign voluntarily after 10 years of company service; or
- (e) promoted to executive or supervisor level

CIMA Group maintains a book reserve in respect of the liabilities based on the actuarial valuation updated by an independent actuary on 31 December 2018. The retirement plan is currently not funded and there are no physical assets set aside for the cost of the benefits.

Edgenta UEMS Ltd (formerly known as UEM Solution Ltd)

Edgenta UEMS Ltd (formerly known as UEM Solution Ltd), a subsidiary of UEMS Pte Ltd, has a retirement plan covering all its regular employees who opted for defined benefits plan. Benefits under the plan are based on the length of service and estimated base pay at the time of retirement. The pension assets and liabilities are valued on annual basis by independent actuary.

The plan assets, comprising cash and cash equivalents, are deposited with the Bank of Taiwan and are managed by the government of Taiwan. The plan assets do not have quoted market prices in active market.

UEM Edgenta Berhad ("UEM Edgenta")

UEM Edgenta Group operates an unfunded, defined benefit Retirement Benefit Scheme for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 60, on medical incapacity or on death. The present value of defined benefit obligation was based on the actuarial valuation report by independent actuary dated 20 January 2019.

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**64. Retirement benefit obligations and provision for service entitlements (cont'd.)**

**(a) Retirement benefit obligations (cont'd.)**

PT Lintas Marga Sedaya ("LMS")

LMS operates an unfunded, defined benefit Retirement Benefit Scheme for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 55, on medical incapacity or on death. The present value of the defined benefit obligation was based on the actuarial valuation report by an independent actuary dated 31 January 2019.

Trichy Padalur Tollways Private Limited ("TPTPL")

TPTPL operates a defined benefit plan for its employees for gratuity. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure. The present value of defined benefit plan was based on the actuarial valuation report by an actuary dated 24 January 2019.

**(b) Provision for employee entitlements**

Provision for employee entitlements comprises provision for retirement leave entitlements of eligible employees of a foreign subsidiary. The provisions are in respect of both vested and unvested entitlements, and are made by reference to independent actuarial valuations.

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**65. Other reserves**

Group	Foreign currency translation reserve RM'000 Note (a)	Fair value adjustment reserve RM'000 Note (b)	Cash flow hedge reserve RM'000 Note (c)	Share option reserve RM'000 Note (d)	Capital reserve RM'000	Statutory reserve RM'000 Note (e)	Retirement benefit reserve RM'000 Note (g)	Others RM'000	Total RM'000
<b>2018</b>									
<b>At 1 January (as reported)</b>	3,604,967	6,179,988	(522,600)	(9,108)	(174,557)	247,543	(2,280,395)	(204,013)	6,841,825
Effect of adoption of MFRS	16,646	-	(14,638)	-	-	-	-	-	2,008
<b>At 1 January (as restated)</b>	3,621,613	6,179,988	(537,238)	(9,108)	(174,557)	247,543	(2,280,395)	(204,013)	6,843,833
Foreign currency translation differences of foreign operations	(244,120)	-	-	-	-	-	-	-	(244,120)
Net loss on fair value of other comprehensive income	-	(2,394,624)	-	-	-	-	-	-	(2,394,624)
Net loss on fair value of cash flow hedges	-	-	(595,475)	-	-	-	-	-	(595,475)
Share of other comprehensive (loss)/income of associates and joint ventures	(562,096)	(326,992)	123,101	-	-	-	58,074	-	(707,913)
Actuarial loss on retirement benefit plan	-	-	-	-	-	-	(289)	-	(289)
<b>Total other comprehensive loss</b>	<b>(806,216)</b>	<b>(2,721,616)</b>	<b>(472,374)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,785</b>	<b>-</b>	<b>(3,942,421)</b>

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**65. Other reserves (cont'd.)**

Group (cont'd.)	Foreign currency translation reserve RM'000 Note (a)	Fair value adjustment reserve RM'000 Note (b)	Cash flow hedge reserve RM'000 Note (c)	Share option reserve RM'000 Note (d)	Capital reserve RM'000	Statutory reserve RM'000 Note (e)	Retirement benefit reserve RM'000 Note (g)	Others RM'000	Total RM'000
<b>2018 (cont'd.)</b>									
Transaction with owners									
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-
Dilution of interest in associates	-	-	-	-	86,419	-	-	-	86,419
Share of reserves of associates and joint ventures	-	-	-	(1,229)	(642,239)	-	-	(2,531)	(645,999)
Transfer to:									
- disposal group held for sale	-	-	-	-	-	-	-	56,597	56,597
- statutory reserve	-	-	-	-	-	(208,958)	-	-	(208,958)
- general reserve	-	-	-	-	-	-	-	(502,032)	(502,032)
Expiry of share options	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	(28,773)	-	-	-	-	(28,773)
Total transactions with owners	-	-	-	(30,002)	(555,820)	(208,958)	-	(447,966)	(1,242,746)
At 31 December	2,815,397	3,458,372	(1,009,612)	(39,110)	(730,377)	38,585	(2,222,610)	(651,979)	1,658,666

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**65. Other reserves (cont'd.)**

Group (cont'd.)	Foreign currency translation reserve RM'000 Note (a)	Fair value adjustment reserve RM'000 Note (b)	Cash flow hedge reserve RM'000 Note (c)	Share option reserve RM'000 Note (d)	Capital reserve RM'000	Statutory reserve RM'000 Note (e)	Retirement benefit reserve RM'000 Note (g)	Others RM'000	Total RM'000
<b>2017</b>									
<b>At 1 January (as reported)</b>	7,087,958	1,620,985	(196,810)	(10,531)	(233,753)	2,112,224	(1,993,200)	(757,518)	7,629,355
Effect of adoption of MFRS	-	-	-	-	-	-	-	2,009	2,009
<b>At 1 January (as restated)</b>	7,087,958	1,620,985	(196,810)	(10,531)	(233,753)	2,112,224	(1,993,200)	(755,509)	7,631,364
Foreign currency translation differences of foreign operations	(1,741,026)	-	-	-	-	-	-	-	(1,741,026)
Net gain on fair value of other comprehensive income	-	4,515,617	-	-	-	-	-	-	4,515,617
Net (loss)/gain on fair value of cash flow hedges	-	-	(403,318)	-	-	-	-	423,965	20,647
Share of other comprehensive (loss)/income of associates and joint ventures	(1,698,342)	-	77,528	-	-	-	(290,262)	-	(1,911,076)
Actuarial gain on retirement benefit plan	-	-	-	-	-	-	3,067	-	3,067
<b>Total other comprehensive income</b>	<b>(3,439,368)</b>	<b>4,515,617</b>	<b>(325,790)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(287,195)</b>	<b>423,965</b>	<b>887,229</b>

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**65. Other reserves (cont'd.)**

Group (cont'd.)	Foreign currency translation reserve RM'000 Note (a)	Fair value adjustment reserve RM'000 Note (b)	Cash flow hedge reserve RM'000 Note (c)	Share option reserve RM'000 Note (d)	Capital reserve RM'000	Statutory reserve RM'000 Note (e)	Retirement benefit reserve RM'000 Note (g)	Others RM'000	Total RM'000
<b>2017 (cont'd.)</b>									
Transaction with owners									
Disposal of subsidiaries	-	-	-	-	(153)	-	-	-	(153)
Share of reserves of associates and joint ventures	-	-	-	1,999	59,349	-	-	-	61,348
Transfer to:									
- disposal group held for sale	-	-	-	-	-	-	-	45,213	45,213
- statutory reserve	-	-	-	-	-	(1,864,681)	-	-	(1,864,681)
- general reserve	-	-	-	-	-	-	-	84,089	84,089
Expiry of share options	-	-	-	(3,064)	-	-	-	-	(3,064)
Share based payments	-	-	-	2,488	-	-	-	-	2,488
Total transactions with owners	-	-	-	1,423	59,196	(1,864,681)	-	129,302	(1,674,760)
At 31 December (as restated)	3,648,590	6,136,602	(522,600)	(9,108)	(174,557)	247,543	(2,280,395)	(202,242)	6,843,833

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**65. Other reserves (cont'd.)**

- (a) The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- (b) Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of fair value through other comprehensive income financial assets until they are disposed of or impaired.
- (c) The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on change in fair value of hedging instruments entered into for cash flow hedges. The cumulative gains or losses in fair value of cash flow hedges will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.
- (d) Share option reserve represents the equity-settled share options granted to employees of the Group. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.
- (e) The statutory reserve of the Group is maintained in compliance with the requirements of Bank Negara Malaysia. This reserve is not distributable as cash dividends.
- (f) The capital redemption reserve relates to the capitalisation of retained profits arising from the redemption of preference shares. With the introduction of the Companies Act, 2016 effective 31 January 2017, the balance within the capital redemption reserve account has been transferred to the ordinary shares account.
- (g) The retirement benefit reserve relates to the actuarial gain or losses for the defined benefit plans of the Group.
- (h) The capital contribution from the shareholders relates to contribution from the holding company, where no repayment is expected.

**66. Other non-current liabilities**

		<b>Group</b>		
	<b>Note</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>(Restated)</b>	<b>(Restated)</b>
Retirement benefit obligation and provision for employee entitlements	64	57,334	55,220	49,832
Government grants	(i)	6,401	78,895	73,330
Insurance contract liabilities	(ii)	3,724,329	2,784,003	2,730,293
Deferred liabilities and income	(iii)	2,008,169	1,922,273	1,672,922
Contract liabilities	53(iii)	291,116	298,078	310,193
Others		2,262,352	2,475,083	2,296,486
		<u>8,349,701</u>	<u>7,613,552</u>	<u>7,133,056</u>

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**66. Other non-current liabilities (cont'd.)**

**(i) Government grants**

		<b>Group</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
At 1 January		99,543	134,001
Received during the year		(8,187)	13,851
Recognised in profit or loss	37	(1,890)	(48,309)
At 31 December		<u>89,466</u>	<u>99,543</u>
Analysed as:			
Current	63	55,326	20,648
Non-current		6,401	78,895
		<u>61,727</u>	<u>99,543</u>

Government grants granted to subsidiaries comprise the following:

- (i) Technology Development Cluster grant was given for the development of the University Supported Technology Incubation Centre Project under the Seventh Malaysian Plan.
- (ii) The Research and Information Database Homepage ("RAIDAH") grant is for the development of a technology database projects. The grant has been fully utilised during the year.
- (iii) Government grant received by MAVTRAC Sdn. Bhd. ("MAVTRAC"), a wholly-owned subsidiary of the Group, as the start up costs of operations to develop a system that will enable MAVTRAC to be the approved provider of building materials for Government approved projects.  
  
MAVTRAC had ceased operations since 2014 and there was no utilisation of the government grant since then. During the year, the unutilised grant was released to profit or loss.
- (iv) The Group was given a Government grant as funding for the development of projects in the Iskandar Development Region ("IDR").
- (v) A subsidiary of the Company, Blue Archipelago Berhad, was given a grant to fund the implementation of the Integrated Aquaculture Shrimp Park Project.
- (vi) A subsidiary of the Group, Xeraya Capital Sdn. Bhd. was given a grant for the creation of the Mudharabah Innovation Fund ("MIF"). The MIF shall be invested in the technology and life sciences sectors, focusing on venture and late stage high potential growth funds or companies.

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**66. Other non-current liabilities (cont'd.)**

**(i) Government grants (cont'd.)**

(vii) Strategic Iskandar Fund was given to compensate Iskandar Malaysia Studios Sdn. Bhd. ("IMS") and i2M Ventures Sdn. Bhd. both subsidiaries of the Group, for operational expenses incurred.

(viii) Grant from Unit Kerjasama Awam Swasta ("UKAS") to fund IMS for the cost of eligible capital expenditure.

**(ii) Insurance contract liabilities**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Gross</b>		
Life insurance and family takaful	2,581,250	2,433,496
General insurance and takaful	1,143,079	350,507
	<u>3,724,329</u>	<u>2,784,003</u>
<b>Reinsurance</b>		
Life insurance	(184,623)	(160,408)
General insurance	(545)	(1,171,509)
	<u>(185,168)</u>	<u>(1,331,917)</u>
<b>Net</b>		
Life insurance and family takaful	2,396,627	2,273,088
General insurance and takaful	1,142,534	(821,002)
	<u>3,539,161</u>	<u>1,452,086</u>

**(iii) Deferred liabilities and income**

	<b>Deferred liabilities</b>	<b>Deferred income</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2018</b>			
Amount recognised	-	2,561,651	2,561,651
Accumulated realisation	-	(480,344)	(480,344)
	<u>-</u>	<u>2,081,307</u>	<u>2,081,307</u>
Due within 12 months (Note 63)	-	73,138	73,138
Due after 12 months	-	2,008,169	2,008,169
	<u>-</u>	<u>2,081,307</u>	<u>2,081,307</u>

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**66. Other non-current liabilities (cont'd.)**

**(iii) Deferred liabilities and income (cont'd.)**

	<b>Deferred liabilities RM'000</b>	<b>Deferred income RM'000</b>	<b>Total RM'000</b>
<b>2017</b>			
Amount recognised	-	2,372,412	2,372,412
Accumulated realisation	-	(332,928)	(332,928)
	<u>-</u>	<u>2,039,484</u>	<u>2,039,484</u>
Due within 12 months (Note 63)	-	117,211	117,211
Due after 12 months	-	1,922,273	1,922,273
	<u>-</u>	<u>2,039,484</u>	<u>2,039,484</u>

Included in deferred income is the following:

(a) Deferred lease rental income

Deferred lease rental income comprises lease rental income received in advance from a third party upon the assignment of the lease, with respect to long term leasehold land of a subsidiary, to the third parties. Deferred lease rental is amortised on a straight line basis over the lease tenure period.

**67. Financial risk management objectives and policies**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include equity price, fuel price, interest rate, foreign currency, credit and liquidity risks. The Group has an approved set of guidelines and policies as well as internal controls which set out its overall business strategies to manage these risks. The Group's overall financial risk management objective is to enhance shareholders' value through effective management of the Group's risks. Although this guiding principle and objective is consistent throughout the Group, the Group consists of subsidiaries and subsidiaries group with their own governing Boards that will apply and determine the implementation of these policies in respect of each individual company.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

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**67. Financial risk management objectives and policies (cont'd.)**

**(a) Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of the Group's equity instruments will fluctuate because of changes in equity prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments are designated as fair value through profit or loss or available-for-sale financial assets.

Equity/investment risk management includes due diligence in screening the investment proposals according to the Group investment guidelines and procedures, constant communication and close monitoring of the performance of investee companies.

Sensitivity analysis for equity price risk

The following table demonstrates the sensitivity to a reasonably possible change in the equity price, with all other variables held constant, of the Group's equity (due to changes in the fair value of available-for-sale equity investments) and profit or loss (due to changes in the fair value of equity investments designated at fair value through profit or loss).

	Effect on equity RM'000	Effect on profit or loss RM'000
<b>Group</b>		
<b>2018</b>		
Increase in 12% of equity price	2,222,686	1,712,792
Decrease in 12% of equity price	<u>(2,222,686)</u>	<u>(1,712,792)</u>
<b>2017</b>		
Increase in 12% of equity price	2,313,868	1,763,180
Decrease in 12% of equity price	<u>(2,313,868)</u>	<u>(1,763,180)</u>

**(b) Fuel price risk**

Fuel price risk is the risk that future cash flows of the Group's financial instruments will fluctuate because of changes in market prices of fuel.

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**67. Financial risk management objectives and policies (cont'd.)**

**(b) Fuel price risk (cont'd.)**

The Group's earnings are affected by changes in the price of jet fuel, as a subsidiary of the Group operates in the air transportation business which require a continuous supply of fuel for its aircrafts. The Group manages this risk by using instruments such as swaps and options designated as hedge of highly probable forecast fuel purchases to reduce the volatility of cash flows. The Group's risk management strategy is to maintain a competitive hedge with regards to its competitors. The Group's risk management policy is to hedge up to 36 months forward with specified maximum and minimum hedge coverage. The percentage is guided by both competitive hedge policy and management's judgement.

As at 31 December 2018, the Group had entered into various fuel hedging transactions for periods up to 31 December 2018 in lots totalling 8,800,000 (2017: 6,750,000) barrels.

Sensitivity analysis for fuel price risk

The fuel price sensitivity analysis is based on fuel hedging contracts that are still outstanding as at the end of the financial year and unhedged fuel contracts. At the reporting date, if fuel price increases or decreases, each by USD10 per barrel, the effects are as follows:

Group	2018		2017	
	Equity RM'000	Profit net of tax RM'000	Equity RM'000	Profit net of tax RM'000
Increase in USD10 per barrel	(544,236)	907,634	224,329	48,641
Decrease in USD10 per barrel	544,236	(907,634)	(224,329)	(48,641)

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

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**67. Financial risk management objectives and policies (cont'd.)**

**(c) Interest rate risk (cont'd.)**

The Group actively manages its interest rate risk by maintaining a portfolio of financial instruments, including derivatives guided by its investment guidelines and policies, and regular reviews of its debt portfolio, interest rates and market expectations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (due to changes in the interest expense on floating rate borrowings and interest rate derivatives) and equity (due to changes in the cash flow hedge):

<b>Group</b>	<b>Effect on equity RM'000</b>	<b>Effect on profit or loss RM'000</b>
<b>2018</b>		
Increase in 25 basis points	(887)	(1,673)
Decrease in 25 basis points	887	1,673
	<hr/>	<hr/>
<b>2017</b>		
Increase in 25 basis points	-	(1,515)
Decrease in 25 basis points	-	1,515
	<hr/>	<hr/>

Weighted average interest rate and average maturity

The weighted average interest/profit rates per annum and the average maturity on the financial assets and financial liabilities as at 31 December were as follows:

**Financial assets**

	<b>2018</b>		<b>2017</b>	
	<b>Weighted average interest rates %</b>	<b>Average maturity days</b>	<b>Weighted average interest rates %</b>	<b>Average maturity days</b>
Licensed banks	3.59	-	3.97	1 to 365
Other financial institutions	-	-	3.48	15
	<hr/>	<hr/>	<hr/>	<hr/>

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**67. Financial instruments and related disclosures (cont'd.)**

**(c) Interest rate risk (cont'd.)**

**Financial liabilities**

	2018		2017	
	Weighted Average interest rates %	Average maturity years	Weighted Average interest rates %	Average maturity years
Bank overdrafts	8.17	Within 1 year	5.98	Within 1 year
Revolving credit	4.21	Within 1 year	3.76	Within 1 year
Finance lease and hire purchase	4.27	1 to 12 years	5.87	1 to 12 years
Term loans	6.56	<u>1 to 5 years</u>	5.87	<u>1 to 5 years</u>

**(d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign exchange risk arises mainly from borrowings, operating revenues and expenses which are denominated in foreign currencies mainly US Dollar ("USD"), Chinese Renminbi ("CNY") and Singapore Dollar ("SGD").

The Group maintains a natural hedge, whenever possible, by borrowings in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level and short term imbalances are addressed by buying or selling foreign currencies at spot rates.

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**67. Financial risk management objectives and policies (cont'd.)**

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in respective foreign currency exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax (due to translation of monetary items):

Group	Changes in rate	Effect on profit/(loss) before tax RM'000
<b>2018</b>		
USD/RM - Strengthened	+5%	(562,247)
- Weakened	-5%	562,247
SGD/RM - Strengthened	+5%	(135,998)
- Weakened	-5%	135,998
CNY/RM - Strengthened	+5%	123,000
- Weakened	-5%	(123,000)
<b>2017</b>		
USD/RM - Strengthened	+5%	(567,659)
- Weakened	-5%	567,659
SGD/RM - Strengthened	+5%	(211,998)
- Weakened	-5%	211,998
CNY/RM - Strengthened	+5%	153,000
- Weakened	-5%	(153,000)

**(e) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risk or the risk of counter parties defaulting is monitored and controlled by the application of credit approval, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the funding/borrowing to subsidiaries and associates.

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**67. Financial risk management objectives and policies (cont'd.)**

**(e) Credit risk (cont'd.)**

Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade and other receivables are monitored on an ongoing basis.

Deposits with banks and other financial institutions and derivatives that are neither past due nor impaired are placed with or entered with reputable financial institutions or companies with no history of default.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet, including derivatives with positive fair values.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 58 and Note 59, respectively. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

**(f) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulties in meeting their financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient level of cash or cash convertible investments to meet its working capital requirements.

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**67. Financial risk management objectives and policies (cont'd.)**

**(f) Liquidity risk (cont'd.)**

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings. Short term flexibility is achieved through credit facilities and short term borrowings. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term fundings so as to achieve the Group's asset and liability management strategy.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations.

	<b>On demand or within one year RM'000</b>	<b>1 to 5 years RM'000</b>	<b>More than 5 years RM'000</b>	<b>Total RM'000</b>
<b>2018</b>				
<b>Financial liabilities</b>				
Trade payables	2,725,414	-	-	2,725,414
Other liabilities	1,027,839	858,973	2,680,075	4,566,887
Borrowings	11,516,759	27,823,215	22,184,830	61,524,804
Derivative liabilities	7,055	147,793	-	154,848
Total undiscounted financial liabilities	<u>15,277,067</u>	<u>28,829,981</u>	<u>24,864,905</u>	<u>68,971,953</u>
<b>2017</b>				
<b>Financial liabilities</b>				
Trade payables	2,648,796	-	-	2,648,796
Other liabilities	1,257,758	705,017	2,183,247	4,146,022
Borrowings	18,756,095	33,258,550	30,585,132	82,599,777
Derivative liabilities	24,370	312,816	-	337,186
Total undiscounted financial liabilities	<u>22,687,019</u>	<u>34,276,383</u>	<u>32,768,379</u>	<u>89,731,781</u>

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**68. Fair value of financial instruments**

**(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

	<b>Group Carrying amount RM'000</b>	<b>Fair value RM'000</b>
<b>2018</b>		
<b>Financial assets</b>		
Other financial assets		
- Unquoted shares at cost less impairment	76,812	*
<b>Financial liabilities</b>		
Borrowings	32,559,776	33,057,839
<b>2017</b>		
<b>Financial assets</b>		
Other financial assets		
- Unquoted shares at cost less impairment	90,705	*
<b>Financial liabilities</b>		
Borrowings	30,850,062	31,371,651

- \* Fair value information has not been disclosed for the Group's investment in equity instruments that are carried at cost because fair value cannot be determined reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market and does not have any comparable industry peer that is quoted. In addition, the variability in the range of reasonable fair value estimates derived from valuation technique is significant.

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**68. Fair value of financial instruments (cont'd.)**

**(b) Determination of fair value**

(i) Cash and cash equivalents, receivables and payables

The carrying amount of these financial assets and liabilities are reasonable approximation of fair value due to either their short term nature or they are repayable on demand.

(ii) Quoted shares

The fair value of quoted shares is determined directly by reference to their published market bid price at the reporting date.

(iii) Financial assets designated as fair value through profit and loss

The fair value of unquoted bonds and structured products are based on the indicative fair values obtained from Bondweb, Bloomberg and/or respective licensed banks.

(iv) Loans receivable

The fair value of loans receivable are estimated by discounting the estimated future cash flows using current interest rates for financial assets with similar risk profile.

(v) Embedded derivatives

The fair value of embedded derivatives are valued using the Binomial model with market observable inputs. The model incorporates various inputs including closing market prices of underlying shares, foreign exchange spot rates and market interest rates.

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**68. Fair value of financial instruments (cont'd.)**

**(b) Determination of fair value (cont'd.)**

(vi) Derivatives

Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

(vii) Loans and borrowings

The carrying amount of the current portion of loans and borrowings is reasonable approximations of fair value due to the insignificant impact of discounting.

The carrying amount of certain loans and borrowings is reasonable approximations of fair value as they are floating rate instruments that are re-priced to market interest rates near the reporting date.

The fair value of non-current loans and borrowings, other than floating rate instruments, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the reporting date.

**(c) Fair value measurement hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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**68. Fair value of financial instruments (cont'd.)**

**(c) Fair value measurement hierarchy (cont'd.)**

**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2018:**

<b>Assets and liabilities measured at fair value</b>	<b>Carrying amount RM'000</b>	<b>Fair value measurement using</b>		
		<b>Quoted market price Level 1 RM'000</b>	<b>Observable input Level 2 RM'000</b>	<b>Unobservable input Level 3 RM'000</b>
<b>Financial assets</b>				
Financial assets designated as fair value through profit or loss				
- Shares	12,082,175	11,153,761	928,414	-
- Bonds	1,591,490	448,278	1,143,212	-
- Funds	599,600	407,927	191,673	-
Financial assets designated as fair value through other comprehensive income				
- Shares	17,376,150	16,280,718	212,432	883,000
- Bonds	1,146,236	328,558	817,678	-
- Funds	-	-	-	-
Derivative assets	24,614	-	24,614	-
<b>Financial liability</b>				
Derivative liabilities	435,893	-	435,893	-
<b>Assets and liabilities for which fair values are disclosed</b>				
<b>Assets</b>				
Interest in associates				
- Quoted shares	42,490,957	79,287,938	-	-
Investment properties	3,044,449	-	-	8,365,644
<b>Liability</b>				
Borrowings	32,559,776	-	33,057,839	-

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**68. Fair value of financial instruments (cont'd.)**

**(c) Fair value measurement hierarchy (cont'd.)**

**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2017:**

<b>Assets and liabilities measured at fair value</b>	<b>Carrying amount RM'000</b>	<b>Fair value measurement using</b>		
		<b>Quoted market price Level 1 RM'000</b>	<b>Observable input Level 2 RM'000</b>	<b>Unobservable input Level 3 RM'000</b>
<b>Financial assets</b>				
Financial assets designated as fair value through profit or loss				
- Shares	12,286,234	11,756,008	530,226	-
- Bonds	1,499,217	430,032	1,069,185	-
- Funds	907,712	366,617	541,095	-
Financial assets designated as fair value through other comprehensive income				
- Shares	17,760,068	11,539,956	5,337,112	883,000
- Bonds	1,490,996	716,772	774,224	-
- Funds	31,169	31,169	-	-
Derivative assets	236,888	-	236,888	-
<b>Financial liability</b>				
Derivative liabilities	337,186	-	337,186	-
<b>Assets and liabilities for which fair values are disclosed</b>				
<b>Assets</b>				
Interest in associates				
- Quoted shares	40,317,758	94,770,158	-	-
Investment properties	2,801,461	-	-	9,123,927
<b>Liability</b>				
Borrowings	30,850,062	-	31,371,651	-

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**68. Fair value of financial instruments (cont'd.)**

**(c) Fair value measurement hierarchy (cont'd.)**

During the year, there were no transfers between Level 1 and Level 2 fair value measurements.

A reconciliation of the beginning and closing balances of Level 3 financial instruments, including movements is summarised below:

	<b>Fair value through other comprehensive income Unquoted shares RM'000</b>
At 1 January 2018	883,000
Net fair value gain recognised in other comprehensive income	-
At 31 December 2018	<u>883,000</u>
At 1 January 2017	1,022,000
Net fair value gain recognised in other comprehensive income	(139,000)
At 31 December 2017	<u>883,000</u>

**(d) Level 3 fair value measurement**

**Description of significant unobservable inputs to valuation:**

Fair value through other comprehensive income investments - unquoted shares

<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Sensitivity of input to fair value</b>
Market comparables	Discount rate (ranging from 0%-15%)	5% increase (decrease) in the the discount would result in decrease (increase) in fair value (2017: RM44 million)

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the instruments.

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**69. Financial instruments by category**

**31 December 2018**

	<b>Amortised cost RM'000</b>	<b>Financial assets designated as fair value through profit or loss RM'000</b>	<b>Financial assets designated as fair value through other comprehensive income RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Cash and bank balances	5,730,632	-	-	5,730,632
Other financial assets	2,507,782	14,273,265	18,599,198	35,380,245
Derivative assets	-	24,614	-	24,614
Other receivables	10,176,434	-	-	10,176,434
<b>Total</b>	<b>18,414,848</b>	<b>14,297,879</b>	<b>18,599,198</b>	<b>51,311,925</b>

	<b>Financial liabilities designated as fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Financial liabilities</b>			
Borrowings	-	77,391,447	77,391,447
Derivative liabilities	435,893	-	435,893
Other payables	-	10,167,704	10,167,704
<b>Total</b>	<b>435,893</b>	<b>87,559,151</b>	<b>87,995,044</b>

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**69. Financial instruments by category (cont'd.)**

**31 December 2017**

	<b>Amortised cost RM'000</b>	<b>Financial assets designated as fair value through profit or loss RM'000</b>	<b>Financial assets designated as fair value through other comprehensive income RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Cash and bank balances	6,845,117	-	-	6,845,117
Other financial assets	3,196,248	14,693,163	19,372,938	37,262,349
Derivative assets	-	236,888	-	236,888
Other receivables	9,708,913	-	-	9,708,913
<b>Total</b>	<b>19,750,278</b>	<b>14,930,051</b>	<b>19,372,938</b>	<b>54,053,267</b>

	<b>Financial liabilities designated as fair value through profit or loss RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Total RM'000</b>
<b>Financial liabilities</b>			
Borrowings	-	71,303,272	71,303,272
Derivative liabilities	337,186	-	337,186
Other payables	-	12,946,139	12,946,139
<b>Total</b>	<b>337,186</b>	<b>84,249,411</b>	<b>84,586,597</b>

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**70. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group regularly reviews and manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes in regards to the Group's management of its capital structure during the financial years ended 31 December 2018 and 31 December 2017.

Certain subsidiaries of the Group are subject to externally imposed capital requirements. This externally imposed capital requirement has been complied with by those subsidiaries for the financial years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is defined as net debt divided by total capital. The Group's policy is to keep the gearing ratio below two and a half times. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital represents equity attributable to the owners of the Group.

Although this guiding principle and objective is consistent throughout the Group, the Group consists of subsidiaries and subsidiaries groups' with their own governing Boards and management that will apply different key measurements for its capital structure management including gearing ratio.

	<b>Note</b>	<b>Group</b>	
		<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Long term borrowings	61	54,150,732	52,725,665
Short term borrowings	61	23,240,715	18,577,607
Less: Cash and bank balances	60	<u>(5,730,632)</u>	<u>(6,845,117)</u>
Net debt		<u>71,660,815</u>	<u>64,458,155</u>
Share capital	27	12,284,201	12,284,201
Capital contribution from shareholders		4,124,423	4,124,423
Reserves		<u>33,887,504</u>	<u>49,048,222</u>
Equity attributable to the owners of the Group		<u>50,296,128</u>	<u>65,456,846</u>
Gearing ratio (times)		<u>1.42</u>	<u>0.98</u>

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**71. Commitments**

**(i) Capital commitment**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for	5,610,064	4,231,167
Approved but not contracted for	20,195	9,931,519
	<u>5,630,259</u>	<u>14,162,686</u>
Analysed as follows:		
Property, plant and equipment and land held for property development	5,600,496	5,619,694
Investments	29,763	96,437
Others	-	274,293
	<u>5,630,259</u>	<u>5,990,424</u>

**(ii) Non-cancellable operating lease commitments payable:**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>As lessor</b>		
Due within 1 year	308,647	342,941
Due within 1 year and not later than 5 years	141,355	157,061
Due after 5 years	94,931	105,479
	<u>544,933</u>	<u>605,481</u>
<b>As lessee</b>		
Due within 1 year	2,221,765	689,557
Due within 1 year and not later than 5 years	7,475,446	2,366,985
Due after 5 years	8,875,022	6,090,627
	<u>18,572,233</u>	<u>9,147,169</u>

In 2006, the Group entered into two non-cancellable leasing agreements with third parties to lease two aircrafts. These leases expire in 2020 and have a purchase option in 2018. The aircrafts were subleased to a subsidiary.

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**72. Contingent liabilities**

**Aur Ventures Sdn. Bhd. ("Aur")**

		<b>Group</b>	
		<b>2018</b>	<b>2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Guarantee given to Yayasan Hasanah	(i)	3,000,000	3,000,000
Bank performance bonds and guarantees		<u>309,820</u>	<u>686,886</u>

(i) The Company's SPV, Aur Ventures Sdn. Bhd. ("Aur") entered into an Investment Management Agreement ("IMA") with Yayasan Hasanah ("YH"), where it guarantees the followings:

- (a) a minimum return of no less than the amount required by YH based on YH's annual budget as approved by the Board of Trustees of YH, subject to a maximum limit of RM150 million per annum; and
- (b) the invested capital of RM3 billion for such period of time until the termination of the IMA

As at 31 December 2018, no provision is required to be made given the uncertainty surrounding the crystallisation period of the guarantees.

**Malaysian Airline System Berhad ("MAS")**

(a) Flight MH370

Following the disappearance of flight MH370, next-of-kin of the passengers are entitled to receive compensation for the losses they suffered. The compensation amounts payable to the next-of-kin of the passengers will be fully covered by the MAS's aviation liability insurance policy and will be determinable upon submission and verification of the losses suffered by the respective next-of-kin.

As at 31 December 2018, MAS has concluded close to 50% of claims by the next-of-kin. Claims filed in court in relation to flight MH370 will be resolved via the legal process.

These compensation amounts payable are not expected to have significant impact to MAS's results in the financial statements as any future claims (including legal cases) or compensation payable to the next-of-kin of the passengers will also be fully covered by MAS's aviation liability insurance policies.

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**72. Contingent liabilities (cont'd.)**

**Malaysian Airline System Berhad ("MAS") (cont'd.)**

(b) Flight MH17

Following the catastrophic loss of flight MH17, next-of-kin of the passengers are entitled to receive compensation for the losses they suffered. The compensation amounts payable to the next-of-kin of the passengers will be fully covered by MAS's aviation liability insurance policy and will be determinable upon submission and verification of the losses suffered by the respective next-of-kin. As at 31 December 2018, MAS has concluded close to 90% of claims by the next-of-kin. Claims filed in court in relation to flight MH17 will be resolved via the legal process.

These compensation amounts payable are not expected to have significant impact to MAS's results in the financial statements as any future claims (including legal cases) or compensation payable to the next-of-kin of the passengers will also be fully covered by MAS's aviation liability insurance policies.

- (c) On 11 November 2012, the Company instituted a claim against Silkways Cargo Service Ltd ("Silkways") (a former General Sales Agent of the Company) pursuant to a Side Letter dated 1 March 2009 to a general sales agency agreement (cargo) dated 1 March 2009 made between the Company and Silkways. The claim was for the sum of USD150,000 plus interest of USD13,125 for the shortage of cargo sale for the period from March 2011 to February 2012 as Silkways was supposed to achieve a total sale of USD8,500,000 but Silkways only achieved a total sale of USD5,155,000.

On 15 November 2012 the Company filed an additional claim against Silkways for the sum of approximately BDT262,244,000 for, among others, losses suffered in connection with cargo sales, passenger ticket sales, goodwill losses, and loss of business.

In response to the claims, Silkways had on 24 November 2013 filed a counterclaim against MAS for the sum of BDT2,786,416,000 for, among others, commission charges, loss of business and goodwill. MAS's solicitors had on 6 July 2014 filed a written statement in reply to this counterclaim, and are currently waiting for decision by the District Court of Dhaka.

There was no update in the case from prior year. As MAS is still waiting for decision by the court, therefore it is not practicable to state the timing of any payment.

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**72. Contingent liabilities (cont'd.)**

**Iskandar Investment Berhad ("IIB")**

(d) Damages claim from a third party

In year 2014, a third party commenced an action against a subsidiary of the Group, Iskandar Harta Holdings Sdn Bhd ("IHHSB"), claiming for wrongful breach of the terms under a Lease Purchase Agreement ("LPA") dated 28 November 2011 regarding the sale of a land lease by IHHSB to the said party. The estimated payout is RM87,393,000 should the action be successful.

On 7 August 2017, the learned Judge dismissed the Plaintiff's claims against IHHSB. On 11 August 2017, the Plaintiff filed Notice of Application for Stay of Execution and Notice of Appeal against the High Court decision. At the date of this report, the Court held in favor of IHH.

**UEM Group Berhad ("UEM")**

(e) On 10 February 2009, a legal proceeding was filed in the Court of Qatar ("CoQ") by the Director General of the Public Works Authority (Plaintiff) against Persons International Ltd. ("the 1st Defendant"), UEM ("the 2nd Defendant") and the Qatar Insurance Company ("the 3rd defendant").

The legal action requested for a ruling to render the defendants jointly liable to settle in its benefit the amount of QR878.3 million (approximately RM978.2 million) as material and moral damage for the losses incurred as per the reasons detailed in the initiatory pleading, along with preserving the right of plaintiff to indemnity for delay in the project and any other damages. The claims were amended to QR1,147.9 million (approximately RM1,278.4 million) on 23 February 2009.

The solicitors in Qatar have indicated that UEM has sufficient grounds in defending the action. UEM filed the short memorial of defense, together with a counter claim of QR855.6 million (approximately RM952.9 million) on 15 October 2009. On 29 December 2011, the counter claim was amended to QR1,165.6 million (approximately RM1,278.4 million).

On 9 January 2014, the CoQ passed a preliminary decision disputing a panel of experts to examine the matter, which was subsequently formed. On 17 March 2015, the CoQ granted UEM's request to replace one of the accounting experts with a quantity survey expert.

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**72. Contingent liabilities (cont'd.)**

**UEM Group Berhad ("UEM") (cont'd.)**

(e) (cont'd.)

Subsequent to the submission of the report and exhibits by the experts in November and December 2016, the Plaintiff and the defendants filed memorial with comments on the expert's findings. At the 14 March 2017 hearing, the experts submitted their supplementary report. All parties submitted their comments on the supplementary report on 30 March 2017. Further comments on the supplementary report were submitted on 11 April 2017. The Court scheduled the judgment on 27 April 2017.

At the 27 April 2017 hearing, the CoQ decided that the case requires essential documents, which had not been submitted by the parties in order for the Court to reach a verdict. Accordingly, the CoQ decided to re-open the case for further deliberation.

Following the submission of documents by the Plaintiff and the defendants in May and June 2017, the CoQ gave an oral judgment on 21 June 2017. The written judgement received provides the breakdown of the amount awarded to UEM of QR208.2 million (approximately RM231.9 million), as well as the amount awarded to Plaintiff of QR147.3 million (approximately RM164.0 million), of which an amount of QR73.6 million (approximately RM82.0 million) is adjudged against UEM. The net amount awarded to UEM was QR134.6 million (approximately RM149.9 million).

(f) The Plaintiff, the 1st Defendant and UEM had separately filed appeal against the CoQ's verdict. On 15 October 2017, the Court of Appeal ("CoA") decided to consolidate all the three appeals. On 7 January 2018, the Plaintiff, UEM and the 3rd Defendant submitted their memorandum. The CoA adjourned the proceedings until 19 March 2018 for consolidating the case file from the CoQ.

(g) In March 2013, the Group had given a Letter of Undertakings to PT Bank Central Asia TBK, the Security Agent for LMS' syndicated term loan, to finance any cash deficiencies, costs overruns and to ensure the construction for the CPTR is completed.

The Group agreed and undertook to finance and fund any cash deficiency required by LMS in relation to the CPTR Project so that LMS is able to promptly perform its obligation under the syndicated term loan facility. The undertaking remains effective up until June 2022, being 7 years from the Commercial Operation Date.

Besides, PEIB, together with the other shareholder of LMS, have also entered into a Keep Well Agreement with Deutsche Bank AG, Jakarta Branch ("DB Jakarta"), MEXIM and LMS on 8 March 2013, whereby each shareholder jointly and severally agreed to indemnify MEXIM and DB Jakarta for any shortfall or failure to settle any outstanding amount due, including net settlement amount under the Coupon Exchange Agreement.

No provision has been recognised on the potential obligations arising from the above undertakings, as the possibility of crystallisation is uncertain and the amount of the possible obligations cannot be measured with sufficient reliability.

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**72. Contingent liabilities (cont'd.)**

**UEM Group Berhad ("UEM") (cont'd.)**

- (h) On 25 July 2017, UEM Land, a wholly-owned subsidiary of UEM Sunrise, was served with the claim filed by Impresive Circuit Sdn Bhd and 1 other ("the Plaintiffs") in relation to shares held in Setia Haruman ("the 1st Defendant") ("the Claim"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

- (a) a declaration that the 2nd to the 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and
- (b) an order that the 2nd to the 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impresive Circuit Sdn Bhd at such price and on such terms as shall be determined by the Honourable Court.

On 25 April 2018, UEM Land had successfully applied to strike out Datuk Kasi A/L K.L. Palaniappan ("Datuk Kasi"), the First Plaintiff in the suit, as a party in the Claim. The remaining Plaintiff in the suit, Impresive Circuit Sdn Bhd, successfully added two other Defendants in the suit namely Menara Embun Sdn. Bhd. and Modern Eden Sdn. Bhd.

On 20 June 2018, Datuk Kasi and the 2nd-6th Defendants have respectively filed their appeal to the CoA against the High Court's decision in allowing the 7th-9th Defendants striking Out and Misjoinder application, striking Datuk Kasi out as a party. The 2nd-6th Defendants are appealing against the dismissal of their application to strike themselves out as parties to the action by High Court.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim and is seeking advice from its solicitors to that end. Based on the foregoing at this juncture, the Claim has no material financial and operational impact to the Group. The solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiff's case against UEM Land.

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**72. Contingent liabilities (cont'd.)**

**Cenergi SEA Sdn Bhd ("Cenergi")**

- (i) The Group currently has 30 active Carbon Development Mechanism ("CDM") projects which have been registered with the United Nations Framework Convention on Climate Change ("UNFCCC"). The Group has contractual responsibilities that need to be fulfilled as the appointed consultant of the CDM projects. These include management of validation process as required by UNFCCC, implementation of the monitoring plan i.e. steps required to monitor the data of emission and marketing emission reduction credit to potential purchasers. Failure to fulfil any of the contractual responsibilities may lead to potential proceedings from the contract counterparty. However, as the Certified Emission Reductions ("CERs") market is currently unattractive, the Directors are of the opinion that it is highly unlikely that clients will request for the services to be provided as per the contract. The Group is currently in the process of renegotiating the terms of the contracts.

**73. Significant events**

The following are the significant events of the Group during the financial year ended 31 December 2018:

**Avicennia Capital Sdn Bhd ("Avicennia")**

- (a) Disposal of Acibadem Saglik Ve Hayat Sigorta A.S. ("Acibadem")

On 17 August 2018, the Group via Burau Ventures Sdn. Bhd. (a subsidiary held through Pasir Kalong Investments Limited) entered into Share Purchase Agreement with Bupa International Markets Limited ("Bupa") for the disposal of its entire equity interest in Acibadem for a total cash consideration of USD176,580,302 equivalent to RM724,120,496. The disposal exercise was completed on 31 December 2018. Accordingly, Acibadem ceased to be subsidiary of the Group on 31 December 2018.

- (b) Discontinuation of General Takaful Business

With effect from 1 July 2018, pursuant to the requirements under Sections 16 and 286 of the Islamic Financial Services Act 2013, Sun Life Takaful Malaysia ("SLMT") had surrendered its composite takaful license and was granted a Family Takaful license by the Minister of Finance to carry on its Family Takaful business. Accordingly, SLMT had ceased to underwrite any new general takaful business.

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**73. Significant events (cont'd.)**

**Pulau Memutik Ventures Sdn. Bhd.**

- (c) Acquisition of Prince Court Medical Centre ("PCMC")

In March 2018, the Company via a special purpose company, Pulau Memutik Ventures Sdn. Bhd. has signed a share sale and purchase agreement for the acquisition of 100% interest in Prince Court Medical Centre ("PCMC") from Petronas Hartabina Sdn Bhd. The Company also entered into a term sheet for a collaboration agreement with IHH Healthcare Berhad ("IHH") for shared services support and operational improvement initiatives at PCMC. Accordingly, IHH will be given a right of first offer to acquire PCMC during a pre-agreed period.

**Iskandar Investment Berhad ("IIB")**

- (d) A subsidiary, Iskandar Innovations Sdn Bhd, has entered into a tenancy agreement on 15 December 2017, with Menara Burj Sdn Bhd, a related party of the associate, to rent the units identified as LG001-LG010 (Lower Ground Floor), GF001-GF002 (Ground Floor), FF001B, FF001, FF005-FF011 and FF006-1 (First Floor) Seri Medini measuring approximately 39,541.81sq.ft. in total located at No.7, Persiaran Ledang Heights, Iskandar Puteri, Johor for a period of three years from 1 January 2018 to 31 December 2020 and pursuant to the terms of the tenancy agreement a 3-year's rental advance of RM3,492,973 was paid accordingly.
- (e) IIB on 8 January 2018 has entered into a tenancy agreement with Medini Pulse Sdn Bhd, a related party, to rent Levels 18 and 19, Wing A, Medini 9, Medini Iskandar Malaysia, 79250 Iskandar Puteri, Johor measuring approximately 25,685.59 square feet for a period of three years. The tentative commencement date is 1 April 2018 subject to the issuance of the Certificate of Completion and Compliance. Pursuant to the terms of the tenancy agreement a 3-year's rental advance of RM3,217,645 was paid accordingly.

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**74. Subsequent events**

The following are the significant subsequent events of the Group after the financial year ended 31 December 2018:

**Malaysia Aviation Group Berhad ("MAGB")**

On 25 January 2019, MAG Group entered into a Settlement Agreement with MAS and MASkargo wherein both parties agreed to fully and finally settle MAG Group's identified net claims, issues, differences and disputes in all jurisdiction in respect of the intercompany transactions up to 31 December 2018. The settlement involves MAS and MASkargo paying MAG Group RM70,371,505 and Penerbangan Malaysia Berhad RM29,628,495 totalling RM100,000,000.

**Malaysia Airports Holdings Berhad ("MAHB")**

Malaysia Airports (Sepang) Sdn Bhd, a wholly owned subsidiary of the Company, has been served by the solicitors of AirAsia Berhad (AAB) and AirAsia X Berhad (AAX) with a copy of its letter dated 31 January 2019 (the Letter). The Letter alleged, amongst others, AAX and AAB have suffered losses and damages amounting to RM479,781,000. The letter further stated that notice therefore given to Malaysia Airports (Sepang) Sdn Bhd that mediation shall be convened pursuant to Section 74 of the Malaysian Aviation Commission Act, 2015.

**Iskandar Investment Berhad ("IIB")**

On 4 January 2019 and 16 January 2019, Iskandar Investment Berhad has subscribed 7.25% RPS of Medini Compass Sdn Bhd of RM15,000,000 and RM10,000,000, respectively.

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**75. Segment information**

The Group is principally engaged in the following activities:

- (i) Investment holding;
- (ii) Infrastructure and construction;
- (iii) Property;
- (iv) Financial Institution Group;
- (v) Transportation & Logistics;
- (vi) Leisure & Tourism;
- (vii) Agrifood;
- (viii) Others.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

No segment information by geographical area has been presented as the Group operates predominantly in Malaysia.

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75. Segment information (cont'd.)

2018

	Investment Holding	Infrastructure & Construction	Property	Financial Institution Group	Transportation & Logistics	Leisure & Tourism	Agrifood	Others	Elimination	Asset/disposal group held for sale	Total operations	
	←-----RM million-----→											
<b>REVENUE</b>												
External sales	1,470	5,817	33	1,076	10,487	454	141	1,188	-	20,666	-	20,666
Inter-segment sales	2,919	-	-	-	-	-	-	-	(2,919)	-	-	-
Total revenue	4,389	5,817	33	1,076	10,487	454	141	1,188	(2,919)	20,666	-	20,666
<b>RESULTS</b>												
Operating profit/(loss)	(5,225)	665	(41)	(194)	(3,710)	(337)	(75)	3,064	-	(5,853)	-	(5,853)
Finance cost	(2,353)	(375)	(20)	-	(394)	(60)	(4)	(47)	-	(3,253)	-	(3,253)
Share of results from associates and joint venture	1,280	(62)	(4)	-	3	(5)	9	28	-	1,249	-	1,249
Profit/(loss) before tax	(6,298)	228	(65)	(194)	(4,101)	(402)	(70)	3,045	-	(7,857)	-	(7,857)
Taxation	(249)	(190)	-	(21)	(21)	(7)	(2)	17	-	(473)	-	(473)
Profit/(loss) after tax	(6,547)	38	(65)	(215)	(4,122)	(409)	(72)	3,062	-	(8,330)	-	(8,330)
Profit from discontinued operations, net of taxation	-	-	-	(321)	-	-	-	-	-	(321)	-	(321)
Non controlling interests	-	(9)	2	(71)	(4)	57	1	(1)	-	(25)	-	(25)
Net profit/(loss) for the year	(6,547)	29	(63)	(607)	(4,126)	(352)	(71)	3,061	-	(8,676)	-	(8,676)
<b>ASSETS AND LIABILITIES</b>												
Segment assets	35,176	24,069	2,664	5,464	9,235	5,118	410	2,415	-	84,551	-	84,551
Investment in associates	54,728	540	433	-	9,235	-	87	83	-	65,106	-	65,106
Investment in joint ventures	1,885	1,199	102	-	-	-	55	1,229	-	4,470	-	4,470
Consolidated total assets	91,789	25,808	3,199	5,464	18,470	5,118	552	3,727	-	154,127	-	154,127
Segment liabilities	55,913	13,963	801	2,897	24,008	2,242	142	(2,186)	-	97,780	-	97,780
Consolidated total liabilities	55,913	13,963	801	2,897	24,008	2,242	142	(2,186)	-	97,780	-	97,780

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

2017

	Investment Holding	Infrastructure & Construction	Property	Financial Institution Group	Transportation & Logistics	Leisure & Tourism	Agrifood	Others	Elimination	Total	Asset/disposal group held for sale	Total operations
	←-----RM million-----→											
<b>REVENUE</b>												
External sales	1,416	7,716	72	2,138	10,644	518	137	986	-	23,627	-	23,627
Inter-segment sales	4,705	-	-	-	-	-	-	-	(4,705)	-	-	-
Total revenue	6,121	7,716	72	2,138	10,644	518	137	986	(4,705)	23,627	-	23,627
<b>RESULTS</b>												
Operating profit/(loss)	(2,252)	1,398	(32)	228	-	(180)	(45)	5,649	-	4,766	-	4,766
Finance cost	(1,929)	(471)	(20)	-	(514)	(41)	(5)	(31)	-	(3,011)	-	(3,011)
Share of results from associates and joint venture	6,756	13	4	-	5	(4)	8	29	-	6,811	-	6,811
Profit/(loss) before tax	2,575	940	(48)	228	(509)	(225)	(42)	5,647	-	8,566	-	8,566
Taxation	(88)	(153)	(5)	(46)	(15)	(4)	(1)	(11)	-	(323)	-	(323)
Profit/(loss) after tax	2,487	787	(53)	182	(524)	(229)	(43)	5,636	-	8,243	-	8,243
Profit from discontinued operations, net of taxation	-	-	-	-	-	-	-	-	-	-	-	-
Non controlling interests	-	(168)	9	-	(2)	24	-	(78)	-	(215)	-	(215)
Net profit/(loss) for the year	2,487	619	(44)	182	(526)	(205)	(43)	5,558	-	8,028	-	8,028
<b>ASSETS AND LIABILITIES</b>												
Segment assets	34,578	25,142	3,092	6,045	13,247	4,714	522	1,221	-	88,561	631	89,192
Investment in associates	69,763	555	435	-	194	-	59	81	-	71,087	-	71,087
Investment in joint ventures	3,638	1,128	83	-	-	67	25	-	-	4,941	-	4,941
Consolidated total assets	107,979	26,825	3,610	6,045	13,441	4,781	606	1,302	-	164,589	631	165,220
Segment liabilities	51,010	14,815	1,117	3,414	20,540	1,716	224	752	-	93,588	194	93,782
Consolidated total liabilities	51,010	14,815	1,117	3,414	20,540	1,716	224	752	-	93,588	194	93,782

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**76. Transition to MFRS framework**

The following comparatives of the Group for statement of financial position for the financial year ended 31 December 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2.

<b>Statement of financial position as at 31 December 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15,214,459	-	-	-	15,214,459
Land held for property development	3,939,786	-	1,182,641	-	5,122,427
Investment properties	2,801,461	-	-	-	2,801,461
Concession intangible assets	3,862,903	-	-	-	3,862,903
Goodwill on consolidation	1,922,871	-	-	-	1,922,871
Other intangible assets	986,775	-	-	-	986,775
Interest in associates	71,087,317	(1,268)	-	-	71,086,049
Interest in joint ventures	5,354,782	(416,862)	3,419	-	4,941,339
Other non-current financial investments	35,406,935	-	-	15,619	35,422,554
Other non-current assets	1,900,818	-	1,222,844	-	3,123,662
Derivative assets	30,031	-	-	-	30,031
Deferred tax assets	542,329	-	15,207	32	557,568
<b>Total non-current assets</b>	<b>143,050,467</b>	<b>(418,130)</b>	<b>2,424,111</b>	<b>15,651</b>	<b>145,072,099</b>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for statement of financial position for the financial year ended 31 December 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2. (cont'd.)

<b>Statement of financial position as at 31 December 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Current assets</b>					
Property development-in-progress	3,049,032	-	(530,729)	-	2,518,303
Inventories and work-in-progress	1,345,094	-	-	-	1,345,094
Trade receivables	3,596,090	(27,030)	(2,229,584)	11,829	1,351,305
Other receivables	5,488,588	-	(252,480)	(2,162)	5,233,946
Tax recoverable	131,575	-	-	-	131,575
Derivative assets	206,857	-	-	-	206,857
Other current financial investments	1,885,516	-	-	-	1,885,516
Cash and bank balances	6,845,117	-	-	-	6,845,117
	<u>22,547,869</u>	<u>(27,030)</u>	<u>(3,012,793)</u>	<u>9,667</u>	<u>19,517,713</u>
Assets held for sale and assets of disposal group classified as held for sale	630,626	-	-	-	630,626
	<u>23,178,495</u>	<u>(27,030)</u>	<u>(3,012,793)</u>	<u>9,667</u>	<u>20,148,339</u>
<b>Total assets</b>	<u>166,228,962</u>	<u>(445,160)</u>	<u>(588,682)</u>	<u>25,318</u>	<u>165,220,438</u>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for statement of financial position for the financial year ended 31 December 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2. (cont'd.)

<b>Statement of financial position as at 31 December 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Current liabilities</b>					
Borrowings	18,577,607	-	-	-	18,577,607
Trade payables	2,930,291	-	(281,495)	-	2,648,796
Other current liabilities	11,082,451	-	(89,107)	-	10,993,344
Tax payable	43,415	-	(35,328)	-	8,087
Derivative liabilities	24,370	-	-	-	24,370
	<u>32,658,134</u>	<u>-</u>	<u>(405,930)</u>	<u>-</u>	<u>32,252,204</u>
Liabilities of disposal group classified as held for sale	194,279	-	-	-	194,279
	<u>32,852,413</u>	<u>-</u>	<u>(405,930)</u>	<u>-</u>	<u>32,446,483</u>
<b>Non-current liabilities</b>					
Borrowings	52,725,665	-	-	-	52,725,665
Other non-current liabilities	7,751,464	-	(137,902)	(10)	7,613,552
Deferred tax liabilities	676,571	-	3,542	3,581	683,694
Derivative liabilities	312,816	-	-	-	312,816
	<u>61,466,516</u>	<u>-</u>	<u>(134,360)</u>	<u>3,571</u>	<u>61,335,727</u>
<b>Total liabilities</b>	<u>94,318,929</u>	<u>-</u>	<u>(540,290)</u>	<u>3,571</u>	<u>93,782,210</u>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for statement of financial position for the financial year ended 31 December 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2. (cont'd.)

<b>Statement of financial position as at 31 December 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	12,284,201	-	-	-	12,284,201
Capital contribution from shareholders	4,124,423	-	-	-	4,124,423
Reserves	49,511,744	(445,160)	(35,008)	16,646	49,048,222
Shareholders' funds	65,920,368	(445,160)	(35,008)	16,646	65,456,846
Non-controlling interests	5,989,665	-	(13,384)	5,101	5,981,382
<b>Total equity</b>	<b>71,910,033</b>	<b>(445,160)</b>	<b>(48,392)</b>	<b>21,747</b>	<b>71,438,228</b>
<b>Total equity and liabilities</b>	<b>166,228,962</b>	<b>(445,160)</b>	<b>(588,682)</b>	<b>25,318</b>	<b>165,220,438</b>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for the statement of financial position for the financial year ended 1 January 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2.

<b>Statement of financial position as at 1 January 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Non-current assets</b>					
Property, plant and equipment	16,891,547	-	-	-	16,891,547
Land held for property development	4,785,908	-	630,182	-	5,416,090
Investment properties	2,774,900	-	-	-	2,774,900
Concession intangible assets	4,371,732	-	-	-	4,371,732
Goodwill on consolidation	2,186,617	-	-	-	2,186,617
Other intangible assets	941,975	-	-	-	941,975
Interest in associates	70,683,600	(445,160)	1,763	-	70,240,203
Interest in joint ventures	4,084,144	-	(7,397)	-	4,076,747
Other non-current financial investments	30,747,910	-	-	16,450	30,764,360
Other non-current assets	3,234,630	-	957,327	-	4,191,957
Derivative assets	5,599	-	-	-	5,599
Deferred tax assets	610,555	-	(15,583)	-	594,972
<b>Total non-current assets</b>	<b>141,319,117</b>	<b>(445,160)</b>	<b>1,566,292</b>	<b>16,450</b>	<b>142,456,699</b>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for the statement of financial position for the financial year ended 1 January 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2. (cont'd.)

<b>Statement of financial position as at 1 January 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Current assets</b>					
Property development-in-progress	2,617,355	-	(762,654)	-	1,854,701
Inventories and work-in-progress	1,152,004	-	-	-	1,152,004
Trade receivables	3,249,156	-	(1,283,448)	(29,642)	1,936,066
Other receivables	5,180,485	-	-	-	5,180,485
Tax recoverable	112,824	-	-	-	112,824
Derivative assets	153,618	-	-	-	153,618
Other current financial investments	1,086,864	-	-	-	1,086,864
Cash and bank balances	9,323,631	-	-	-	9,323,631
	<u>22,875,937</u>	<u>-</u>	<u>(2,046,102)</u>	<u>(29,642)</u>	<u>20,800,193</u>
Assets held for sale and assets of disposal group classified as held for sale	2,587,266	-	-	-	2,587,266
	<u>25,463,203</u>	<u>-</u>	<u>(2,046,102)</u>	<u>(29,642)</u>	<u>23,387,459</u>
<b>Total assets</b>	<u>166,782,320</u>	<u>(445,160)</u>	<u>(479,810)</u>	<u>(13,192)</u>	<u>165,844,158</u>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for the statement of financial position for the financial year ended 1 January 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2. (cont'd.)

<b>Statement of financial position as at 1 January 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Current liabilities</b>					
Borrowings	18,814,644	-	-	-	18,814,644
Trade payables	2,629,708	-	(236,986)	-	2,392,722
Other current liabilities	14,558,196	-	(94,022)	-	14,464,174
Tax payable	113,180	-	(38,018)	-	75,162
Derivative liabilities	3,505	-	-	-	3,505
	<u>36,119,233</u>	-	<u>(369,026)</u>	-	<u>35,750,207</u>
Liabilities of disposal group classified as held for sale	791,132	-	-	-	791,132
	<u>36,910,365</u>	-	<u>(369,026)</u>	-	<u>36,541,339</u>
<b>Non-current liabilities</b>					
Borrowings	54,235,285	-	-	-	54,235,285
Other non-current liabilities	7,337,263	-	(204,207)	-	7,133,056
Deferred tax liabilities	641,676	-	16,063	-	657,739
Derivative liabilities	612,857	-	-	-	612,857
	<u>62,827,081</u>	-	<u>(188,144)</u>	-	<u>62,638,937</u>
<b>Total liabilities</b>	<u>99,737,446</u>	-	<u>(557,170)</u>	-	<u>99,180,276</u>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for the statement of financial position for the financial year ended 1 January 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2. (cont'd.)

<b>Statement of financial position as at 1 January 2017</b>	<b>As reported RM'000</b>	<b>MFRS 1 RM'000</b>	<b>MFRS 15 RM'000</b>	<b>MFRS 9 RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	12,284,201	-	-	-	12,284,201
Capital contribution from shareholders	4,124,423	-	-	-	4,124,423
Reserves	44,505,735	(445,160)	52,446	(13,192)	44,099,829
Shareholders' funds	60,914,359	(445,160)	52,446	(13,192)	60,508,453
Non-controlling interests	6,130,515	-	24,914	-	6,155,429
<b>Total equity</b>	<b>67,044,874</b>	<b>(445,160)</b>	<b>77,360</b>	<b>(13,192)</b>	<b>66,663,882</b>
<b>Total equity and liabilities</b>	<b>166,782,320</b>	<b>(445,160)</b>	<b>(479,810)</b>	<b>(13,192)</b>	<b>165,844,158</b>

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**76. Transition to MFRS framework (cont'd.)**

The following comparatives of the Group for the statement of comprehensive income for the financial year ended 31 December 2017 have been adjusted as a result of adoption of MFRS Framework as disclosed in Note 2.2.

	<b>As reported RM</b>	<b>MFRS 1 RM</b>	<b>MFRS 15 RM</b>	<b>MFRS 9 RM</b>	<b>As restated RM</b>
Revenue	24,666,619		(1,051,008)	12,195	23,627,806
Operating expense	(23,921,040)	316,407	815,809	60,035	(22,728,789)
Other income	3,834,317	820	51,514	(19,532)	3,867,119
Operating profit	4,579,896	317,227	(183,685)	52,698	4,766,136
Finance costs	(3,011,234)	-	-	-	(3,011,234)
Share of results of associates and joint ventures	7,118,106	(316,489)	9,053	-	6,810,670
Profit before tax	8,686,768	738	(174,632)	52,698	8,565,572
Taxation	(363,974)	-	53,250	(12,195)	(322,919)
Profit for the year	8,322,794	738	(121,382)	40,503	8,242,653

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**77. Impact of adoption of MFRS 9 on classification of financial instruments**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation.

	31 December 2017 MFRS 139 RM'000	Remeasurement RM'000	1 January 2018		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- Cash and cash equivalents	6,845,117	-	-	6,845,117	-
- Loans receivable	1,196,248	2,000,000	-	3,196,248	-
	8,041,365	2,000,000	-	10,041,365	-
<i>Financial assets designated as fair value through profit or loss</i>					
- Quoted and unquoted shares	12,286,234	-	12,286,234	-	-
- Quoted and unquoted bonds	3,499,217	(2,000,000)	1,499,217	-	-
- Unquoted and unquoted funds	907,712	-	907,712	-	-
	16,693,163	(2,000,000)	14,693,163	-	-
<i>Financial assets designated as available-for-sale</i>					
- Quoted and unquoted shares	17,835,154	15,619	-	-	17,850,773
- Quoted and unquoted bonds	1,490,996	-	-	-	1,490,996
- Unquoted and unquoted funds	31,169	-	-	-	31,169
	19,357,319	15,619	-	-	19,372,938
<i>Financial assets designated as held-to-maturity</i>					
- Quoted and unquoted bonds	45,721	-	45,721	-	-

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**77. Impact of adoption of MFRS 9 on classification of financial instruments (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation. (cont'd.)

	31 December 2017 MFRS 139 RM'000	Remeasurement RM'000	1 January 2018		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial liabilities</b>					
<i>At amortised cost</i>					
- Embedded derivatives	241,566	-	241,566	-	-
- Periodic Payment Exchangeable Trust Certificates	4,863,370	-	-	4,863,370	-
- Islamic Medium Term Notes					
- Danga	12,415,015	-	-	12,415,015	-
- RACB	7,081,601	-	-	7,081,601	-
- Ihsan Sukuk	204,125	-	-	204,125	-
- Term loans - unsecured	2,503,123	-	-	2,503,123	-
	27,308,800	-	241,566	27,067,234	-

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**77. Impact of adoption of MFRS 9 on classification of financial instruments (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation. (cont'd.)

	31 December 2016 MFRS 139 RM'000	Remeasurement RM'000	1 January 2017		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial assets</b>					
<i>Loans and receivables</i>					
- Cash and cash equivalents	9,323,631	-	-	9,323,631	-
- Loans receivable	640,315	1,558,304	-	2,198,619	-
	9,963,946	1,558,304	-	11,522,250	-
<i>Financial assets designated as fair value through profit or loss</i>					
- Quoted and unquoted shares	11,725,016	(541,854)	11,183,162	-	-
- Quoted and unquoted bonds	2,440,840	(1,000,000)	1,440,840	-	-
- Unquoted and unquoted funds	1,413,162	-	1,413,162	-	-
	15,579,018	(1,541,854)	14,037,164	-	-
<i>Financial assets designated as available-for-sale</i>					
- Quoted and unquoted shares	14,143,567	-	-	-	14,143,567
- Quoted and unquoted bonds	1,396,910	-	-	-	1,396,910
- Unquoted and unquoted funds	14,723	-	-	-	14,723
	15,555,200	-	-	-	15,555,200
<i>Financial assets designated as held-to-maturity</i>					
- Quoted and unquoted bonds	60,241	-	60,241	-	-

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**77. Impact of adoption of MFRS 9 on classification of financial instruments (cont'd.)**

The impact of the changes in accounting policies on the financial statements as a result of the transition to MFRS are as follows. Certain comparatives have also been restated to conform with the current year presentation. (cont'd.)

	31 December 2016 MFRS 139 RM'000	Remeasurement RM'000	1 January 2017		
			Reclassification to new MFRS 9 category		
			FVTPL RM'000	Amortised cost RM'000	FVOCI RM'000
<b>Financial liabilities</b>					
<i>At amortised cost</i>					
- Embedded derivatives	506,368	-	506,368	-	-
- Periodic Payment Exchangeable Trust Certificates	5,332,621	-	-	5,332,621	-
- Islamic Medium Term Notes					
- Danga	11,301,896	-	-	11,301,896	-
- RACB	6,058,775	-	-	6,058,775	-
- Ihsan Sukuk	102,285	-	-	102,285	-
- Term loans - unsecured	2,552,132	-	-	2,552,132	-
	25,854,077	-	506,368	25,347,709	-

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**78. Subsidiaries and associates of the Company**

**(A) Subsidiaries of the Company**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Agrifood Resources Holdings Sdn. Bhd. ("ARHSB")	Malaysia	100.0	100.0	-	-	Investment holding
Atlantic Quantum Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding and provision of management services
Aur Investments (Cayman Islands) Limited #	Cayman Islands	100.0	100.0	-	-	Investment holding
Aur Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Balok Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Banggi Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Batu Hill Development Ltd. #	England and Wales	100.0	100.0	-	-	Dormant
Bombalai Hill Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Brinchang Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Broga Hill Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Bukit Bendera Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Bukit Chini Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Bukit Damar Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Bukit Frasers Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Bukit Galla Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Bukit Puteri Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Carey Investments (Cayman Islands) Limited #	Cayman Islands	100.0	100.0	-	-	Investment holding
Cenang Capital Ltd. *	Malaysia	100.0	100.0	-	-	Under liquidation
Cenviro Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding and provision of management services
Chendering Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Cosmos Friendship Limited #	Hong Kong	100.0	100.0	-	-	Investment holding
Dayang Bunting Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Dendana Investments (Mauritius) Limited #	Mauritius	100.0	100.0	-	-	Investment holding
Desaru Investments (Cayman Islands) Ltd. #	Cayman Islands	100.0	100.0	-	-	Investment holding
Feringghi Capital Limited #	Malaysia	100.0	100.0	-	-	To provide funding for the operations of Special Purpose Vehicle on behalf of its holding company

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Gemia Investments Limited #	Cayman Islands	100.0	100.0	-	-	Investment holding
Glam Ventures Pte Limited #	Singapore	100.0	100.0	-	-	Investment holding
Granatum Ventures Sdn. Bhd. (formerly known as ("fka") Pulau Gaya Ventures Sdn. Bhd.)	Malaysia	100.0	100.0	-	-	Investment holding
Gunung Korbu Investments (Cayman Islands) Limited #	Cayman Islands	100.0	100.0	-	-	Investment holding
Gunung Nuang Ventures Limited #	Malaysia	100.0	100.0	-	-	Investment holding
i2M Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Promotion, marketing and administration of business service cluster
Iskandar Capital Sdn. Bhd.	Malaysia	15.3	15.3	Equity method		Investment holding
Iskandar Investment Berhad ("IIB")	Malaysia	60.0	60.0	40.0	40.0	Investment holding, property investment, property and land development and the provision of shared services to the subsidiaries
Iskandar Ventures Sdn. Bhd. ("IVSB") #	Malaysia	100.0	100.0	-	-	Investment holding
Jerai Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Kelanang Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Khazanah Americas Incorporated #	United States	100.0	100.0	-	-	Investment advisory
Khazanah Asset Management Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Dormant
Khazanah Europe Investment Limited #	United Kingdom	100.0	100.0	-	-	Provision of intra-group financial, legal and investment advisory services, related services to the group
Khazanah Nasional Consulting (Hong Kong) Company Limited #	Hong Kong	100.0	100.0	-	-	Investment holding
Klebang Capital Ltd. #	Malaysia	100.0	100.0	-	-	Investment holding
Kuala Perlis Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Kuala Selangor Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Lankayan Ventures Sdn. Bhd. *	Malaysia	-	100.0	-	-	Dissolved
Layang-layang Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	To manage, disburse and monitor the allocation of grant from Ministry of Finance to Allied Healthcare Centre of Excellence ("AH CoE")
Ledang Ventures Pte Ltd. #	Singapore	100.0	100.0	-	-	Investment holding
Lembong Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Dormant

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Lido Capital Ltd. #	Malaysia	100.0	100.0	-	-	Fund raising on behalf of its holding company
Little Steps Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Childcare operator
Malaysian Airline System Berhad ("MAS")	Malaysia	100.0	100.0	-	-	Air transportation and provision of related services
Malaysia Aviation Group Berhad ("MAGB") *	Malaysia	100.0	100.0	-	-	Investment holding
Malaysian Technology Development Corporation Sdn. Bhd. *	Malaysia	100.0	100.0	-	-	Venture capital services activities, management of government grants, technology incubation management and technology support services
Mantanani Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Mataking Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Mount Bintang Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Mount Gading Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Mount Hatton Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Mount Irau Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Providing human capital services including recruitment services, secondment and redeployment of human capital
Mount Rajah Ventures Limited #	Jersey	100.0	100.0	-	-	Dormant
Mount Raya Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Mount Reskit Investments Ltd. #	Malaysia	100.0	100.0	-	-	Investment holding
Mount Serudum Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Leasing of properties
Mount Terra Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Noring Investments (Mauritius) Limited #	Mauritius	100.0	100.0	-	-	Investment holding
Ophir Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Pagon Hill Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pangkor Investments (Cayman Islands) Ltd. #	Cayman Islands	100.0	100.0	-	-	Investment holding
Pantai Air Papan Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pantai Barat Investments (Cayman Islands) Ltd. #	Cayman Islands	100.0	100.0	-	-	Investment holding

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Pantai Cahaya Bulan Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Pantai Juara Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pantai Melawi Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Dormant
Pantai Morib Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Dormant
Pantai Remis Investments Limited #	Malaysia	100.0	100.0	-	-	Dormant
Pantai Saujana Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pantai Sura Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pasir Salak Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Payar Investments Ltd. #	Malaysia	100.0	100.0	-	-	Investment holding
Penerbangan Malaysia Berhad ("PMB")	Malaysia	100.0	100.0	-	-	Carrying on business of acquiring, sale and leasing of aircraft and aircraft engines, investment holding, strategic management of the domestic airline business and other related services
Penerbangan Perdana Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Dormant

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Perhentian Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding
Pine Tree Hill Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Ponorogo Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Dinawan Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Kaca Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Kendi Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Kukup Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding
Pulau Labas Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	To assist the government of Malaysia to establish the Malaysian Aviation Commission pursuant to Act 771 Malaysian Aviation Commission Act 2015
Pulau Manukan Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Melaka Ltd. #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Memutik Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Segantang Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Pulau Selingan Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Sibn Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Pulau Tiga Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Rantau Abang Capital Berhad #	Malaysia	100.0	100.0	-	-	Fund raising on behalf of the company to issue Islamic Commercial Papers and Islamic Medium Term Notes Sukuk Musyarakah
Redang Investments Ltd. #	Malaysia	100.0	100.0	-	-	Investment holding
Rhizophora Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Sampadi Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Santubong Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Satang Investments Ltd. #	Malaysia	100.0	100.0	-	-	Investment holding
Sebatik Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Silterra Malaysia Sdn. Bhd. ("Silterra") *	Malaysia	100.0	100.0	-	-	Manufacturing of semiconductor wafer
Sipadan Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
STLR Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Selling, leasing and renting of properties
Studios Film Office Sdn. Bhd. (fka Mount Cecil Ventures Sdn. Bhd.)	Malaysia	100.0	100.0	-	-	Film production services
Suluq Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding
Sungai Pulai Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding
Synapse Education Holdings Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Taman Tugu Project Development Sdn. Bhd. (fka Taman Tugu Dataran Muzium Development Sdn. Bhd.) #	Malaysia	100.0	100.0	-	-	To carry out efforts of project management including but not limited to execution of projects relating to the refurbishment, rejuvenation and redevelopment of Taman Tugu in Kuala Lumpur and elsewhere in Malaysia
Tanjung Adang Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Tanjung Bidara Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Tanjung Buai Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Tanjung Jara Investments Ltd. #	Hong Kong	100.0	100.0	-	-	Investment holding

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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Tanjung Manis Investments Ltd. #	Malaysia	100.0	100.0	-	-	Dormant
Tanjung Pinang Investments Limited #	Malaysia	100.0	100.0	-	-	Dormant
Tanjung Rhu Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Tanjung Sedili Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Tanjung Tuan Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Tasik Pedu Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Teluk Bahang Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Teluk Belanga Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Teluk Cempedak Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding
Teluk Dalam Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Teluk Gadong Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Teluk Kalung Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Teluk Kemang Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding
Teluk Kumbar Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding

**Khazanah Nasional Berhad  
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**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Teluk Nibong Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Provision of transition support services including outplacement support and training support services for the development of human capital
Teluk Pauh Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Administration of collaboration with the Cruyff Foundation in Malaysia
Teluk Rubiah Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
Teluk Senangin Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Themed Attractions Resorts & Hotels Sdn. Bhd. ("TARHSB")	Malaysia	100.0	100.0	-	-	Investment holding and provision of management services
Think City Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Promoting and preserving the living culture and heritage areas including but not limited to initiating projects relating to the rejuvenation and transformation of George Town, Penang and elsewhere in Malaysia
Tioman Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding
Titiwangsa Investments (Mauritius) Ltd. #	Mauritius	100.0	100.0	-	-	Investment holding

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**78. Subsidiaries and associates of the Company (cont'd.)**

**(A) Subsidiaries of the Company (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
Tulai Beach Ventures Sdn. Bhd. #	Malaysia	100.0	100.0	-	-	Investment holding
UEM Group Berhad ("UEM")	Malaysia	100.0	100.0	-	-	Project design, management and contracting in the fields of civil, electrical and mechanical engineering, undertaking of turnkey projects and investment holding
Western Hill Investments Limited #	Malaysia	100.0	100.0	-	-	Investment holding
Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
Axiata Group Berhad *	Malaysia	37.2	37.3	Equity method	Telecommunication and related services	
Bank Muamalat Malaysia Berhad	Malaysia	30.0	30.0	Equity method	Islamic commercial banking and finance	
CIMB Group Holdings Berhad *	Malaysia	26.8	27.3	Equity method	Investment holding, management company, property management, provision of consultancy services and dealing in securities	
Malaysia Airports Holdings Berhad	Malaysia	33.2	33.2	Equity method	Investment holding	
Malaysia Electric Corporation Berhad *	Malaysia	30.0	30.0	Equity method	In liquidation	

**Khazanah Nasional Berhad  
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**78. Subsidiaries and associates of the Company (cont'd.)**

**(B) Associates of the Company**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
Northern Utility Resources Sdn. Bhd. *	Malaysia	-	20.0	Equity method	In liquidation
Pulau Kapas Ventures Sdn. Bhd. *	Malaysia	30.0	30.0	Equity method	Investment holding
Telekom Malaysia Berhad *	Malaysia	26.2	26.2	Equity method	Telecommunication and related services
Tenaga Nasional Berhad *	Malaysia	28.8	29.0	Equity method	Generation, transmission and distribution and sale of electricity
TIME dotCom Berhad * ^	Malaysia	11.2	11.2	Equity method	Investment holding, provision of management and marketing/promotional services and retailing of telecommunications products
Valuecap Sdn. Bhd. *	Malaysia	33.3	33.3	Equity method	Investment in marketable securities listed on Bursa Malaysia Berhad and provision of services to its two wholly owned subsidiaries

\* Subsidiaries and associates not audited by member firms of Ernst & Young Global.

# SPV set up for investment or funding purposes, which are consolidated in the proforma financial statements of the Company as disclosed in Note 19(b).

~ Equals to proportion of voting rights held.

^ The Company has a total of 20.8% shareholding in TIME dotCom Berhad, comprising 11.4% held via the Company and 9.4% held by Pulau Kapas Ventures Sdn. Bhd.

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group**

Other than the subsidiaries, associates and joint venture of the Company as listed in Note 78, the subsidiaries and associates of the Group are as listed below:

- (i) Subsidiaries, associates and joint ventures of UEM Group Berhad ("UEM"), are disclosed in Note 79(A).
- (ii) Subsidiaries of Malaysian Airline System Berhad ("MAS"), are disclosed in Note 79(B).
- (iii) Subsidiaries and associates of Malaysia Aviation Group Berhad ("MAGB"), are disclosed in Note 79(C).
- (iv) Subsidiaries, associates and joint ventures of Iskandar Investment Berhad ("IIB"), are disclosed in Note 79(D).
- (v) Subsidiaries, associates and joint ventures of Themed Attractions Resorts & Hotels Sdn. Bhd. ("TARHSB"), are disclosed in Note 79(E).
- (vi) Subsidiary of Malaysian Technology Development Corporation ("MTDC"), are disclosed in Note 79(F).
- (vii) Other subsidiaries, associates and joint ventures of the Group are disclosed in Note 79(G).

**(A) Subsidiaries, associates and joint ventures of UEM Group Berhad**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018	2017	2018	2017	
		%	%	%	%	
<b>Subsidiaries of UEM</b>						
PLUS Expressways International Berhad ("PEIB")	Malaysia	100.0	100.0	-	-	Investment holding and provision of expressway operation services
UEM Sunrise Berhad ("UEM Sunrise")	Malaysia	66.1	66.1	33.9	33.9	Investment holding
UEM Builders Berhad ("UEM Builders")	Malaysia	100.0	100.0	-	-	Investment holding and provision of management services

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM (cont'd.)</b>						
Cement Industries of Malaysia Berhad ("CIMA")	Malaysia	100.0	100.0	-	-	Provision of management services and investment holding
UEM Edgenta Berhad ("UEM Edgenta")	Malaysia	69.1	69.1	30.9	30.9	Investment holding and provision of management services to its subsidiaries
Konsortium ProHAWK Sdn. Bhd.	Malaysia	65.0	65.0	35.0	35.0	Planning, design, financing, development, construction, landscaping, equipment, installation, completion, testing and commissioning of a hospital building, facilities and infrastructure at the identified project land and to carry out total asset and facilities management services at hospital or commercial or government buildings

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		

**Associate of UEM**

UE Construction (Phil.) Inc.<	Phillipines	40.0	40.0	Equity method	Dormant
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**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Joint Ventures of UEM</b>					
PLUS Malaysia Berhad ("PLUS Malaysia") x	Malaysia	51.0	51.0	Equity method	Investment holding and provision of expressway operation services
UEM – Sabah Economic Development x	Unincorporated	70.0	70.0	Equity method	Construction and engineering works
UEM – Sarawak Economic Development x	Unincorporated	70.0	70.0	Equity method	Construction and engineering works
UEM – Essar Projects Limited x	Unincorporated	51.0	51.0	Equity method	Construction and extension of roads

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of PEIB</b>						
Ghir Investments (Mauritius) Limited	Mauritius	100.0	100.0	-	-	Investment holding
PLUS Kalyan (Mauritius) Private Limited	Mauritius	100.0	100.0	-	-	Investment holding
PLUS Plaza (Mauritius) Private Limited	Mauritius	100.0	100.0	-	-	Investment holding

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of PEIB (cont'd.)</b>						
PT Lintas Marga Sedaya ("LMS")	Indonesia	55.0	55.0	45.0	45.0	Undertake the design, construction, management, financing, operation, maintenance and toll collection of the 116-754 kilometre Cikampek Palimanan Toll Road ("CPTR") in Indonesia
PEIB Capital Sdn. Bhd. ("PEIB")	Malaysia	100.0	100.0	-	-	Investment holding

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		

**Joint venture of PEIB**

Jetpur Somnath Tollways Private Limited ("JSTPL") //	India	64.4	64.4	Equity method	Ceased operations
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Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	

**Subsidiary of PLUS Kalyan (Mauritius) Private Limited**

PLUS BKSP Toll Limited *## α	India	94.1	94.1	5.9	5.9	Ceased operations
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**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of PLUS Plaza (Mauritius) Private Limited</b>						
Trichy Padalur Tollways Private Limited ("TPTPL") α	India	74.0	74.0	26.0	26.0	Undertake construction, operation, maintenance and toll collection of the four laning and strengthening of Padalur-Trichy Highway section from KM285 to KM325 of NH-45 in the state of Tamil Nadu, India, on Build, Operate and Transfer basis
Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Joint venture of Ghir Investments (Mauritius) Limited</b>						
Uniquet Infra Ventures Private Limited xat	India	80.1	80.1	Equity method	Developing, owning and managing road infrastructure projects in India	

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of Uniquet Infra Ventures Private Limited</b>						
Khalghat Sendhwa Tollways Private Limited at	India	80.1	80.1	19.9	19.9	Undertake the design, engineering, finance, construction, operation and maintenance of Khalghat-MP/Maharashtra Border Section on NH-3 from Km84.700 to Km167.500 in the State of Madhya Pradesh under NHDP Phase IIIA through a concession on Build, Operate and Transfer (BOT) basis
<b>Subsidiaries of Plus Malaysia</b>						
Projek Lebuhraya Usahasama Berhad	Malaysia	51.0	51.0	49.0	49.0	Provision of operation, maintenance and toll collection of the expressways
Teras Teknologi Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Investment holding and engaged in supply, installation and maintenance of toll systems and equipment for expressway projects
PLUS Helicopter Services Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Provision of helicopter charter services and aerial surveillance of expressways

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**
**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Plus Malaysia (cont'd.)</b>						
Expressway Lingkaran Tengah Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Inactive
Linkedua (Malaysia) Berhad	Malaysia	51.0	51.0	49.0	49.0	Inactive
Lebuhraya Pantai Timur 2 Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Provision of operations, maintenance and toll collection of the East Coast Expressway Phase 2
Penang Bridge Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Inactive
Projek Lebuhraya Utara-Selatan Berhad	Malaysia	51.0	51.0	49.0	49.0	Inactive
<b>Subsidiaries of UEM Sunrise</b>						
UEM Land Berhad ("UEM Land")	Malaysia	66.1	66.1	33.9	33.9	Property development, property investment, project procurement and management and strategic investment holding
Nusajaya Resort Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Operator of the East Ledang Clubhouse
Sunrise Berhad ("Sunrise")	Malaysia	66.1	66.1	33.9	33.9	Property development and investment holding
UEM Sunrise (Australia) Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Sunrise (cont'd.)</b>						
UEM Sunrise (Canada) Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding, property development and general trading
UEM Sunrise Management Services Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
UEM Sunrise Properties Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding, property development and general trading
Nusajaya Five O Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Provision of security services
Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Associate of UEM Sunrise</b>						
UEM Sunrise Edgenta TMS Sdn. Bhd. β	Malaysia	68.2	68.2	Equity method		Investment holding and management of real estate
<b>Joint ventures of UEM Sunrise</b>						
Nusajaya Lifestyle Sdn. Bhd. x	Malaysia	36.4	36.4	Equity method		Property and real estate development, management and property management
Nusajaya Premier Sdn. Bhd. x	Malaysia	52.9	52.9	Equity method		Property development and investment holding
Desaru South Course Residences Sdn. Bhd. ("DSCR") x	Malaysia	33.7	33.7	Equity method		Property development

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Joint ventures of UEM Sunrise (cont'd.)</b>					
Desaru North Course Residences Sdn. Bhd. ("DNCR") x	Malaysia	33.7	33.7	Equity method	Property development
Desaru South Course Land Sdn. Bhd. ("DSCL") x	Malaysia	33.7	33.7	Equity method	Property development
Malaysian Bio-Xcell Sdn. Bhd. *	Malaysia	26.4	26.4	Equity method	Development and operation of a biotechnology park in the Southern Industrial Logistics Cluster in Puteri, Iskandar Malaysia

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Land</b>						
Bandar Nusajaya Development Sdn. Bhd. ("BND")	Malaysia	66.1	66.1	33.9	33.9	Investment holding, property development, land trading and an agent for its subsidiaries
Finwares Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
Fleet Group Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
Hatibudi Nominees (Tempatan) Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding

**Khazanah Nasional Berhad  
(Incorporated in Malaysia)**

**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Land (cont'd.)</b>						
Marina Management Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Marina management and property management
Mahisa Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property developer and undertaking construction and turnkey development contracts
Marak Unggul Sdn. Bhd.	Malaysia	33.1	33.1	66.9	66.9	Dormant
Nusajaya Development Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Nusajaya Medical Park Sdn. Bhd. *	Malaysia	66.1	66.1	33.9	33.9	Construct, manage and/or operate specialised buildings for long term lease and property development
Nusajaya Business Park Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Dormant
Projek Usahasama Transit Ringan Automatik Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	In creditors' voluntary liquidation
UEM Sunrise Nusantara Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
UEM Sunrise Overseas Corporation Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Land (cont'd.)</b>						
UEM Sunrise Pacific Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
UEM Sunrise Ventures Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
Aura Muhibah Sdn. Bhd.	Malaysia	39.7	39.7	60.3	60.3	Property development
Name	Country of incorporation/ principal place of business	Effective interest~ 2018 %	Effective interest~ 2017 %	Accounting model applied	Principal activities	
<b>Associates of UEM Land</b>						
Setia Haruman Sdn. Bhd. *	Malaysia	16.5	16.5	Equity method	Township development, property development, project development and sale of land	
Scope Energy Sdn. Bhd.*	Malaysia	26.4	26.4	Equity method	Property development	
Inneonusa Sdn. Bhd. *	Malaysia	25.8	25.8	Equity method	Provision of information communication technology (ICT) system security and smart building services including smart tenant services for building owners, operators, residents and visitors	
Sarandra Malaysia Sdn. Bhd. €	Malaysia	26.4	26.4	Equity method	Dormant	

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Joint Ventures of UEM Land</b>					
Cahaya Jauhar Sdn. Bhd. X	Malaysia	39.7	39.7	Equity method	Undertake the turnkey design and build contract for the development of the Johor State New Administrative Centre (now known as Kota Iskandar) and State Government Staff Housing in Iskandar Puteri, Johor, and provision of facilities maintenance and management services
Gerbang Leisure Park Sdn. Bhd. *	Malaysia	33.1	33.1	Equity method	Property development
Haute Property Sdn. Bhd. *	Malaysia	26.4	26.4	Equity method	Property development and property marketing
Horizon Hills Development Sdn. Bhd.	Malaysia	33.1	33.1	Equity method	Property development
Nusajaya Consolidated Sdn. Bhd.*	Malaysia	33.1	33.1	Equity method	Property development and related activities
Nusajaya Tech Park Sdn. Bhd.	Malaysia	26.4	26.4	Equity method	Property development
FASTrack Iskandar Sdn. Bhd.	Malaysia	19.8	19.8	Equity method	Property development and to develop, construct, operate and manage motorsport city with related facilities and services

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Cahaya Jauhar Sdn. Bhd.</b>						
CJ Capital Sdn. Bhd.	Malaysia	39.7	39.7	60.3	60.3	Special purpose vehicle solely to undertake the issuance of Sukuk Murabahah and any other activities incidental to its function as a special purpose vehicle in relation to the Sukuk Murabahah
CJ Bina Maju Sdn. Bhd.	Malaysia	39.7	39.7	60.3	60.3	Development of government projects and provision of facilities maintenance and management
CJ Residentials Sdn. Bhd.	Malaysia	39.7	39.7	60.3	60.3	Development of government projects and provision of facilities maintenance and management
CJ Developments Sdn. Bhd	Malaysia	39.7	39.7	60.3	60.3	Development of government projects and provision of facilities maintenance and management
CJ Ledang Development Sdn. Bhd.	Malaysia	39.7	39.7	60.3	60.3	Development of government projects and provision of facilities maintenance and management

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Horizon Hills Development Sdn. Bhd.</b>						
Horizon Hills Resort Berhad	Malaysia	33.1	33.1	66.9	66.9	Proprietor of a club and management of a golf course
Horizon Hills Property Services Sdn. Bhd.	Malaysia	33.1	33.1	66.9	66.9	Property management and maintenance services
<b>Subsidiary of Nusajaya Consolidated Sdn. Bhd.</b>						
Clear Dynamic Sdn. Bhd.*	Malaysia	33.1	33.1	66.9	66.9	Hospitality and related services
<b>Subsidiaries of BND</b>						
Nusajaya Industrial Park Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Nusajaya Gardens Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Land trading and investment holding
Nusajaya Greens Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development, land trading and investment holding
Nusajaya Heights Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development, land trading and investment holding
Nusajaya Rise Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development, land trading and investment holding

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of BND (cont'd.)</b>						
Nusajaya Seaview Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Land trading and investment holding
Nusajaya Land Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Preferred Resources Sdn. Bhd. ++	Malaysia	76.3	76.3	23.7	23.7	Inactive
Symphony Hills Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development, land trading and investment holding
<b>Subsidiary of UEM Sunrise Nusantara Sdn. Bhd.</b>						
P.T. Bias Permata	Indonesia	66.1	66.1	33.9	33.9	Investment holding
<b>Subsidiary of UEM Sunrise Overseas Corporation Sdn. Bhd.</b>						
UEM Sunrise South Africa (Pty) Ltd. *	South Africa	66.1	66.1	33.9	33.9	Investment holding
<b>Subsidiaries of UEM Sunrise South Africa (Pty) Ltd</b>						
Roc-Union (Proprietary) Limited *	South Africa	53.1	53.1	46.9	46.9	Investment holding
<b>Subsidiary of Roc-Union (Proprietary) Limited</b>						
Rocpoint (Proprietary) Limited *	South Africa	53.1	53.1	46.9	46.9	Acquisition and development of land

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Associate of Rocpoint (Proprietary) Limited</b>						
Durban Point Development Company (Proprietary) Limited	South Africa	26.6	26.6	Equity method	Property development	
Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Sunrise</b>						
Arcoris Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property investment and development
Ascot Assets Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
<b>Subsidiaries of Sunrise (cont'd.)</b>						
Aston Star Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property investment, development and construction
Aurora Tower at KLCC Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Ibarat Duta Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Laser Tower Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Lembah Suria Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Sunrise (cont'd.)</b>						
Lucky Bright Star Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property investment and development
Milik Harta Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
New Planet Trading Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property investment and development
Prinsip Eramaju Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Saga Centennial Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Ceased operation
SCM Property Services Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Provision of property management services
Solid Performance Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Summer Suites Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sun Victory Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property investment and development
Sunrise Alliance Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Benchmark Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Sunrise (cont'd.)</b>						
Sunrise Century Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Hospitality and Leisure Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Provision of ancillary services to property related projects
Sunrise Innovations Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Landmark Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Mersing Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Oscar Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
Sunrise Overseas Corporation Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding and provision of management services
Sunrise Paradigm Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Pioneer Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Project Services Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development and project management for property development projects

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Sunrise (cont'd.)</b>						
Sunrise Quality Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Region Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property development
Sunrise Sovereign Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Investment holding
Sunrise International Development Ltd	The Cayman Islands	66.1	66.1	33.9	33.9	Investment holding
Sunrise Overseas (S) Pte Ltd.	Singapore	66.1	66.1	33.9	33.9	Promotion and management services relating to Sunrise Group's properties
Sunrise MS Pte Ltd.	Singapore	66.1	66.1	33.9	33.9	Provision of consultancy, advisory and technical services in relation to project development
Name	Country of incorporation/ principal place of business	Effective interest~ 2018 %	Effective interest~ 2017 %	Accounting model applied	Principal activities	
<b>Joint Ventures of Sunrise</b>						
Sime Darby Sunrise Development Sdn. Bhd.*at	Malaysia	33.1	33.1	Equity method	Property development	

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied		Principal activities
		2018 %	2017 %			
<b>Joint Ventures of Sunrise (cont'd.)</b>						
Sunrise MCL Land Sdn. Bhd.*	Malaysia	33.1	33.1	Equity method		Property development and property investment
<b>Subsidiaries of UEM Sunrise (Australia) Sdn. Bhd.</b>						
UEM Sunrise (Land) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Holding and financing company
UEM Sunrise (Developments) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Holding and financing company
<b>Subsidiaries of UEM Sunrise (Land) Pty Ltd</b>						
UEM Sunrise (Mackenzie Street) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Trustee company
UEM Sunrise (Mackenzie Street) Unit Trust	Australia	66.1	66.1	33.9	33.9	Landowning entity
UEM Sunrise (La Trobe Street) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Trustee company
UEM Sunrise (La Trobe Street) Unit Trust	Australia	66.1	66.1	33.9	33.9	Landowning entity
UEM Sunrise (St Kilda Road) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Trustee company
UEM Sunrise (St Kilda Road) Unit Trust	Australia	66.1	66.1	33.9	33.9	Landowning entity

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Sunrise (Developments) Pty Ltd</b>						
UEM Sunrise (Mackenzie Street Development) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Development company
UEM Sunrise (La Trobe Street Development) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Development company
UEM Sunrise (St Kilda Road Development) Pty Ltd	Australia	66.1	66.1	33.9	33.9	Development company
<b>Subsidiaries of UEM Sunrise (Developments) Pty Ltd (cont'd.)</b>						
UEM Sunrise (Aurora Melbourne Central Property Management) Pty Ltd	Australia	66.1	-	33.9	-	Property management services
UEM Sunrise (Conservatory Melbourne Property Management) Pty Ltd	Australia	66.1	-	33.9	-	Property management services
<b>Subsidiaries of UEM Sunrise Properties Sdn. Bhd.</b>						
Nusajaya DCS Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Provision of cooling plant facility services
Opera Retreat Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property investment

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Sunrise Properties Sdn. Bhd. (cont'd.)</b>						
Puteri Harbour Convention Centre Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Own and operate a convention centre
UEM Sunrise Nusajaya Properties Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property investment
<b>Subsidiary of UEM Sunrise (Canada) Sdn. Bhd.</b>						
UEM Sunrise (Canada) Development Ltd.	Canada	66.1	66.1	33.9	33.9	Real estate acquisition and development
<b>Subsidiaries of UEM Sunrise Management Services Sdn. Bhd.</b>						
UEM Sunrise Nusajaya Property Services Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property management services
UEM Sunrise Project Services Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Property management for property development
<b>Subsidiary of Sunrise Oscar Sdn. Bhd.</b>						
Sunrise DCS Sdn. Bhd.	Malaysia	66.1	66.1	33.9	33.9	Provision of cooling plant facility services
<b>Subsidiary of Sunrise International Development Ltd</b>						
Sunrise Holdings S.à.r.l.	The Grand Duchy of Luxembourg	66.1	66.1	33.9	33.9	Investment holding

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of Sunrise Holdings S.à.r.l.</b>						
Canada Sunrise Development Corp. *	Canada	66.1	66.1	33.9	33.9	Property investment and development
<b>Subsidiaries of Canada Sunrise Development Corp.</b>						
Canada Sunrise Developments (Richmond) Limited *	Canada	66.1	66.1	33.9	33.9	Property investment and development
0757422 B.C. Ltd*	Canada	66.1	66.1	33.9	33.9	Property investment and development
<b>Subsidiaries of UEM Builders</b>						
Buildcast Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Production of precast concrete products
IBS Iconsis Sdn. Bhd. *	Malaysia	100.0	100.0	-	-	Ceased operations
Intria Bina Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Civil engineering and construction works
Hoto Stainless Steel Industries Sdn. Bhd.	Malaysia	97.9	97.9	2.1	2.1	Manufacturing and sale of stainless steel pipes
Pati Sdn. Bhd. ("PATI")	Malaysia	100.0	100.0	-	-	Civil engineering works and building construction
PATI Technologies Sdn. Bhd. *	Malaysia	100.0	100.0	-	-	Ceased operations
Total Trade Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Ceased operations

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Builders (cont'd.)</b>						
UEM Construction Sdn. Bhd. ("UEMC")	Malaysia	100.0	100.0	-	-	Contractors for the execution of construction and engineering works
UEM Construction (B) Sdn. Bhd. <	Brunei	100.0	100.0	-	-	Civil, electrical, mechanical and industrial plant construction and general building and contracting
UEMB – MRCB JV Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Master contractor for the execution of engineering and construction works
UEMB - Najcom JV	Unincorporated	65.0	65.0	35.0	35.0	Master contractor for the execution of engineering and construction works
UEMB-PROPEL Consortium	Unincorporated	100.0	100.0	-	-	Civil engineering works and building construction
Name	Country of incorporation/ principal place of business	Effective interest~ 2018 %	Effective interest~ 2017 %	Accounting model applied		Principal activities
<b>Associate of UEM Builders</b>						
Preferred Resources Sdn. Bhd. ++ *	Malaysia	76.3	76.3	Equity method		Inactive

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Joint Venture of UEM Builders</b>					
Shimizu – Nishimatsu - UEMB – IJM JV	Unincorporated	20.0	20.0	Equity method	Water transfer tunnel and related works for Pahang-Selangor Raw Water Transfer project

**Joint Venture of Buildcast Sdn. Bhd.**

Buildcast Sdn. Bhd.– Persys Sdn. Bhd. JV x	Unincorporated	-	70.0	Equity method	Dissolved
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Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	

**Subsidiaries of UEMC**

UEM (Mauritius) Co Ltd ("UEMM") *	Mauritius	100.0	100.0	-	-	Investment holding
PT Karabha Gryamandiri μ	Indonesia	55.0	55.0	45.0	45.0	Subcontractor of construction of CPTR package
UEMC - PPES Works (Sarawak) Sdn. Bhd. JV	Unincorporated	70.0	70.0	30.0	30.0	Design and build for Hospital Lawas project

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Associate of UEMC</b>						
Samsung C&T Corporation UEM Construction JV Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Civil engineering works and building construction	
<b>Joint Ventures of UEMC</b>						
UEC – Hasrat Usaha Sdn. Bhd. JV x	Unincorporated	-	70.0	Equity method	Dormant	
UEMC – Bina Puri JV x	Unincorporated	60.0	60.0	Equity method	Design, construction, completion, testing, commissioning and maintenance of main terminal building, satellite building, sky bridge and piers	
Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEMM</b>						
UE Development India Pvt Ltd ("UEDI") *	India	100.0	100.0	-	-	Construction works and maintenance of expressways
Pati International (India) Pvt. Ltd. *	India	100.0	100.0	-	-	Construction and engineering services
UEM Builders – Ansalapi Contracts Pvt. Ltd. Ω*	India	60.0	60.0	40.0	40.0	Construction, execution and completion of various building and engineering works at Sushant Golf City, Lucknow

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of PT Karabha Gryamandiri</b>						
PT Karabha Gryamandiri & PT Nusa Raya Cipta Consortium	Unincorporated	30.3	30.3	69.7	69.7	Design, development, construction, management, maintenance and operation of the CPTR package
<b>Subsidiary of Pati International (India) Pvt Ltd</b>						
Rushil Constructions (India) Pvt. Ltd. *	India	100.0	100.0	-	-	Maintain highways
<b>Subsidiary of PATI Sdn. Bhd.</b>						
Pati Pave Sdn. Bhd. *	Malaysia	100.0	100.0	-	-	Ceased operations
Name	Country of incorporation/ principal place of business	Effective interest~ 2018 %	Effective interest~ 2017 %	Accounting model applied	Principal activities	
<b>Associate of PATI Sdn. Bhd.</b>						
Pati Philippines Inc. *	Phillipines	40.0	40.0	Equity method	Dormant	
<b>Joint Ventures of PATI Sdn. Bhd.</b>						
Road Builder (M) Sdn. Bhd. – PATI Sdn. Bhd. JV	Unincorporated	50.0	50.0	Equity method	Construction and extension of roads	
B. Seenayah & Co – Road Builder (M) Sdn. Bhd. – PATI Sdn. Bhd. JV	Unincorporated	25.0	25.0	Equity method	Construction and extension of roads	

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		

**Joint Ventures of PATI Sdn. Bhd. (cont'd.)**

Hindustan Construction Co Ltd - PATI Sdn. Bhd. JV	Unincorporated	50.0	50.0	Equity method	Construction and extension of roads
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PATI - Bhagheeratha Engineering Ltd JV	Unincorporated	50.0	50.0	Equity method	Construction and extension of roads
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Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	

**Subsidiaries of CIMA**

Cimaco Readymix Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Cimaco Quarry Sdn. Bhd.	Malaysia	-	100.0	-	-	Dissolved
I-Mix Concrete Industries Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Inactive
Kuad Sdn. Bhd.	Malaysia	70.0	70.0	30.0	30.0	Quarrying business and its related activities
Kuari Pati Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Quarrying business and its related activities
Matang Pagar Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Quarrying business and its related activities

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of CIMA (cont'd.)</b>						
Negeri Sembilan Cement Industries Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacture and sale of cement
Pemasaran Simen Negara Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Inactive
Profitlite Holdings Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Quarrying business and its related activities
Unipati Concrete Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Production and sale of ready-mixed concrete
<b>Subsidiaries of Kuari Pati Sdn. Bhd.</b>						
Pati Bukit Perak Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Quarrying business and its related activities
Pati Nilai Quarry Sdn. Bhd.	Malaysia	70.0	70.0	30.0	30.0	Quarrying business and its related activities
Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Associate of Kuari Pati Sdn. Bhd.</b>						
Semenyih Quarry Sdn. Bhd. *	Malaysia	40.0	40.0	Equity method		Quarrying business and its related activities

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Edgenta</b>						
Opus Group Berhad ("Opus")	Malaysia	69.1	69.1	30.9	30.9	Investment holding
Edgenta Propel Berhad ("Edgenta Propel")	Malaysia	69.1	69.1	30.9	30.9	Maintenance and repair of civil, mechanical and electrical works of roads, infrastructure and expressways and industrial cleaning services
Edgenta Environmental & Material Testing Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Geotechnical investigation, instrumentation and pavement condition assessment works
Faber Development Holdings Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding
Edgenta Healthcare Management Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding
Faber Hotels Holdings Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding
Faber LLC*	Emirates of Dubai	51.9	51.9	48.1	48.1	Facilities management services in United Arab Emirates

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Edgenta (cont'd.)</b>						
Edgenta Facilities Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding and provision of integrated facilities management services
Edgenta Energy Services Sdn. Bhd.	Malaysia	48.4	48.4	51.6	51.6	Energy performance management services
Edgenta Energy Projects Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Providing energy management services and renewable energy services through capital investments
Edgenta (Singapore) Pte. Ltd.	Singapore	69.1	69.1	30.9	30.9	Investment holding
Edgenta Township Management Services Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding and management of real estate
KFM Holdings Sdn. Bhd.	Malaysia	55.3	55.3	44.7	44.7	Cleaning contractors, improvers and other related activities
Sate Yaki Sdn. Bhd.	Malaysia	41.5	41.5	58.5	58.5	In liquidation

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Opus</b>						
Builders Credit & Leasing Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding
International Business Link, Inc	British Virgin Islands	69.1	69.1	30.9	30.9	Investment holding
Opus International (NZ) Limited	New Zealand	69.1	69.1	30.9	30.9	Investment holding
Opus International (M) Berhad ("OIM")	Malaysia	69.1	69.1	30.9	30.9	Management of the planning, design and construction of infrastructure projects and provision of facilities management services
<b>Subsidiaries of OIM</b>						
Opus Management Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Dormant
Pengurusan LRT Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Dormant
Pengurusan Lintas Berhad	Malaysia	69.1	69.1	30.9	30.9	Dormant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of OIM (cont'd.)</b>						
Opus International India Pte Ltd *	India	69.1	69.1	30.9	30.9	Provision of asset development and asset management services
Opus Al-Dauliyyah LLC **	Kingdom of Saudi Arabia	69.1	69.1	30.9	30.9	Engineering consultancy services
Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Associate of OIM</b>						
Opus Consultants (M) Sdn. Bhd. (fka Ace Vector Sdn. Bhd.) *	Malaysia	20.7	20.7	Equity method	Engineering consultancy services	
Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Edgenta Propel</b>						
Aquatrans Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Undertaking of water projects
PT Edgenta PROPEL Indonesia	Indonesia	68.9	68.9	31.1	31.1	Provision of management consultancy and advisory related to management of roads

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied		Principal activities
		2018 %	2017 %			
<b>Jointly controlled operation of Edgenta Propel</b>						
Edgenta Propel-NRC JO	Unincorporated	38.0	38.0	Equity method		Providing highway maintenance services
Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Faber Development Holdings Sdn. Bhd.</b>						
Country View Development Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Property development and provision of facilities management services
Faber Grandview Development (Sabah) Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Property development
Faber Heights Management Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Property management
Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Faber Development Holdings Sdn. Bhd. (cont'd.)</b>						
Faber Union Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Property development
Rimbunan Melati Sdn. Bhd.	Malaysia	38.0	38.0	62.0	62.0	Property development

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of Edgenta Healthcare Management Sdn. Bhd.</b>						
Edgenta Mediserve Sdn. Bhd. @	Malaysia	69.1	69.1	30.9	30.9	Provision of hospital support services
<b>Subsidiaries of EMS</b>						
Cermin Cahaya Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Provision of cleansing services to hospitals
Edgenta Healthtronics Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Provision of biomedical electronic engineering maintenance services
Fresh Linen Services (Sabah) Sdn. Bhd.	Malaysia	41.5	41.5	58.5	58.5	Provision of laundry processing activities
Edgenta Mediserve (Sarawak) Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding
Edgenta Mediserve (Sabah) Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Investment holding
Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Associates of Edgenta Mediserve (Sarawak) Sdn. Bhd.</b>						
One Medicare Sdn. Bhd.*	Malaysia	27.7	27.7	Equity method	Provision of hospital support services	

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Associates of Edgenta Mediserve (Sarawak) Sdn. Bhd. (cont'd.)</b>					
Biomedix Solutions Sdn. Bhd. *	Malaysia	27.7	27.7	Equity method	Provision of biomedical engineering maintenance services

**Associate of Edgenta Mediserve (Sabah) Sdn. Bhd.**

Sedafiat Sdn. Bhd.*	Malaysia	27.7	27.7	Equity method	Provision of hospital support services
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Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Edgenta Facilities Sdn. Bhd.</b>						
Edgenta Facilities Management Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Facilities management services
General Field Sdn. Bhd.	Malaysia	69.1	69.1	30.9	30.9	Provision of energy performance management services
Faber Star Facilities Management Limited *	India	69.1	69.1	30.9	30.9	Facilities management in India

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Associate of Edgenta Facilities Sdn. Bhd.</b>					
Faber Sindoori Management Services Private Limited*	India	35.3	35.3	Equity method	Facilities management in India

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of Edgenta Township Management Services Sdn. Bhd.</b>						
UEM Sunrise Edgenta TMS Sdn Bhd β	Malaysia	68.2	68.2	31.8	31.8	Investment holding and management of real estate
<b>Subsidiary of UEM Sunrise Edgenta TMS</b>						
Edgenta TMS Sdn. Bhd.	Malaysia	33.4	33.4	66.6	66.6	Management of real estate
<b>Subsidiaries of KFM Holdings Sdn. Bhd.</b>						
KFM Projects Sdn. Bhd.	Malaysia	55.3	55.3	44.7	44.7	Project management consulting services
KFM Systems Sdn. Bhd.	Malaysia	55.3	55.3	44.7	44.7	Consulting and contractor for building management systems for the built environment
KFM Solutions Sdn. Bhd.	Malaysia	55.3	55.3	44.7	44.7	Consultancy services in green, smart and connected urban ecology and integrated facility management services
KFM Energy Services Sdn. Bhd.	Malaysia	55.3	55.3	44.7	44.7	Provision of consultancy and other services relating to conservation and renewable energy
Veridis PPP One Sdn. Bhd.	Malaysia	55.3	55.3	44.7	44.7	Concession holder specialising in retrofitting works of building utilising green technology
Operon Malaysia Sdn. Bhd.	Malaysia	55.3	55.3	44.7	44.7	Provision of supervising officer for activities related to green technology and other solutions for the built environment

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of KFM Holdings (cont'd.)</b>						
Operon Consulting Sdn. Bhd.	Malaysia	38.7	38.7	61.3	61.3	Asset management consulting services
Operon Middle East Limited	British Virgin Islands	55.3	55.3	44.7	44.7	Facilities management and buildings cleaning services
KFM Middle East Limited *	British Virgin Islands	38.7	38.7	61.3	61.3	Dormant
<b>Subsidiary of Operon Consulting Sdn. Bhd.</b>						
Operon Asset Advisory Sdn. Bhd. *	Malaysia	19.0	19.0	81.0	81.0	Asset management consulting services
<b>Subsidiary of Edgenta (Singapore) Pte Ltd</b>						
Asia Integrated Facility Solutions Pte Ltd *	Singapore	-	69.1	-	30.9	Dissolved
UEMS Pte Ltd	Singapore	67.4	67.4	32.6	32.6	Investment holding
<b>Subsidiary of Asia Integrated Facility Solutions Pte Ltd</b>						
Asia Facility Solutions Pte Ltd *	Singapore	69.1	69.1	30.9	30.9	In members' voluntary liquidation
<b>Subsidiary of Asia Facility Solutions Pte Ltd</b>						
UEMS Pte Ltd	Singapore	-	67.4	-	32.6	Investment holding
<b>Subsidiary of UEMS Pte Ltd</b>						
UEMS Solutions Pte Ltd	Singapore	67.4	67.4	32.6	32.6	Provision of facility management services

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of UEMS Pte Ltd (cont'd.)</b>						
UEMS Solutions Sdn. Bhd.	Malaysia	67.4	67.4	32.6	32.6	Provision of facility management services
UEMS Solutions Ltd	Taiwan	67.4	67.4	32.6	32.6	Provision of facility management services
ServiceMaster Hong Kong Limited	Hong Kong	67.4	67.4	32.6	32.6	Dormant
<b>Subsidiary of UEMS Solutions Ltd</b>						
UEMS ServiceCorp Ltd	Taiwan	67.4	67.4	32.6	32.6	Provision of cleaning and consulting services for business enterprises, buildings and home service to individuals
<b>Other subsidiaries of UEM</b>						
First Impact Sdn. Bhd. ("FISB")	Malaysia	100.0	100.0	-	-	Investment property holding, provision of maintenance and other related activities of the office building owned by the company
Forte Tech Solutions Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Provision of information technology solutions and systems support services
Intralogic Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Ceased operations

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Other subsidiaries of UEM (cont'd.)</b>						
Hydron (M) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Ceased operations
Infrared Advanced Technologies Sdn. Bhd.	Malaysia	75.0	75.0	25.0	25.0	Research, development design, manufacture, implementation, marketing, selling and supplying of electronic toll collection system
MAVTRAC Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Ceased operations
Pantai Panorama Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Serayin Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding, trading and letting of properties
UEM Group Management Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Ceased operations
UEM International (West Asia) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
UEM International (Labuan) Limited	Labuan	100.0	100.0	-	-	Investment holding
United Growth Berhad	Malaysia	100.0	100.0	-	-	Investment holding
Vistajati Holdings Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property development
UEM Capital Limited	Labuan	100.0	100.0	-	-	Investment holding

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	

**Other subsidiaries of UEM (cont'd.)**

UEM Suria Berhad	Malaysia	100.0	100.0	-	-	Investment holding
York Place Limited *	Isle of Man, United Kingdom	-	100.0	-	-	Dissolved

**Subsidiary of UEM International (West Asia) Sdn. Bhd.**

UEM Al-Dauliyyah LLC ^	Kingdom of Saudi Arabia	100.0	100.0	-	-	Ceased operations
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Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		

**Other associates of UEM**

Puncak Vista Sdn. Bhd.	Malaysia	30.0	30.0	Equity method	Under compulsory liquidation
Mekar Idaman Sdn Bhd *	Malaysia	45.0	45.0	Equity method	Liquidation by Court

**Other joint venture of UEM**

UEM MMC Joint Venture Sdn. Bhd.	Malaysia	50.0	50.0	Equity method	Investment holding and provision of expressway operation services for Pan Borneo Sabah project
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**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of UEM Suria Berhad</b>						
Suria Legenda Development Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Suria Siena Development Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property development
Suria Siena Dua Development Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Suria Azure Development Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant

\* Audited by firms other than Ernst & Young.

α Financial year end other than 31 December.

t For the purpose of applying the equity method of accounting for associate and joint ventures with financial year end other than 31 December, the last audited financial statements available and the management financial statements to the end of the accounting period of the associate and joint ventures have been used.

x Deemed to be joint ventures of the Group pursuant to FRS 11 : Joint Arrangements as the parties involved are undertaking economic activities that are subject to joint control.

// The Group has a total of 64.4% shareholding in JSTPL, comprising 26.0% held via PEIB and 38.4% held via Uniquest.

## The Group has a total of 94.1% shareholding in PLUS BKSP comprising 0.1% held by PEIB and 94.0% held by PLUS Kalyan (Mauritius) Private Limited, a wholly-owned subsidiary of PEIB.

β The Group has a total of 68.2% shareholding in UEM Sunrise Edgenta TMS Sdn Bhd, comprising 19.8% held by UEM Sunrise and 48.4% held by Edgenta Township Management Services Sdn Bhd.

< Some of the shares in the company are held in trust by individuals.

++ The Group has a total of 76.3% shareholding in Preferred Resources Sdn Bhd comprising 30.0% held via UEM Builders and 46.3% held via BND.

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(A) Subsidiaries, associates and joint ventures of UEM (cont'd.)**

- μ The non-controlling shareholders assign all their rights to the dividend to UEMC.
- Ω The Group has a total of 60.0% shareholding in UEM Builders – Ansalapi Contracts Pvt Ltd comprising 50.0% held via UEM (Mauritius) Co Ltd and 10.0% held via UE Development India Pvt Ltd.
- & The Group had a total of 55.7% shareholding in Opus Consultants DMCC in previous year, comprising 21.1% held by Opus IC and 34.6% held by OIM.
- ∅ Opus International North American Principals Inc. P.S was incorporated on 2 February 2015 and had stock buy-sell agreements with Opus IC, giving Opus IC 100% accounting control over Opus International North America Principals Inc. P.S.
- v The Group had a total of 27.3% shareholding in Opus Middle East LLC in previous year, comprising 10.4% held by Opus IC and 16.9% held by OIM.
- @ The Group has a total of 69.1% shareholdings in Edgenta Mediserve Sdn Bhd, comprising 39.4% held by Edgenta Healthcare Management Sdn Bhd and 29.7% held by UEM Edgenta.
- ^ The Group holds 100.0% of the equity in UEM Al-Dauliyyah LLC, comprising 90.0% held by UEM International (West Asia) Sdn Bhd and 10.0% held directly by UEM.
- \*\* The Group holds 69.1% of the equity in Opus Al-Dauliyyah LLC, comprising 65.7% held directly by OIM and 3.4% held by Opus Management Sdn Bhd.
- e Previously a subsidiary.

**(B) Subsidiaries of MAS**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries</b>						
Delima Insurance (Labuan) Limited	Malaysia	100.0	100.0	-	-	Captive insurance business. Ceased operations in prior year
MASkargo Sdn. Bhd. ^^	Malaysia	100.0	100.0	-	-	Air cargo operations, charter freighter and all warehousing activities relating to air cargo operations. Ceased operations in 2015

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(B) Subsidiaries of MAS (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries (cont'd.)</b>						
MAS Golden Boutiques Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Carried on the business related to travel retail and mail order. Ceased operations in 2015
Malaysia Airlines Capital (L) Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Malaysia Airlines Capital II (L) Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Malaysia Airlines Capital III (L) Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Malaysia Airlines Capital IV (L) Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Kelip-Kelip Labuan Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Kelip-Kelip II Labuan Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Kelip-Kelip II Cayman Limited	Cayman Islands	100.0	100.0	-	-	Leasing business
Kelip-Kelip III Labuan Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Kunang Kunang Labuan Limited	Malaysia	100.0	100.0	-	-	Dormant
Malaysia Airlines A330 Capital Labuan Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Malaysia Airlines B738 Capital Labuan Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(B) Subsidiaries of MAS (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries (cont'd.)</b>						
Malaysia Airlines B738 II Capital Labuan Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
Malaysia Airlines Capital IV Cayman Limited	Cayman Islands	100.0	100.0	-	-	Leasing business
Malaysia Airlines Capital V Cayman Limited	Cayman Islands	100.0	100.0	-	-	Leasing business
MAS Academy Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Malaysian Aerospace Engineering Sdn. Bhd. ("MAE")	Malaysia	100.0	100.0	-	-	Dormant
MAS Aerotechnologies Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
MAS Golden Holidays Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
MH Loyalty Programme Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant

^ On 25 May 2015, MASkargo Sdn. Bhd. was placed under Administration pursuant to the MAS Act.

**Subsidiaries of MAGB**

Malaysia Airlines Berhad ("MAB")	Malaysia	100.0	100.0	-	-	Business of air transportation and the provision of related services
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(C) Subsidiaries and associates of MAGB**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of MAGB (cont'd.)</b>						
AeroDarat Services Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Ground services activities on airfields
FlyFirefly Sdn. Bhd. ("Firefly")	Malaysia	100.0	100.0	-	-	Air transportation and the provision of related
MAB Kargo Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Other cargo holding
MAB Leasing Limited	Malaysia	100.0	100.0	-	-	To carry on business of purchase, sale, lease, obtaining lease financing and refinancing of commercial aircraft
MAB Pesawat Sdn. Bhd.	Malaysia	100.0	100.0	-	-	To carry on business of purchase, sale, lease, obtaining lease financing and refinancing of commercial aircraft
MASwings Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Air transportation and the provision of related services
Hijrah Biru Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Air transportation and the provision of related services
MAB Academy Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Other education
MAB Academy Sdn. Bhd.	Malaysia	100.0	-	-	-	Dormant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(C) Subsidiaries and associates of MAGB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Malaysia Airlines Berhad</b>						
Bakawali (Labuan) Limited	Malaysia	100.0	100.0	-	-	Labuan leasing business
MAB Engineering Services Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Other services activities incidental to air transportation
MAS Aero Services Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Provision of laundry and cleaning related services
MAS Awana Services Sdn. Bhd.	Malaysia	60.0	60.0	40.0	40.0	Provision of catering and cabin handling services
Impeccable Vintage Properties Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Activities of holding companies
<b>Subsidiary of FlyFirefly Sdn. Bhd.</b>						
FlyFirefly Holiday Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Tour and travel related operation
MASkargo Logistics Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Providing trucking, clearance and warehousing services
Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Associates of MAGB</b>						
Hamilton Sunstrand Customer Support Centre (M) Sdn. Bhd. ("Hamilton")	Malaysia	-	49.0	Equity method	Repair and overhaul of selected aircraft environmental control systems, aircraft pneumatic components and propeller system	

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(C) Subsidiaries and associates of MAGB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Associates of MAGB (cont'd.)</b>					
Hamilton Sunstrand Customer Support Centre (M) Sdn. Bhd. ("Hamilton")	Malaysia	-	49.0	Equity method	Repair and overhaul of selected aircraft enviromental control systems, aircraft pneumatic components and propeller system
Brahim's SATS Food Service Sdn Bhd	Malaysia	30.0	30.0	Equity method	Carry on airline catering related services
GE Engine Services Malaysia Sdn. Bhd. ("GEESM")	Malaysia	-	30.0	Equity method	Repair and overhaul of aircraft engine
Pan Asia Pacific Aviation Services Limited ("PAPAS")	Hong Kong	24.0	24.0	Equity method	Provision of aircraft maintainence services
Taj Madras Flight Kitchen Limited ("Taj Madras")	India	20.0	20.0	Equity method	Inflight catering of food and beverage

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of IIB</b>						
Iskandar Coast Sdn. Bhd. ("ICSB")	Malaysia	80.0	80.0	20.0	20.0	Investment holding and property development
Iskandar Development Management Services Sdn. Bhd. ("IDMS")	Malaysia	100.0	100.0	-	-	Management services
SJIC Bina Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Construction

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(D) Subsidiaries, associates and joint ventures of IIB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of IIB (cont'd.)</b>						
Peak Alpha Express Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Educity Iskandar Malaysia Sdn. Bhd. ("EIMSB")	Malaysia	100.0	100.0	-	-	Investment holding, property development and property management services
Iskandar Assets Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property investment
Iskandar Harta Holdings Sdn. Bhd. ("IHHSB")	Malaysia	100.0	100.0	-	-	Property and investment holding
Medini Security Services Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Medini Land Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property and investment holding
Iskandar Investment Pte. Ltd. w	Singapore	-	100.0	-	-	Dissolved
Iskandar Innovations Sdn. Bhd. ("IISB")	Malaysia	100.0	100.0	-	-	Investment holding
Wurawari Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Iskandar Capital Sdn. Bhd. ("IskCap")	Malaysia	55.4	55.4	44.6	44.6	Investment holding
<b>Subsidiary of ICSB</b>						
River Retreat Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Property development and investment

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(D) Subsidiaries, associates and joint ventures of IIB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of ICSB (cont'd.)</b>						
Teladan Tekun Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Investment holding
Iskandar Medical Education Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Investment holding
<b>Subsidiaries of IDMS</b>						
Iskandar Management Services Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Management services
Medini City Management Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Management services
<b>Subsidiary of IHHSB</b>						
Ujung Medini Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property investment
<b>Subsidiaries of EIMSB</b>						
Iskandar Education Village Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property development and management
Iskandar British Education Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property development and management
Iskandar Education Enterprise Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property development and management

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(D) Subsidiaries, associates and joint ventures of IIB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Associates of IIB</b>					
Jasmine Acres Sdn. Bhd. ("JASB")	Malaysia	33.3	33.3	Equity method	Investment holding
<b>Joint ventures of IIB</b>					
Nusajaya Lifestyle Sdn. Bhd.	Malaysia	45.0	45.0	Equity method	Property development
Metrogold Assets Sdn. Bhd.	Malaysia	20.0	20.0	Equity method	Property development
Raffles Iskandar Sdn. Bhd.	Malaysia	20.0	20.0	Equity method	Property development
Sunway Iskandar Development Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Property development
Nusajaya Premier Sdn. Bhd.	Malaysia	16.0	16.0	Equity method	Property development
Inneonusa Sdn Bhd ("ISB")	Malaysia	10.0	10.0	Equity method	Management services
<b>Joint venture of JASB</b>					
Medini Iskandar Malaysia Sdn. Bhd.	Malaysia	20.0	20.0	Equity method	Property investment holding and the provision of construction services

w All the companies are audited by Ernst & Young, Malaysia except that marked "w", which is audited by a member firm of Ernst & Young Global in Singapore.

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of TARHSB</b>						
Themed Attractions and Resorts Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Destination Resorts and Hotels Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Themed Destination IP Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiaries of Themed Attractions and Resort Sdn. Bhd.</b>						
Rakan Riang Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Own and operate KidZania educational and entertainment facility
Malaysia Truly Asia Centre Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
TAR PH Holdings Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding and provision of management services
TAR Riverwalk Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding and to own and operate water park
Themed Attractions Berhad	Malaysia	100.0	100.0	-	-	Investment holding
LL Malaysia Attractions Holdings Sdn. Bhd. ("LLMAH")	Malaysia	100.0	100.0	-	-	Investment holding
Rakan Riang Pte Ltd.^	Singapore	80.0	80.0	20.0	20.0	Own and operate KidZania educational and entertainment facility
LL Resorts Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Themed Attractions Berhad</b>						
PH Family Theme Park Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding company and provision of catering and management services
<b>Subsidiaries of TAR PH Holdings Sdn. Bhd.</b>						
TAR LBC Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Own and operate Thomas Town attraction
TAR KB Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
TAR PH Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Own and operate Hotel Jen
TAR PH Family Entertainment Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Own and lease retail properties
TAR Kittown Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Own and operate Sanrio Hello Kitty Town attraction
PH Marina Boulevard Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding and to own and lease retail properties
<b>Subsidiaries of PH Marina Boulevard Sdn. Bhd.</b>						
PH Marina Boulevard 1 Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
PH Marina Boulevard 2 Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
PH Marina Boulevard 3 Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of PH Marina Boulevard Sdn. Bhd. (cont'd.)</b>						
PH Marina Boulevard 4 Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
PH Marina Boulevard 5 Sdn. Bhd.	Malaysia	100.0	100.0			Dormant
PH Marina Boulevard 6 Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
<b>Subsidiaries of TAR Riverwalk Sdn. Bhd.</b>						
Riverwalk Waterpark Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Dolphin Attractions Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Destination Attractions Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Park Three Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiaries of LL Malaysia Attractions Holdings Sdn. Bhd.</b>						
IDR Resorts Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Investment holding and provision of management services
LL Themed Hotel Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Own and operate Legoland Hotel Malaysia

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of IDR Resorts Sdn. Bhd.</b>						
IDR Assets Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Own and lease assets of Legoland Malaysia Theme Park
LL Malaysia Taman Tema Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Manage and operate Legoland Malaysia Theme Park, Water Park and Sealife Aquarium Educational Facility
<b>Subsidiaries of Destination Resorts and Hotels Sdn. Bhd.</b>						
Stulang Ventures Sdn. Bhd.	Malaysia	78.5	78.5	21.5	21.5	Investment holding
Elite Sun Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Pantai Andaman Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Desaru Estate Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Ownership of an international class hotel "Hard Rock Hotel Desaru Coast"
Hijauan Desaru Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
DRH Green Homes (M) Sdn. Bhd.	Malaysia	84.3	84.3	15.7	15.7	Property development
Asia Pioneer Capital Sdn. Bhd. ("APC")	Malaysia	100.0	100.0	-	-	Dormant
ECM Golf Berhad	Malaysia	100.0	100.0	-	-	Dormant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Destination Resorts and Hotels Sdn. Bhd. (cont'd.)</b>						
Little Red Cube Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Datai Hotels and Resorts Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Desaru Beach Parks Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Chalet owner
Desaru Theme Hotel Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
<b>Subsidiary of Stulang Ventures Sdn. Bhd.</b>						
Desaru Development Corporation Sdn. Bhd. ("DDC")	Malaysia	55.0	55.0	45.1	45.1	Investment holding and master developer of Desaru Coast
<b>Subsidiary of Elite Sun Sdn. Bhd.</b>						
Crustacea Enterprises Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
<b>Subsidiaries of Pantai Andaman Ventures Sdn. Bhd.</b>						
Teluk Datai Resorts Sdn. Bhd. ("TDR")	Malaysia	100.0	100.0	-	-	Investment holding and own and operate The Datai Langkawi
TD Langkawi Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
<b>Subsidiaries of DDC</b>						
DDC Resort Sdn. Bhd. ("DDCR")	Malaysia	55.0	55.0	45.0	45.0	Investment holding and provision of management services

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of DDC (cont'd.)</b>						
DDC Peladang Sdn. Bhd.	Malaysia	55.0	55.0	45.0	45.0	Investment holding
Desaru Development Holdings One Sdn. Bhd. ("DDH1")	Malaysia	66.5	66.5	33.5	33.5	Investment holding and property developer
Desaru Land 3 Sdn. Bhd.	Malaysia	55.0	55.0	45.0	45.0	Investment holding
<b>Subsidiaries of DDH1</b>						
Desaru Peace Holdings Sdn. Bhd. ("DPH")	Malaysia	33.9	33.9	66.1	66.1	Investment holding
Desaru North Course Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Owner and operator
Desaru South Course Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Own and operate golf course
Desaru Riverwalk Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Own and operate retail space
Desaru Convention Centre Sdn. Bhd.	Malaysia	82.9	82.9	17.1	17.1	Own and operate convention center
Desaru Corniche Sdn. Bhd.	Malaysia	82.9	82.9	17.1	17.1	Investment holding
Desaru Land Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Ferry Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Ferry terminal operators
DC Resort Marketing Sdn. Bhd. (fka Desaru Commercial Land Sdn. Bhd.)	Malaysia	66.5	66.5	33.5	33.5	Operate e-commerce business

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of DDH1 (cont'd.)</b>						
Desaru Beachfront 1 Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Beachfront 2 Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Beachfront 3 Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Beachfront 4 Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Beachfront 5 Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Land 2 Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Boutique Hotel Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Investment holding
Desaru Coast Cuisine Sdn. Bhd.	Malaysia	66.5	66.5	33.5	33.5	Own and operate food and beverage business
<b>Subsidiaries of DPH</b>						
Desaru Peace Holdings Club Sdn. Bhd.	Malaysia	33.9	33.9	66.1	66.1	Own and operate luxury branded resort (One & Only Desaru Coast)
Desaru Peace Holdings Operator Sdn. Bhd.	Malaysia	33.9	33.9	66.1	66.1	Dormant
Desaru Peace Holdings Villas Sdn. Bhd.	Malaysia	33.9	33.9	66.1	66.1	Investment holding and property development and construction

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of Desaru Peace Holdings Villas Sdn. Bhd.</b>						
Desaru Peace Holdings Villas Two Sdn. Bhd.	Malaysia	30.3	30.3	69.7	69.7	Property developer
<b>Subsidiaries of Desaru Corniche Sdn. Bhd.</b>						
Desaru Corniche Hotel Sdn. Bhd.	Malaysia	82.9	82.9	17.1	17.1	Own and operate hotel
Desaru Corniche Property Sdn. Bhd.	Malaysia	82.9	82.9	17.1	17.1	Property construction
<b>Subsidiaries of DDC Resort Sdn. Bhd.</b>						
DDC Corporate Services Sdn. Bhd.	Malaysia	55.0	55.0	45.0	45.0	Provision of general maintenance services, parking and recreation activities
Desaru Beach Sdn. Bhd. **	Malaysia	55.0	55.0	45.0	45.0	Dormant
Desaru Golden Beach Hotel Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Golf & Country Club Berhad	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Golf & Country Resort Berhad	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Golf (Lake One) Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	

**Subsidiaries of DDC Resort Sdn. Bhd. (cont'd.)**

Desaru Health Spa Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Marina Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Marina Commercial Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Marina Hotel Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Palace Hotel Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Resort Homes Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Sunny Beach Hotel Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Desaru Tennis Ranch Hotel Sdn. Bhd.	Malaysia	55.0	55.0	45.1	45.1	Dormant
Variasi Kesuma Sdn. Bhd. **	Malaysia	55.0	55.0	45.1	45.1	Dormant

**Subsidiaries of Teluk Datai Resorts Sdn. Bhd.**

TDR Villas Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property developer
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(E) Subsidiaries, associates and joint ventures of TARHSB (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Teluk Datai Resorts Sdn. Bhd. (cont'd.)</b>						
Anak Datai Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Kasturi Pasifika Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Owner of "The Datai" brand
<b>Subsidiary of TDR Villas Sdn. Bhd.</b>						
TDR Golf Resorts Bhd.	Malaysia	100.0	100.0	-	-	Own and operate golf courses

\*\* Under voluntary liquidation

+++ The Group's effective interest is 60.6%, comprising 33.7% held by UEM Sunrise and 26.9% held by DRH Group.

^ Incorporated under Companies Act, Cap. 50 of the Republic of Singapore, with shares issued in Singapore dollar ("SGD")

**(F) Subsidiary of MTDC**

Malaysian Technology Consultants Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Provision of technical consultancy and commercialisation of research and development ventures
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**Subsidiaries of ARHSB**

Agro Treasures Sdn. Bhd. ("ATSB")	Malaysia	67.0	100.0	33.0	-	Investment holding
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**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of ARHSB (cont'd.)</b>						
Blue Archipelago Berhad ("BAB")	Malaysia	100.0	100.0	-	-	Investment holding and trading of shrimp aquaculture products.
Biotropics Malaysia Berhad ("BMB")	Malaysia	100.0	100.0	-	-	Business in the research and development, marketing and sales of products based on Malaysia's biodiversity such as plants and other medicinal herbs
Malaysian Agrifood Corporation Berhad ("MAFC")	Malaysia	100.0	100.0	-	-	Investment holding, production and trading of agriculture products and management of food supply chain
Commerce KNB Agro Teroka Sdn Bhd	Malaysia	60.0	15.0	40.0	85.0	Agriculture venture capital
Cold Chain Network (M) Sdn. Bhd.	Malaysia	60.0	40.0	-	-	Business in temperature controlled logistics warehousing services
<b>Subsidiaries of BAB</b>						
Arca Biru Sdn. Bhd.	Malaysia	100.0	100.0	-	-	To carry on the business of shrimp aquaculture

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of BAB</b>						
Isharp Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Trade and produce of aquaculture products
<b>Subsidiaries of BMB</b>						
Phytes Biotek Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Formulation and manufacturing of herbal extracts and other herbal products
<b>Subsidiaries of Phytes Biotek Sdn. Bhd.</b>						
Nu-Prep (M) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Plante Resources Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
<b>Subsidiaries of MAFC</b>						
Cameron Fresh Farms Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment in agriculture property
Cold Chain Network (M) Sdn. Bhd.	Malaysia	91.1	91.1		8.9	To provide temperature-controlled logistics and warehousing services
Lotus Logistics Sdn. Bhd.	Malaysia	100.0	100.0		-	Dormant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of MAFC</b>						
MAFC International (M) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Trading of agricultural produce. The entity became dormant since 31 December 2016
<b>Subsidiary of Aur Investments (Cayman Islands) Limited</b>						
Tuba Investments W.L.L. * +	Kingdom of Bahrain	99.5	99.5	0.5	0.5	Investment holding
<b>Subsidiary of Bukit Damar Investments Limited</b>						
Gobi MAVCAP Asean Superseed Fund, L.P. *	Malaysia	67.0	67.0	33.0	33.0	Micro venture capital fund
<b>Subsidiary of Bukit Frasers Ventures Sdn. Bhd.</b>						
IDM Lab Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Internet and digital media lab
<b>Subsidiary of Carey Investments Limited</b>						
Tuba Investments W.L.L. * +	Kingdom of Bahrain	0.5	0.5	99.5	99.5	Investment holding
<b>Subsidiaries of Cenviro Sdn. Bhd.</b>						
Abu Dhabi Kualiti Alam Environmental Services LLC ("ADKA") *	Abu Dhabi	100.0	100.0	-	-	Under members voluntary liquidation

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Cenviro Sdn. Bhd. (cont'd.)</b>						
Cenviro Services Sdn Bhd ("CS") (fka Kualiti Khidmat Alam Sdn. Bhd.("KKA"))	Malaysia	100.0	100.0	-	-	Sole agent for marketing, collecting and transporting scheduled waste
Cenviro Special Builders Sdn. Bhd. ("CSB")	Malaysia	100.0	100.0	-	-	Provision of project management consultant for integrated environmental solutions
Cenviro Recycling and Recovery Sdn. Bhd. ("CRR") (fka Kualiti Kitar Alam Sdn. Bhd. ("KKI"))	Malaysia	100.0	100.0	-	-	Provision of waste recycling and recovery services
Cenviro (Johor) Sdn. Bhd. ("CJSB")	Malaysia	100.0	100.0	-	-	Has not commenced business operations
Cenviro Green Energy Sdn. Bhd. ("CGE")	Malaysia	100.0	100.0	-	-	Investment holding
Environmental, Preservation and Innovation Centre Sdn. Bhd. ("EPIC")	Malaysia	100.0	100.0	-	-	Provision of training, consultancy, research and development, publication, innovation and commercialisation services
Kualiti Alam Sdn. Bhd. ("KASB")	Malaysia	100.0	100.0	-	-	Undertake the collection, transportation, treatment and disposal of scheduled waste
Recycle for Life Sdn. Bhd. ("RFL")	Malaysia	100.0	100.0	-	-	Undertake the collection and handling of recyclable items

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of CGE</b>						
Cenviro Green Energy Melaka Sdn. Bhd. ("CEGM")	Malaysia	100.0	100.0	-	-	Has not commenced business operations
<b>Subsidiary of KASB</b>						
Kualiti Alam Lahat Sdn. Bhd. ("KAL")	Malaysia	100.0	70.0	-	30.0	Has not commenced business operations
<b>Subsidiary of Cosmos Friendship Limited</b>						
KCS Green Energy International (Group) Investments Company Ltd.	Hong Kong	100.0	100.0	-	-	Investment holding
<b>Subsidiaries of KCS Green Energy International</b>						
KCS Jining Investments Company Limited	Hong Kong	100.0	100.0	-	-	Investment holding
KCS Huai'an Investments Company Limited	Hong Kong	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Granatum Ventures Sdn. Bhd.</b>						
Candelon Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Granatum Ventures Sdn. Bhd.</b>						
Iskandar Malaysia Studios Sdn. Bhd. ("IMS")	Malaysia	99.4	99.4	0.6	0.6	Investment holding

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of Iskandar Ventures Sdn. Bhd.</b>						
Jasmine Acres Sdn. Bhd.	Malaysia	66.7	66.7	33.3	33.3	Investment holding
Southview Hills Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Khazanah Nasional Consulting (Hong Kong) Company Ltd</b>						
Khazanah Nasional Consulting (Beijing) Company Ltd	China	100.0	100.0	-	-	Consultancy services on business, market information, project management, etc.
<b>Subsidiary of Mantanani Ventures Sdn. Bhd.</b>						
Khazanah Turkey Regional Office Danismanlik Hizmetleri A.S.	Turkey	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Noring Investments (Mauritius) Limited</b>						
Mostyn Investments (Mauritius) Limited	Mauritius	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Ophir Ventures Sdn. Bhd.</b>						
ReGen Rehabilitation International Sdn. Bhd.	Malaysia	60.0	60.0	40.0	40.0	Provision of post-acute inpatient rehabilitation services
<b>Subsidiaries of Payar Investments Limited</b>						
Cenergi SEA Sdn. Bhd.	Malaysia	92.9	92.9	7.1	7.1	Investment holding and provision of advisory services

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Cenergi SEA Sdn. Bhd.</b>						
Lestari SEA Ltd.	Mauritius/ Malaysia	100.0	100.0	-	-	Investment holding
Cenergi Carbon Ltd.	Malaysia	100.0	100.0	-	-	Emission reduction project operations
Cenergi EE Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Energy efficiency project operations
Cenergi RE Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Cenergi Operations and Maintenance Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Operation and maintenance of renewable energy power plants
<b>Subsidiary of Cenergi EE Sdn. Bhd.</b>						
Cenergi Sunseap Energy Solutions Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Renewable energy developers in solar and energy efficiency
<b>Subsidiaries of Cenergi RE Sdn. Bhd.</b>						
FJP Green Power Sdn. Bhd. *	Malaysia	70.0	70.0	30.0	30.0	Intended to contract and construct a renewable energy plant
Biopower Climate Care Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Contracting and construction of a renewable energy plant

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Cenergi RE Sdn. Bhd. (cont'd.)</b>						
Metro Havana Sdn. Bhd.	Malaysia	70.0	70.0	30.0	30.0	Contracting and construction of a renewable energy plant
GLT Energy Sdn. Bhd. ("GLTE")	Malaysia	60.0	60.0	40.0	40.0	Contracting and construction of a renewable energy plant
Pantai Remis Cenergi Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Intended to contract and construct a renewable energy plant
Cenergi EPC Sdn. Bhd.	Malaysia	100.0	100.0	-	-	To carry on business of engineering procurement & construction
Cenergi Hamparan Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Cenergi Eco Power Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Contracting and construction of a renewable energy plant
Cenergi Green Power Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
<b>Subsidiary of PMB</b>						
Aircraft Business Malaysia Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Lease of aircraft and provision of related services

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Pulau Manukan Ventures Sdn. Bhd.</b>						
Pulau Manukan Ventures Labuan Ltd.	Malaysia	100.0	100.0	-	-	Investment holding / life sciences fund
Xeraya Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment support
<b>Subsidiary of Xeraya Capital Sdn. Bhd.</b>						
Xeraya Capital Labuan Ltd.	Malaysia	100.0	100.0	-	-	Investment management services
<b>Subsidiary of Pulau Memutik Ventures Sdn. Bhd.</b>						
Pantai Support Services Sdn. Bhd. *	Malaysia	100.0	100.0	-	-	Investment holding
Prince Court Medical Centre Sdn Bhd	Malaysia	100.0	-	-	-	Provision of medical, surgical and hospital services
<b>Subsidiary of Pulau Tiga Ventures Sdn. Bhd.</b>						
Continuum Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Venture capital fund
<b>Subsidiary of Continuum Capital Sdn. Bhd.</b>						
Encipta Ltd.	Malaysia	100.0	100.0	-	-	Investment holding

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Rhizophora Ventures Sdn. Bhd.</b>						
Angsana Production Services Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Film and television productions consultancy services and production of television series
Rhizophora Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Funding assistance to film or television
Sonneratia Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Stylosa Production Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investing in and co-production of media content
Apareiba Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding, media content development and production
<b>Subsidiaries of Angsana Production Services Sdn. Bhd.</b>						
Marco Polo Productions Asia Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Produce an episodic television series titled "Marco Polo". In 2017, the Company has ceased operations.
AGT Productions Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Produce a television series titled "Asia's Got Talent".
<b>Subsidiaries of Sonneratia Capital Sdn. Bhd.</b>						
Elektra One Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investing and co-production of media

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Sonneratia Capital Sdn. Bhd. (cont'd.)</b>						
Elektra Two Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investing and co-production of media
Elektra Three Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investing and co-production of media
<b>Subsidiaries of Santubong Ventures Sdn. Bhd.</b>						
Greatville Pte. Ltd.	Singapore	-	-	-	-	Struck off
PT Pantai Damai	Indonesia	99.0	99.0	1.0	1.0	Under members' voluntary liquidation
<b>Subsidiaries of Silterra</b>						
Pembinaan Waferfab Sdn. Bhd. *	Malaysia	100.0	100.0	-	-	Dormant
Silterra Sales and Marketing Sdn. Bhd. ("SSM") *	Malaysia	100.0	100.0	-	-	Sale and marketing of advanced semiconductor products
Silterra Capital Berhad ("SCB") *	Malaysia	100.0	100.0	-	-	Providing funding to holding company
<b>Subsidiary of SSM</b>						
Silterra Sales and Marketing (L) Ltd. *	Malaysia	100.0	100.0	-	-	Sale and marketing of advanced semiconductor products

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiary of Sungai Pulai Investments (Mauritius) Limited</b>						
Sungai Pulai Investments (Singapore) Pte Ltd	Singapore	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Synapse Education Holdings Sdn. Bhd.</b>						
LeapEd Services Sdn. Bhd.	Malaysia	100.0	100.0	-	-	To provide educational services to the school sector in Malaysia.
<b>Subsidiary of Tanjung Bidara Ventures Sdn. Bhd.</b>						
Tanjong Aru Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Provision of sports facilities
<b>Subsidiary of Tanjong Aru Capital Sdn. Bhd.</b>						
Mulu Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Provision of cricket
<b>Subsidiary of Teluk Belanga Investment Ltd.</b>						
Bagan Lalang Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Teluk Cempedak Investments (Mauritius) Limited</b>						
Khazanah India Advisors Private Ltd. ***	India	100.0	100.0	-	-	Investment advisory
<b>Subsidiary of Teluk Nibong Ventures Sdn. Bhd.</b>						
CDC Advisory Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Provision of transition support services including advisory, outplacement, and training support services

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Non-controlling interest~		Principal activities
		2018 %	2017 %	2018 %	2017 %	
<b>Subsidiaries of Titiwangsa Investments (Mauritius) Limited</b>						
Panorama Investments (Mauritius) Limited	Mauritius	100.0	100.0	-	-	Investment holding
Ramunia Investments (Mauritius) Limited	Mauritius	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Tulai Beach Ventures Sdn. Bhd.</b>						
Avicennia Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiaries of Avicennia Capital Sdn. Bhd.</b>						
Renggis Ventures Sdn. Bhd.	Malaysia	96.0	96.0	4.0	4.0	Investment holding
Kuala Gula Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Pasir Kalong Investments Limited	Malaysia	100.0	100.0	-	-	Investment holding
Tanjung Piai Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Tasik Bera Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiaries of Renggis Ventures Sdn. Bhd.</b>						
SunLife Malaysia Assurance Bhd. *	Malaysia	49.0	49.0	51.0	51.0	Underwriting of life insurance and investment-linked business

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities	
		2018 %	2017 %			
<b>Subsidiaries of Renggis Ventures Sdn. Bhd. (cont'd.)</b>						
SunLife Malaysia Takaful Bhd. *	Malaysia	49.0	49.0	51.0	51.0	Management of family takaful, general takaful and investment-linked takaful business
<b>Subsidiary of Pasir Kalong Investments Limited</b>						
Burau Ventures Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
<b>Subsidiary of Burau Ventures Sdn. Bhd.</b>						
Acibadem Saglik Ve Hayat Sigorta A.S.	Turkey	100.0	100.0	-	-	Underwriting of life insurance, personal assurance and health insurance
<b>Associates of Atlantic Quantum Sdn. Bhd.</b>						
Key Asic Bhd. *	Malaysia	9.9	11.8	Equity method	Liquidated	
<b>Associate of Bagan Lalang Ventures Sdn. Bhd.</b>						
Acibadem Saglik Yatirimlari Holding A.S. *	Turkey	-	15.0	Equity method	Provider of healthcare services	
<b>Associate of Bukit Galla Investments Limited</b>						
WeLab Holdings Ltd *	British Virgin Islands/Hong Kong	10.9	11.5	Equity method	Online credit analytics and lending platform	

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**
**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Associate of CRR</b>					
Shan Poornam Sdn. Bhd. ("SPSB")	Malaysia	40.0	40.0	Equity method	Investment holding
<b>Associate of Cosmos Friendship Limited</b>					
Beijing Enterprises Environment Group Ltd *	Hong Kong	23.1	23.1	Equity method	Investment holding
<b>Associate of Desaru Investments (Cayman Islands) Limited</b>					
Al-Imtiaz Operations and Maintenance Company Limited *	Kingdom of Saudi Arabia	20.0	20.0	Equity method	Operation and maintenance contracts of electric power and water desalination stations
<b>Associate of Gemia Investments Limited</b>					
Fajr Capital Limited *	Saudi Arabia	19.1	19.1	Equity method	Provision in Islamic finance services
<b>Associate of MAFC</b>					
Monoluxury Sdn. Bhd. *	Malaysia	35.0	20.0	Equity method	Cultivation, processing and trading of vegetables and related vegetable products
<b>Associate of Mataking Ventures Sdn. Bhd.</b>					
General Fusion Inc. *	Canada	8.5	8.5	Equity method	Nuclear fusion
<b>Associate of Mount Bintang Ventures Sdn. Bhd.</b>					
edotco Group Sdn. Bhd. *	Malaysia	10.6	10.6	Equity method	Integrated telecommunications infrastructure services

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Associate of Mount Raya Investment Limited</b>					
Phunware, Inc *	Delaware, USA	-	8.47	Equity method	Software application services
<b>Associate of Pantai Air Papan Ventures Sdn. Bhd.</b>					
VTI Group *	Vietnam	16.9	16.9	Equity method	Operates leading local F&B chains and international modern retails brands
<b>Associate of Pantai Cahaya Bulan Ventures Sdn. Bhd.</b>					
Astro Malaysia Holdings Berhad ("AMHB") *	Malaysia	20.7	20.7	Equity method	Media entertainment
<b>Associates of Pantai Support Services Sdn. Bhd.</b>					
Unitab Medic Sdn. Bhd. *	Malaysia	30.0	30.0	Equity method	Investment holding and supervision of medical examination of foreign workers in Malaysia
<b>Associate of Payar Investments Limited</b>					
RedT Energy Plc (fka Camco Clean Energy Plc) *	Jersey	9.5	9.5	Equity method	Clean energy and energy storage
<b>Associate of Panorama Investment (Mauritius) Ltd</b>					
Actoserba Active Wholesale Private Limited *	India	22.5	22.5	Equity method	Online retailer of women innerwear in India.
<b>Associate of Pasir Salak Investments Limited</b>					
8990 Holdings Inc. *	Philippines	8.6	8.6	Equity method	Housing development

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

<b>Name</b>	<b>Country of incorporation/ principal place of business</b>	<b>Effective interest~ 2018 2017 % %</b>		<b>Accounting model applied</b>	<b>Principal activities</b>
<b>Associate of Pulau Memutik Sdn. Bhd.</b>					
IHH Healthcare Bhd. *	Malaysia	42.1	42.3	Equity method	Investment holding and healthcare service provider
<b>Associate of Pulau Tiga Ventures Sdn. Bhd.</b>					
First Floor Capital Sdn. Bhd. *	Malaysia	25.0	25.0	Equity method	Venture capital management company
Continuum Capital II Limited Partnership	Malaysia	99.0	99.0	Equity method	Venture capital fund
Fashion Valet Sdn Bhd	Malaysia	9.0	-	Equity method	Online fashion and cosmetic retail platform
<b>Associate of Ramunia Investments (Mauritius) Limited</b>					
Vas Data Services Private Limited *	India	14.6	14.6	Equity method	Online retailer
<b>Associates of Redang Investments Limited</b>					
ACR Capital Holdings Pte. Ltd. *	Singapore	24.7	24.0	Equity method	Provision of reinsurance services
<b>Associate of Shan Poornam Sdn. Bhd.</b>					
Shan Poornam Metals Sdn. Bhd. ("SPM")	Malaysia	40.0	40.0	Equity method	Collection, processing and recycling of scraps
Shan Poornam Global Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Industrial waste recovery

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~		Accounting model applied	Principal activities
		2018 %	2017 %		
<b>Associate of Shan Poornam Sdn. Bhd. (cont'd.)</b>					
Shan Poornam Global Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Industrial waste recovery
<b>Associate of Shan Poornam Metals Sdn. Bhd. ("SPM")</b>					
ENS 4R Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Collection, processing and recycling of scraps
Shan Poornam Metals (Sarawak) Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Collection, processing and recycling of scraps
Shan Poornam Metals (Selangor) Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Collection, processing and recycling of scraps
Shan Poornam Metals (Johor) Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Collection, processing and recycling of scraps
Shan Poornam Green Tech Sdn. Bhd.	Malaysia	40.0	40.0	Equity method	Dormant
<b>Associate of Tanjung Tuan Investments Limited</b>					
Blippar.com Limited *	England and Wales	10.5	15.1	Equity method	Mobile visual-search app developer
<b>Associate of Teluk Dalam Investments Limited</b>					
AfricInvest Fund III LLC*	Mauritius	18.0	18.0	Equity method	Private equity fund

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

<b>Name</b>	<b>Country of incorporation/ principal place of business</b>	<b>Effective interest~ 2018 2017 % %</b>		<b>Accounting model applied</b>	<b>Principal activities</b>
<b>Associate of Candelon Ventures Sdn Bhd</b>					
Imagica South East Asia Sdn. Bhd.	Malaysia	51.0	51.0	Equity method	Provider of comprehensive digital post production services
<b>Joint venture of ARHSB</b>					
Commerce-KNB Agro Teroka Sdn. Bhd. ("CKAT") *	Malaysia	67.0	67.0	Equity method	Agriculture venture capital
The Holstein Milk Company Sdn. Bhd.	Malaysia	30.0	30.0	Equity method	Involved in dairy farming, processing and distribution of fresh dairy produce
<b>Joint venture of BAB</b>					
AB Hatchery Sdn. Bhd.	Malaysia	51.0	51.0	Equity method	Post larvae farming and trading
<b>Joint venture of Cenviro Sdn Bhd</b>					
E-Idaman Sdn. Bhd. ("EISB")	Malaysia	50.0	50.0	Equity method	Investment holding, provision of project management, consultancy and contracting services in the field of solid waste management

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~ 2018    2017 %        %		Accounting model applied	Principal activities
<b>Joint venture of EISB</b>					
Environment Idaman Sdn. Bhd.	Malaysia	50.0	50.0	Equity method	Provision of integrated solid waste and public cleansing management and any other related business in the Northern Region of Peninsular Malaysia
Environment Idaman (Kedah and Perlis) Sdn. Bhd.	Malaysia	50.0	50.0	Equity method	Provision of integrated solid waste collection and public cleansing management services, including technical expert services in waste management
Green Resources Recovery Sdn. Bhd.	Malaysia	50.0	50.0	Equity method	Provision of project management, consultancy and contracting services in the field of solid waste and public cleansing management services and dealing with recyclable items and facilities
Environment Idaman (Perak) Sdn. Bhd.	Malaysia	50.0	50.0	Equity method	Provision of integrated solid waste collection and public cleansing management services, including technical expert services in waste management

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~ 2018 2017 % %		Accounting model applied	Principal activities
<b>Joint venture of Dayang Bunting Ventures Sdn. Bhd.</b>					
Sunway Iskandar Sdn. Bhd. *	Malaysia	40.0	40.0	Equity method	Investment holding
<b>Joint venture of Desaru Investments (Cayman Islands) Limited</b>					
Malaysian Shoaiba Consortium Sdn. Bhd. *	Malaysia	40.0	40.0	Equity method	Water and energy service provider
<b>Joint Venture of Mostyn Investment (Mauritius) Limited</b>					
Fractal Analytics Private Limited *	India	30.1	35.9	Equity method	Specializing in predictive analytics and decision sciences
<b>Joint venture of Pantai Cahaya Bulan Ventures Sdn. Bhd.</b>					
Astro Holdings Sdn. Bhd. *	Malaysia	29.3	29.3	Equity method	Investment holding
<b>Joint venture of Pulau Selingan Investments Limited</b>					
DaVita Care Pte Ltd *	Singapore	20.0	20.0	Equity method	Healthcare service
<b>Joint venture of Sungai Pulai Investments (Mauritius) Limited</b>					
M+S Pte. Ltd.	Singapore	60.0	60.0	Equity method	Property development

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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

Name	Country of incorporation/ principal place of business	Effective interest~ 2018 2017 % %		Accounting model applied	Principal activities
<b>Joint venture of Stylosa Productions Sdn. Bhd.</b>					
Ideate Media Sdn. Bhd. *	Malaysia	50.0	50.0	Equity method	Create platforms to invest, develop, own and monetise intellectual property creative assets
<b>Joint venture of Tanjung Bidara Ventures Sdn. Bhd.</b>					
Southern Marina Development Sdn. Bhd. *	Malaysia	30.0	30.0	Equity method	Property development
<b>Joint venture of Teluk Rubiah Ventures Sdn. Bhd.</b>					
Pulau Indah Ventures Sdn. Bhd. *	Malaysia	50.0	50.0	Equity method	Township development
<b>Joint ventures of Xeraya Capital Labuan Ltd.</b>					
Malaysian Life Sciences Capital Fund Management Co. Ltd. *	Malaysia	50.0	50.0	Equity method	Investment management services
MLSCF II (DP) Ltd * @	Malaysia	50.0	50.0	Equity method	Investment management holding
MLSCF Management (Labuan), LLP	Malaysia	50.0	50.0	Equity method	Investment management services
MLSCF II (GP) (Labuan), LLP	Malaysia	50.0	50.0	Equity method	General partner of MLS Capital Fund II, LP

**Khazanah Nasional Berhad  
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**79. Subsidiaries, associates and joint ventures of the Group (cont'd.)**

**(G) Other subsidiaries, associates and joint ventures of the Group (cont'd.)**

- \* Audited by firms of auditors other than Ernst & Young.
  
- ^^ Although the Company does not hold ordinary shares in the associates, the Company exerts significant influence by virtue of the Company's holding in the preference shares in the respective associates which gives the Company the right to appoint directors on the board of the respective associates.
  
- + The Group's effective interest in Tuba Investments WLL is 100%, comprising 99.5% held by Aur Investments (Cayman Islands) Limited and 0.5% held by Carey Investments (Cayman Islands) Limited.
  
- \*\*\* The Group's effective interest in Khazanah India Advisors Private Ltd. is 100%, comprising 99.9% held by Teluk Cempedak Investments (Mauritius) Limited and 0.1% held by Chendering Investments Ltd.
  
  
- ^ The Group's effective interest in Invendo Medical GmbH is 21.2%, which is held by Pulau Duyung Ventures (Cayman Islands) Ltd. And ISKA Holding S.à.r.l. of 10.6% each.
  
  
- @ In accordance with the respective partnership agreements, the rights to participate in any distributions can only be exercised upon contribution of the partnership capital. As of the reporting date, the Group has yet to make any capital contribution.

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**80. Directors of subsidiaries**

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including Directors of the Company who have been listed in the Directors' Report) are:

Abang Rahmat Shobra  
Abdul Kadir Md Kassim  
Abu Safian Talib (Alternate director to Afizul Aezhar Sharifuddin)  
Adi Saufi Mohamad Daud  
Afizul Aezhar Sharifuddin  
Ahmad Luqman Bin Mohd Azmi  
Ahmad Rizal Omar  
Ahmad Zamri Said  
Ahmad Zulqarnain Bin Che On  
Alastair Douglas McCracken  
Amalanathan Thomas  
Aminah Othman  
Aminuddin Bin Zakaria  
Amir Hamzah Bin Azizan  
Amirsham Bin A Aziz  
Amirul Fares Bin Wan Zahir  
Amlah Binti Yassin  
Amran Hafiz Affifudin  
Andreas Weiss (Alternate Director to Helmuth Blasch)  
Andrew Lim Kok Nien  
Angela Chong Yit Phin  
Anil Thadani  
Anoop Gupta  
Anupum Khaitan  
Anwar Syahrin Abdul Ajib  
Azmin Isa  
Azmy Mahbot  
Azzam bin Mohamed  
Badrul Hisham bin Dahalan  
Bhagat Chintamani Aniruddha  
Boo Hui Yee  
Bryan Lim Tsin Lin  
Brett Thomas Adolf Rubi  
Budi Mahatma Kusumawardhana  
Calvin Raqeem R Jacob  
Caroline Goergen  
Chan Cheow Hong  
Chang Li Kwon  
Chang Li Li

**Khazanah Nasional Berhad  
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**80. Directors of subsidiaries (cont'd.)**

Cheah Swee Choo (Alternate Director to Dato' Sri Ghazali Bin Mohd Ali)  
Chen Yen-Yu  
Chin Chi Haw  
Chinta Madhav  
Chong Yit Phin  
Christina Foo  
Daniel Tan Sze Hun  
Datin Zainabbi Abubacker  
Datin Teh Ija Mohd Jalil  
Dato' Ahmad Omar  
Dato' Ahmad Pardas Bin Senin  
Dato' Azmir Merican Azmi Merican  
Dato' Boonler Somchit A/L Loy Somchit  
Dato' Borhanuddin Bin Osman  
Dato' Dr Nirmala Menon A/P Y.B. Menon  
Dato' George Stewart Labrooy  
Dato' Haja Najmudeen K P M Abd Kader  
Dato' Haji Mohd Salleh Bin Yeop Abd Rahman (Alternate Director to Tan Sri Haji  
Esa Bin Mohamed)  
Dato' Iskandar Mizal Bin Mahmood  
Dato' Mohamed Nasri Sallehuddin  
Dato' Mohd Izani Ghani  
Dato' Mohd Rafik Shah Mohamad  
Dato' Mohd Shukri Bin Hussin  
Dato' Noorazman Abd Aziz  
Dato' Noorizah Hj Abd Hamid  
Dato' Ooi Sang Kuang  
Dato' Richard Edwin Wroth Small  
Dato' Sri Ghazali Bin Mohd Ali  
Dato' Srikandan Kanagaintiram (Retired on 31 May 2018)  
Dato' Tan Thean Thye  
Dato' Tharuma Rajah A/L Kathiravelu  
Datuk Akmal bin Ahmad  
Datuk Dr Mohamed Arif Bin Nun  
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir  
Datuk Ir. Khairil Anwar bin Ahmad  
Datuk Ir. Mohd Zulastrri Mohd Amin  
Datuk Joseph Dominic Silva  
Datuk Mohamad Hishammudin Bin Hamdan  
Datuk Nik Airina Nik Jaffar  
David Lau Nai Pek  
Devamanokaran Poonagasu  
Djap Tet Fa  
Dr Mohamadon Bin Abdullah

**Khazanah Nasional Berhad  
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**80. Directors of subsidiaries (cont'd.)**

Dr Nungsari Ahmad Radhi  
Dr. Saman @ Saimy Ismail  
Dr. Tee Kim Siong  
Dumisani Blessing Mnganga  
Dzulkifly Bin Hassan (Alternate Director to Izaddeen Bin Daud)  
Effizal Faiz bin ZUlKifly  
Elakumari a/p Kantilal  
Enita Azlina Binti Osman  
Eysa Zulkifli  
Fardan Abdul Majeed  
Faridah Binti Bakar Ali  
Festus A Christ Dhas  
Firdaus Azis  
Firdaus Bin Abdullah  
Foong Chee Yeong  
Goh Keat Siang  
Guna Segaran A/L Alagappan  
Gurdip Singh Sidhu A/L Gurbachan Singh  
Hafizuddin Bin Sulaiman  
Hamdan Abdul Majeed  
Han Jun Siew  
Hannah Lyana Lee Abdullah  
Hans Aksel Pedersen  
Haris Hardi Bin Zakaria  
Harman Faiz Habib Muhamad  
Harun Bin Johari  
Hazurin Harun  
Helmuth Blasch  
Hiew Yoon Khong  
How Seet Meng  
Huang Wan Hung  
Hwang Chee Leong  
Ian Krisnawan Bin Ahmad  
Idham Ismail  
Idris Mohd Noh  
Ignatius Ong Ming Choy  
Izaddeen Bin Daud  
Izham Bin Ismail  
Izlan Bin Izhab  
Jalaluddin Bin Dato' Mohd Jarjis  
Jamil Hajar bin Abdul Muttalib  
Jamilah Dato' Hashim  
Jesudason Selvaraj  
John Bong Kim Fook

**Khazanah Nasional Berhad  
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**80. Directors of subsidiaries (cont'd.)**

Jose Isidro Navato Camacho  
Juhana Binti Hamzah  
Juniwati Rahmat Hussin  
Kamalam Pillay Rungapadiachy  
Karim Gilani  
Karina Binti Ridzuan  
Khairuddin Hong bin Abdullah  
Kurt Stocks (Alternate Director to Hans Aksel Pedersen)  
Kwan Joon Hoe  
Latifah Binti M.Daud  
Lee Wen Ling  
Lila Azmin Abdullah  
Lim Cheok Peng  
Lim Sooi San  
Lim Tau Kien  
Lim Tian Huat  
Lim Wah Seng  
Liong Kok Kit  
Lisa Ong Li Mei  
Loh Tzu Anne  
Loh Wai Yee  
Low Chee Yen  
Low Guat Peng  
Lynette Yeow Su-Yin  
Marouf Moutairou  
Martin Hubert  
Marzuki Bin Hj Madon  
Mat Sahwira bin Tamat (Alternate Director to Norliza binti Suleiman)  
Mazli Mohamed Ayob  
Mazyu Sherina Mohamed Yusof  
Melanie Muhidin  
Melinda Omar  
Mohamad Affendi Yusoff  
Mohamad Faizal Mohamad  
Mohamed Rastam Shahrom  
Mohammad Izani Bin Ashari  
Mohd Anizam Bin Jamian (Alternate Director to Izaddeen Bin Daud)  
Mohd Asrul Bin Ab Rahim  
Mohd Fauzi Moh Sakroni  
Mohd Nadziruddin Bin Mohd Basri  
Mohd Salehoddin bin Abdul Hamid  
Mohd Suhaimi Ahmad  
Muhammad Noor Abd Aziz @ Hashim  
Muhinder Singh A/L Dasoundha Singh

**Khazanah Nasional Berhad  
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**80. Directors of subsidiaries (cont'd.)**

Muntasir Mohamad Zain  
Mustafa Kemal Olgac  
Naiken Veerasamy  
Natazha Bin Hariss (Alternate Director to Tuan Haji Lukman Bin Abu Jari @ Abu Bakar)  
Nik Azli Bin Abu Zahar  
Nik Marien Nik Ahmad Kamal  
Nik Nazhah Binti Nik Abdul Aziz  
Nik Rizal Kamil Bin Nik Ibrahim Kamil  
Noor Aisah Tawab  
Nor Din Abdullah  
Norazalina Sham Binti Abdullah  
Nordiana Binti Nordin  
Norliza binti Suleiman  
Nubly Zainuham Ambotang  
Nurolamin Abas  
Ong Chee Wei  
Ooi Say Teng  
Patrick Cheah Gim Guan  
Patrick Lau Hui Ping  
Pee Boon Hooi  
Philip anak Kevin Akeu  
Philip John Whittaker  
Philip Neil McDanell  
Philippa Smith Lambert  
Preamakanthan A/L D Kanapathy  
Primoehadi Notowidigdo  
Prof. Philip Sutton Cox  
Prof. Tan Sri Dato' Dzulkifli Bin Abdul Razak  
PuahTuan Soon Benson  
Pushpanathan A/L S.A. Kanagarayar  
Quek Pei Lynn  
Rajgopal Rajkumar (Alternate Director to Anil Thadani)  
Reagan Chan Chung Cheng  
Rinaldi  
Roni Lihawa Bin Abdul Wahab  
Roslina Binti Arbak  
Rosni Tarip  
Saeed Abdulla Omar Saeed Al Amoudi  
Samir Balkrishna Pansare  
Savinilorna Payandi Pillay Ramen  
Selvendran Katheerayson  
Shabniz Panawoolla-Jaulim  
Shafidz Iswandi Azhar  
Shahin Farouque Bin Jammal Ahmad

**Khazanah Nasional Berhad  
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**80. Directors of subsidiaries (cont'd.)**

Shahira Binti Ahmed Bazari  
Shahnaz Al-Sadat Bt Abdul Mohsein  
Shahrin Yong Azmi @ Shahryn Yong Azmi  
Sharon Ruba A/P Krishnamurthy  
Sheranjiv A/L M Sammanthan  
Sitthambaranatha Gandhi Suppiah  
Sivaramakrishnan Narayanan Ayakkad  
Sofia Zakaria  
Soh Choo Sen  
Stephanie Saw Ai Lin  
Subashini Krishnan  
Subimal Sen Gupta  
Suhaimi Bin Halim  
Suriana Abdul Hamid  
Tan Bee Eng  
Tan Bun Poo  
Tan Cheh Tian  
Tan Sri Bashir Ahmad Bin Abdul Majid  
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong  
Tan Sri Dato' Lim Kang Hoo  
Tan Sri Dato' Sri Haji Esa Bin Mohamed  
Tan Sri Dato' Sri Zamzamzairani Bin Mohd Isa  
Tan Sri Datuk Chen Lok Loi  
Tan Sri Dr. Azmil Khalili Dato' Khalid  
Tan Sri Md Nor Bin Md Yusof  
Tan Sri Rafidah Aziz  
Tan Sri Tan Boon Seng @ Krishnan  
Tan Sri Yeoh Choo Kheng  
Tan Thomas Kae Jye  
Tan Wan San (Alternate Director to Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong)  
Tay Tuan Leng  
Tee Mei Ling Diana  
Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz  
Tong Kooi Ong  
Tuan Haji Lukman Bin Abu Jari @ Abu Bakar  
Tunku Ali Redhaudin Ibni Tuanku Muhriz  
Vallo A/L Mutto  
Victor John Zacharias  
Vinod Kumar Saigal  
Wen Khai Meng (Alternate to Hiew Yoon Khong)  
Wiwiek Dianawati Santoso  
Wong Eugene  
Wong Khai Shiun (Alternate Director to Tan Sri Dato' Lim Kang Hoo)  
Wong Peck Ling

**Khazanah Nasional Berhad  
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**80. Directors of subsidiaries (cont'd.)**

Wong Shu Hsien	
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	
Y.M. Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda	
Yap Kheng Han	
Yeoh Keat Seng	
YM Ungku Suseelawati Ungku Omar	
Yong Choon Yan	
Yong Lee Lian	
Zadil Hanief Mohamad Zaidi	
Zafarin Abd Ghaffar	
Zaida Khalida Binti Shaari	
Zainul Fadziruddin Bin Zainuddin	
Zakaria Ahmad Zabidi	
Zalinah binti A. Hamid	
Zamri Yusof	
Zohari Mahur	
Ahmad Johan Bin Mohammad Raslan	(appointed on 1 January 2018)
Amiruddin Daud	(appointed on 30 April 2018)
Aqilah Binti Che Azizuddin	(appointed on 24 April 2018)
Dato' Mohd Khalis Bin Abd Rahim	(appointed on 22 January 2018)
Dato' Quah Thain Khan	(appointed on 1 October 2018)
Dato Ramlee Bin A Rahman	(appointed on 27 November 2018)
Datuk Shahril Ridza bin Ridzuan	(appointed on 31 October 2018)
Dr Mahadevan A/L Thambirajah	(appointed on 1 August 2018)
Dr. Chan Tuck Leong	(appointed on 30 May 2018)
Emily Kok	(appointed on 30 March 2018)
Fauzidah binti Abdul Rahman	(appointed on 31 December 2018)
Foo Shiou Voon (Alternate Director to Mohammad Izani Bin Ashari)	(appointed on 26 November 2018)
Graeme Walwyn	(appointed on 30 January 2018)
Hau Yean Ching	(appointed on 1 October 2018)
Hazman Hilmi Bin Sallahuddin	(appointed on 3 May 2018)
Ibrahim Bin Mohamed Salleh	(appointed on 1 September 2018)
Ir. Nurul Amani Rashid	(appointed on 1 October 2018)
Jehanne Goh Yen Qi	(appointed on 30 March 2018)
Justin Mahmud Hashim	(appointed on 26 July 2018)
Kamarudin Bin Kamilin	(appointed on 30 March 2018)
Kamarul Anuar Mohamad Kamar	(appointed on 1 January 2018)
Kutbuddin Asgar Ali	(appointed on 15 January 2019)
Lee Ching Yen Stephen	(appointed on 1 April 2018)
Lee Heng Meng	(appointed on 15 January 2019)
Lee Lin Chien	(appointed on 10 January 2018)
Lee Siow Woon	(appointed on 31 December 2018)
Lim Chong Mow	(appointed on 29 June 2018)

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**80. Directors of subsidiaries (cont'd.)**

Lim Kooi June	(appointed on 24 April 2018)
Lim Teck Wee	(appointed on 1 January 2019)
Megat Shahir Bin Megat Mohamed Supian	(appointed on 30 March 2018)
Mohamad Zamani Razali	(appointed on 4 January 2018)
Mohd Azlan Abas	(appointed on 16 April 2018)
Mohd Nukman bin Abdul Rahman	(appointed on 26 July 2018)
Mohd Razif Mohd Yusoff	(appointed on 30 January 2018)
Mohd Salleh Bin Ahmad Tabrani	(appointed on 30 March 2018)
Mohd Shahazwan Mohd Harris (Alternate Director to Dato' Noorazman Abd Aziz)	(appointed on 22 October 2018 and resigned on 28 February 2019)
Mohd Zulkefly Bin Ujang	(appointed on 30 March 2018)
Nor Azman Bin Abdul Aziz	(appointed on 30 March 2018 and resigned on 23 January 2019)
Nor Suhaila binti Abdul Latif	(appointed on 1 January 2019)
Norlida Abdul Azmi	(appointed on 10 January 2018)
Nurul Iman Mohd Zaman	(appointed on 13 March 2018)
Paul Sandanasamy Richard	(appointed on 1 March 2018)
Peter Tan Beow Teik	(appointed on 31 December 2018)
Philip See Yew Jin	(appointed on 30 March 2018)
Prakash Prasannan	(appointed on 1 October 2018)
Prof. Ir Dr Ahmad Fadzil Bin Mohamad Hani	(appointed on 9 June 2018)
Rahimah Binti Farjan Ali @ Pasan Ali	(appointed on 30 March 2018)
Rakesh Devasish Jena (Alternate Director to Chin Chi Haw)	(appointed on 21 March 2018)
Ramlan Khamis	(appointed on 18 June 2018)
Roli Shukla	(appointed on 30 March 2018)
Rowina Ghazali Seth	(appointed on 1 August 2018)
Samuel Ooi Thean Aun	(appointed on 13 July 2018)
Sawkut Oomarly Bundhoo	(appointed on 16 April 2018)
Shankar Menon a/l Krishnan @ Vasuthavan	(appointed on 16 October 2018)
Sharmanand Jhurreea	(appointed on 27 February 2018)
Sharuddin Omar Hashim	(appointed on 14 May 2018)
Siti Aishah Binti Abdul Samad	(appointed on 30 March 2018)
Siti Aishah Md Lassim	(appointed on 30 January 2018 and resigned on 2 September 2018)
Sophia Lim Siew Fay	(appointed on 19 October 2018)
Sugu Maran Kailasan	(appointed on 26 July 2018)
Sundhiraj Sharma	(appointed on on 30 November 2018)
Suzanne Ng Bee June	(appointed on 30 March 2018)
Suzilawati Binti Azmi	(appointed on 30 March 2018)
Syed Ahmad Safarudin Syed Zainal Abidin	(appointed on 18 June 2018)
Tahirah Mohd Nor	(appointed on 15 January 2019)
Tan Kok Meng	(appointed on 30 March 2018 and resigned on 17 May 2018)

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**80. Directors of subsidiaries (cont'd.)**

Teo Ling Ling, Sharon	(appointed on 15 January 2019)
Tn Hj Noorazam bin Osman	(appointed on 4 June 2018)
Wan Ahmad Saifuddin bin Wan Ahmad Radzi	(appointed on 26 July 2018)
Wong Koon Keng	(appointed on 15 January 2019)
Wong Wai Seng	(appointed on 25 January 2018)
Yap Tze Khong	(appointed on 30 April 2018)
Yaw Choon Yee	(appointed on 15 January 2019)
Yogesh Gauba	(appointed on 17 December 2018)
Zul Bahari Abu Bakar	(appointed on 11 July 2018)
Zulfa Ashida Zulkifli	(appointed on 15 January 2019)
Zulkifly Garib	(appointed on 15 January 2019)
Abd Razak bin Mohd Yusoff	(resigned on 4 June 2018)
Adnan Mohammad	(resigned on 13 September 2018)
Ahmad Shahizam Bin Mohd Shariff	(resigned on 1 August 2018)
Ahmad Yusri Yahaya	(resigned on 31 July 2018)
Amy Mokhzani Mohamad (Alternate Director to Dr. Tee Kim Seong)	(resigned on 4 January 2018)
Anandraj A/L Vadivellu	(retired on 27 May 2018)
Arved Nikolaus Von Zur Muehlen	(resigned on 30 November 2018)
Azri Bin Zaharuddin	(resigned on 30 August 2018)
Ben Chan Wei Beng	(resigned on 24 April 2018)
Cheah Ho Chee	(resigned on 28 February 2018)
Chek Khai Juat	(resigned on 19 October 2018)
Chia Ku Tang	(resigned on 31 December 2018)
Chow Yin See	(resigned on 31 December 2018)
Colin Pang Toh Chin	(resigned on 31 December 2018)
Dato' Jezilee Mohamad Ramli	(resigned on 3 August 2018)
Dato' Mohd Izzaddin Idris	(resigned on 7 October 2018)
Dato' Roslan Ibrahim	(resigned on 8 October 2018)
Dato' Sri Dr Mohmad Isa Bin Hussain (Alternate Director to Tan Sri Dr Mohd Irwan Serigar Bin Abdullah)	(resigned on 26 March 2018)
Dato' Sri Mohammed Shazalli Bin Ramly	(resigned on 26 June 2018)
Dato' Wan Kamaruzaman Bin Wan Ahmad	(resigned on 31 October 2018)
Datuk Haji Abdul Wahab Bin Aziz	(resigned on 1 October 2018)
Dr Patrick Lau Hui Ping	(resigned on 17 May 2018)
Dr. Farid Mohamed Sani	(resigned on 2 October 2018)
Habibul Rahman Bin Kadir Shah	(resigned on 11 May 2018)
Hiew Wai Yen	(resigned on 14 February 2018)
Ikmal Hijaz Hashim	(resigned on 13 September 2018)
Ina Anzalna Binti Shamsudin	(resigned on 17 October 2018)
Ir. Wan Nor 'Azman Wan Salleh	(resigned on 31 July 2018)
Izaddeen bin Daud	(resigned on 4 June 2018)
Jeff Saw Seong Keat	(resigned on 1 March 2018)
Joanne Jacinta Oei Wen-Li	(resigned on 15 June 2018)
Johan Mahmood Merican	(resigned on 7 June 2018)

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**80. Directors of subsidiaries (cont'd.)**

K. Gopalan V.P. Govinda Pathiyar	(resigned on 18 June 2018)
Kamaludin Othman	(resigned on 13 September 2018)
Kaushal Kumar Garg	(resigned on 21 November 2018)
Khoo Lay Seng	(resigned on 13 July 2018)
Lock Jian Wah	(resigned on 20 April 2018)
Lokman Hamzah	(resigned on 9 July 2018)
Loo Kin Han	(resigned on 14 February 2018)
Mah Poon Keat	(resigned on 11 July 2018)
Marie Chantale Wan Min Kee	(resigned on 16 April 2018)
Michael Peter Lake	(resigned on 31 December 2018)
Michelle Chow Sue Mei	(resigned on 29 June 2018)
Mohamad Rauff Bin Nabi Bax	(resigned on 1 August 2018)
Mohd Azmi bin Hitam	(resigned on 1 January 2019)
Mohd Fuad Ahmad	(resigned on 15 March 2018)
Mohd Nordin bin Jamaludin	(resigned on 1 January 2019)
Mohd Ridzwan Bin Nordin	(resigned on 5 March 2018)
Muhammad Fadzil Abdul Hamid	(resigned on 31 July 2018)
Muhammad Zainal Ashikin Bin Muhammad Rejab	(resigned on 19 June 2018)
Ng Yan Chuan	(resigned on 28 July 2018 and appointed on 19 February 2019)
Omar Siddiq Bin Amin Noer Rashid	(resigned on 31 May 2018)
Proteek Kumar Sengupta	(resigned on 31 March 2018)
Quah Bee Fong	(resigned on 19 February 2018)
Raja Norasikin Tengku Aziz	(resigned on 15 January 2019)
Shahnaz Binti Abdul Samad	(resigned on 27 July 2018)
Shamsudin Yusof	(resigned on 15 January 2019)
Sonia Lutcmiah	(resigned on 27 February 2018)
Suhaimi Jamal	(resigned on 27 February 2018)
Tan Sri Dato' Azman bin Mokhtar	(resigned on 31 July 2018)
Tan Sri Dato' Ir. Omar Ibrahim	(resigned on 1 March 2019)
Tan Sri Dato' Sri Zamzamzairani Mohd Isa	(resigned on 1 October 2018)
Tan Sri Dr. Ir. Ahmad Tajuddin Ali	(retired on 1 January 2018)
Tan Vi Lex	(resigned on 1 October 2018)
Tuan Farezuddeen Ahmad Tuan Ibrahim	(resigned on 13 September 2018)
Tunku Siti Raudzoh Tunku Ibrahim	(resigned on 1 January 2018)
Vimala A/P V.R. Menon	(resigned on 1 August 2018)
Wan Shamilah Binti Wan Muhammad Saidi	(resigned on 1 August 2018)
Yeoh Suat Gaik	(resigned on 25 June 2018)
Yeow Tau Ling	(resigned on 1 January 2019)
Zaiviji Ismail Abdullah	(resigned on 1 March 2019)
Zulaifah Abdul Ghani	(resigned on 4 January 2018)
Zulkiflee Omar	(resigned on 31 May 2018)



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