



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
EMPLOYEES PROVIDENT FUND
FOR THE YEAR ENDED 31 DECEMBER 2012**


I have audited the financial statements of Employees Provident Fund and the Group for the year ended 31 December 2012. These financial statements are the responsibility of the management. My responsibility is to audit and express an opinion on these financial statements.

The audit has been carried out in accordance with the Audit Act 1957 and in conformity with approved standards on auditing. Those standards require an audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement or omission. The audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessments of the accounting principles used, significant estimates made by the management as well as evaluating the overall presentation of the financial statements. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements give a true and fair view of the financial position of Employees Provident Fund and the Group as at 31 December 2012 and of the results of its operations and its cash flows for the year ended in accordance with the approved accounting standards.

I have considered the financial statements and the auditors' report of the subsidiary companies of which I have not acted as auditor as indicated in the notes to the consolidated financial statements. I am satisfied that the financial statements of the subsidiary companies that have been consolidated with Employees Provident Fund's financial statements are in appropriate form and content, proper for the purposes of the preparation of the consolidated financial statements. I have received satisfactory information and explanation as required by me for those purposes.

The auditors' reports on the financial statements of such subsidiary companies were not subject to any observations that could affect the consolidated financial statements.


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

PUTRAJAYA
6 MARCH 2013



STATEMENT BY CHAIRMAN AND A BOARD MEMBER AS TRUSTEES

We, **TAN SRI SAMSUDIN BIN OSMAN** and **HALIM BIN HAJI DIN** as the Chairman and a member of the Board, as representatives of the Trustee of the **EMPLOYEES PROVIDENT FUND**, do hereby state that, in the opinion of the Board, the accompanying Financial Statement which includes the Statement Of Financial Position, Income Statement, Statement Of Comprehensive Income, Statement Of Changes In Members' Fund and Statements Of Cash Flows, as follows together with the Notes To The Financial Statement are drawn up so as to give a true and fair view of the state of affairs of the **EMPLOYEES PROVIDENT FUND** as at 31 December 2012 and of the results of its operation and changes in financial position for the year ended on that date.

On behalf of the Board,



NAME : TAN SRI SAMSUDIN BIN OSMAN
TITLE : CHAIRMAN OF EPF
DATE : 05 MARCH 2013
PLACE : KUALA LUMPUR

On behalf of the Board,



NAME : HALIM BIN HAJI DIN
TITLE : A BOARD MEMBER OF EPF
DATE : 05 MARCH 2013
PLACE : KUALA LUMPUR

DECLARATION OF PRINCIPAL OFFICER RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE EMPLOYEES PROVIDENT FUND

I, **SAZALIZA BIN ZAINUDDIN**, as a representative of the Trustee and officer primarily responsible for the financial management of the **EMPLOYEES PROVIDENT FUND** do solemnly and sincerely declare that the accompanying Financial Statement which includes the Statement Of Financial Position, Income Statement, Statement Of Comprehensive Income, Statement Of Changes In Members' Fund and Statements Of Cash Flows, in the following financial position together with the Notes To The Financial Statement to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and]
solemnly declared by]
the abovenamed in]
KUALA LUMPUR]
on 28 February 2013]



SAZALIZA BIN ZAINUDDIN
Before me,



Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur,
Tel: 603-43481141

COMMISSIONER FOR OATHS
Lot 1.08, Tkt 1,
Bangunan KWSP,
Jln. Raja Laut,
50350 Kuala Lumpur.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	GROUP		
		31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	01 JANUARY 2011 (RM'000)
UTILISATION OF MEMBERS' FUND				
ASSETS				
Deferred Tax Assets	6	1,627	881	376
Property, Plant And Equipment	7	368,422	402,396	389,520
Investment Properties	8	12,312,683	6,905,221	3,698,854
Intangible Assets	9	53,654	13,104	27,585
Prepaid Land Lease	10	123,494	124,927	116,937
Assets Held For Sale	11	9,510	21,104	209,355
Land Held For Property Development	12	–	–	64,954
Property Development Costs	13	200,649	322,568	150,309
Investments In Associates	15	22,902,117	20,772,534	11,328,667
Held-To-Maturity Investment Assets	16	179,394,861	177,197,491	167,701,121
Available-For-Sale Financial Assets	17	207,641,627	163,100,334	151,578,739
Financial Assets At Fair Value				
Through Profit/Loss	18	4,276,873	2,469,409	946,978
Loans, Advances And Financing	19	105,213,192	99,961,002	93,719,255
Inventories Of Completed Properties	20	61,266	121,839	121,780
Receivables, Deposits And Prepayments	21	3,572,341	1,072,595	1,189,857
Tax Recoverable		283,868	362,131	451,707
Accrued Interest And Dividend		3,305,954	5,536,656	2,842,603
Deposits With Financial Institutions	22	25,359,419	15,998,544	23,733,987
Bank And Cash Balances		2,518,363	1,766,695	800,872
Total Assets		567,599,920	496,149,431	459,073,456
LIABILITIES				
Deferred Tax Liabilities	6	20,920	24,992	19,256
Provision For Employee Benefits	23	158,442	159,033	139,802
Provision For Taxation		61,490	82,356	84,004
Loans And Overdrafts	24	5,096,179	2,037,928	1,168,712
Contribution Withdrawals Payable		64,925	72,122	75,936
Derivative Liabilities	18	57,315	47,400	35,175
Deposits And Advances	25	21,832,715	13,699,636	10,624,507
Payables And Accrued Liabilities	26	5,410,744	1,014,823	691,567
Total Liabilities		32,702,730	17,138,290	12,838,959
NET ASSETS		534,897,190	479,011,141	446,234,497
MEMBERS' FUND				
Contributions Account	27	489,276,019	445,938,912	407,565,535
Other Funds		44,560,651	32,166,369	38,010,206
		533,836,670	478,105,281	445,575,741
Non-Controlling Interest		1,060,520	905,860	658,756
		534,897,190	479,011,141	446,234,497

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

STATEMENT OF FINANCIAL POSITION (CONT'D.)
 AS AT 31 DECEMBER 2012

	Note	EPF		
		31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	01 JANUARY 2011 (RM'000)
UTILISATION OF MEMBERS' FUND				
ASSETS				
Property, Plant And Equipment	7	236,343	282,686	281,585
Investment Properties	8	1,361,292	1,398,746	1,429,496
Intangible Assets	9	6,262	10,536	25,623
Prepaid Land Lease	10	114,038	115,306	107,151
Assets Held For Sale	11	7,527	17,913	209,355
Land Held For Property Development	12	–	–	64,954
Property Development Costs	13	195,206	195,206	148,140
Investments In Subsidiaries	14	9,984,558	8,246,271	3,365,493
Investments In Associates	15	20,806,482	18,272,231	9,678,159
Held-To-Maturity Investment Assets	16	179,194,861	176,993,137	167,701,121
Available-For-Sale Financial Assets	17	207,641,627	163,100,334	151,578,739
Financial Assets At Fair Value				
Through Profit/Loss	18	2,891,169	1,715,747	672,946
Loans, Advances And Financing	19	80,637,215	84,514,996	83,012,725
Receivables, Deposits And Prepayments	21	3,102,590	687,307	952,225
Tax Recoverable		309,336	382,527	456,607
Accrued Interest And Dividend		3,476,726	5,571,559	2,842,571
Deposits With Financial Institutions	22	24,244,701	14,786,823	22,665,525
Bank And Cash Balances		1,819,258	1,392,105	655,764
Total Assets		536,029,191	477,683,430	445,848,179
LIABILITIES				
Provision For Employee Benefits	23	158,442	159,033	139,802
Contribution Withdrawals Payable		64,925	72,122	75,936
Derivative Liabilities	18	145	47,400	35,175
Deposits And Advances	25	303,589	152,892	140,839
Payables And Accrued Liabilities	26	3,227,358	725,918	496,921
Total Liabilities		3,754,459	1,157,365	888,673
NET ASSETS		532,274,732	476,526,065	444,959,506
MEMBERS' FUND				
Contributions Account	27	489,276,019	445,938,912	407,565,535
Other Funds		42,998,713	30,587,153	37,393,971
		532,274,732	476,526,065	444,959,506

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

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	GROUP		EPF	
		2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
INCOME					
Gross Investment Income	28	31,591,523	28,056,825	31,024,935	27,235,295
Investment Expenditures	29	(398,131)	(336,096)	(225,888)	(174,776)
Net Impairment Loss On Financial Investment Assets	30	(2,594,746)	(1,313,320)	(2,379,535)	(1,138,648)
Net Impairment Loss On Investments In Subsidiaries And Associates	31	–	–	551,032	(6,667)
Net Investment Income		28,598,646	26,407,409	28,970,544	25,915,204
Other Income	32	228,324	241,827	98,810	64,191
		28,826,970	26,649,236	29,069,354	25,979,395
Operating Expenditures	33	(1,379,586)	(1,451,601)	(810,561)	(873,759)
Statutory Charges	34	(50,246)	(42,517)	(50,246)	(42,517)
Impairment Loss On Property Written Back	35	–	21,316	–	21,316
Total Expenditures		(1,429,832)	(1,472,802)	(860,807)	(894,960)
Net Income		27,397,138	25,176,434	28,208,547	25,084,435
Share Of Results From Associates		1,172,676	1,009,812	–	–
Net Profit Before Tax And Zakat		28,569,814	26,186,246	28,208,547	25,084,435
Taxation And Zakat	36	(221,395)	(112,310)	–	–
Net Profit After Tax And Zakat		28,348,419	26,073,936	28,208,547	25,084,435
Attributable To:					
Contributors of EPF		28,193,759	25,973,856		
Non-Controlling Interest		154,660	100,080		
		28,348,419	26,073,936		

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	GROUP		EPF	
		2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Net Profit After Tax And Zakat		28,348,419	26,073,936	28,208,547	25,084,435
Other Comprehensive Income/(Loss):					
Available-For-Sale Financial Assets		11,996,467	(7,095,998)	11,996,467	(7,095,998)
Currency Translation Differences		(2,490)	73,560	-	-
		11,993,977	(7,022,438)	11,996,467	(7,095,998)
Total Comprehensive Income		40,342,396	19,051,498	40,205,014	17,988,437

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

**STATEMENT OF CHANGES IN MEMBERS' FUND
FOR THE YEAR ENDED 31 DECEMBER 2012**

GROUP	Non-Distributable				Distributable	Total
	Contributions Account	Available-For-Sale Financial Assets Reserve	Section 50(3) Reserve	Foreign Exchange Reserve	Accumulated Surplus/ (Deficit)	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
As At 31 December 2010	407,565,535	36,564,609	40,000	-	1,405,597	445,575,741
Add:						
Surplus Of Income For The Current Year	-	-	-	-	25,973,856	25,973,856
Net Unrealised Gain On Revaluation During The Year	-	(1,076,457)	-	-	-	(1,076,457)
Reclassification Adjustments For Gains Recognised In The Income Statement	-	(6,019,541)	-	-	-	(6,019,541)
Currency Translation Differences	-	-	-	73,560	-	73,560
Other Comprehensive Income/(Loss)	-	(7,095,998)	-	73,560	-	(7,022,438)
Total Comprehensive Income	-	(7,095,998)	-	73,560	25,973,856	18,951,418
Contributions Received And Adjusted During The Year	43,917,868	-	-	-	-	43,917,868
2011 Dividend Credited To Members' Accounts - 6.00%	24,466,019	-	-	-	-	24,466,019
Adjustment On Dividend For Previous Year	8,921	-	-	-	-	8,921
Transfer From Interest On Contributions Paid Late	-	-	19,497	-	-	19,497
	475,958,343	29,468,611	59,497	73,560	27,379,453	532,939,464
Less:						
Contribution Withdrawals And Refunds	(30,019,431)	-	-	-	-	(30,019,431)
Payment On Invocation Of Section 50(3)	-	-	(19,497)	-	-	(19,497)
2011 Dividend Credited To Members' Accounts - 6.00%	-	-	-	-	(24,466,019)	(24,466,019)
Dividend On Contribution Withdrawals	-	-	-	-	(320,315)	(320,315)
Adjustment On Dividend For Previous Year	-	-	-	-	(8,921)	(8,921)
As At 31 December 2011	445,938,912	29,468,611	40,000	73,560	2,584,198	478,105,281
As At 31 Disember 2011	445,938,912	29,468,611	40,000	73,560	2,584,198	478,105,281
Add:						
Surplus Of Income For The Current Year	-	-	-	-	28,193,759	28,193,759
Net Unrealised Gain On Revaluation During The Year	-	17,476,259	-	-	-	17,476,259
Reclassification Adjustments For Gains Recognised In The Income Statement	-	(5,479,792)	-	-	-	(5,479,792)
Currency Translation Differences	-	-	-	(2,490)	-	(2,490)
Other Comprehensive Income/(Loss)	-	11,996,467	-	(2,490)	-	11,993,977
Total Comprehensive Income	-	11,996,467	-	(2,490)	28,193,759	40,187,736
Contributions Received And Adjusted During The Year	48,980,882	-	-	-	-	48,980,882
2012 Dividend Credited To Members' Accounts - 6.15%	27,450,920	-	-	-	-	27,450,920
Adjustment On Dividend For Previous Year	8,347	-	-	-	-	8,347
Adjustment On Section 50(3) Reserve	-	-	5,542	-	-	5,542
Transfer From Section 50(3) Reserve	-	-	-	-	37,232	37,232
	522,379,061	41,465,078	45,542	71,070	30,815,189	594,775,940
Less:						
Contribution Withdrawals And Refunds	(33,103,042)	-	-	-	-	(33,103,042)
Transfer To Accumulated Surplus	-	-	(37,232)	-	-	(37,232)
Payment On Invocation Of Section 50(3)	-	-	(8,310)	-	-	(8,310)
2012 Dividend Credited To Members' Account - 6.15%	-	-	-	-	(27,450,920)	(27,450,920)
Dividend On Contribution Withdrawals	-	-	-	-	(331,419)	(331,419)
Adjustment On Dividend For Previous Year	-	-	-	-	(8,347)	(8,347)
As At 31 December 2012	489,276,019	41,465,078	-	71,070	3,024,503	533,836,670

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

**STATEMENT OF CHANGES IN MEMBERS' FUND (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012**

EPF	Non-Distributable			Distributable	
	Contributions Account (RM'000)	Available- For-Sale Financial Assets Reserve (RM'000)	Section 50(3) Reserve (RM'000)	Accumulated Surplus/ (RM'000)	Total (RM'000)
As At 31 December 2010	407,565,535	36,564,609	40,000	789,362	444,959,506
Add:					
Surplus Of Income For The Current Year	-	-	-	25,084,435	25,084,435
Net Unrealised Gain On Revaluation During The Year	-	(1,076,457)	-	-	(1,076,457)
Reclassification Adjustments For Gains Recognised In The Income Statement	-	(6,019,541)	-	-	(6,019,541)
Other Comprehensive Income/(Loss)	-	(7,095,998)	-	-	(7,095,998)
Total Comprehensive Income	-	(7,095,998)	-	25,084,435	17,988,437
Contributions Received And Adjusted During The Year	43,917,868	-	-	-	43,917,868
2011 Dividend Credited To Members' Accounts - 6.00%	24,466,019	-	-	-	24,466,019
Adjustment On Dividend For Previous Year	8,921	-	-	-	8,921
Transfer From Interest On Contributions Paid Late	-	-	19,497	-	19,497
	475,958,343	29,468,611	59,497	25,873,797	531,360,248
Less:					
Contribution Withdrawals And Refunds	(30,019,431)	-	-	-	(30,019,431)
Payment On Invocation Of Section 50(3)	-	-	(19,497)	-	(19,497)
2011 Dividend Credited To Members' Accounts - 6.00%	-	-	-	(24,466,019)	(24,466,019)
Dividend On Contribution Withdrawals	-	-	-	(320,315)	(320,315)
Adjustment On Dividend For Previous Year	-	-	-	(8,921)	(8,921)
As At 31 December 2011	445,938,912	29,468,611	40,000	1,078,542	476,526,065
As At 31 December 2011	445,938,912	29,468,611	40,000	1,078,542	476,526,065
Add:					
Surplus Of Income For The Current Year	-	-	-	28,208,547	28,208,547
Net Unrealised Gain On Revaluation During The Year	-	17,476,259	-	-	17,476,259
Reclassification Adjustments For Gains Recognised In The Income Statement	-	(5,479,792)	-	-	(5,479,792)
Other Comprehensive Income/(Loss)	-	11,996,467	-	-	11,996,467
Total Comprehensive Income	-	11,996,467	-	28,208,547	40,205,014
Contributions Received And Adjusted During The Year	48,980,882	-	-	-	48,980,882
2012 Dividend Credited To Members' Accounts - 6.15%	27,450,920	-	-	-	27,450,920
Adjustment On Dividend For Previous Year	8,347	-	-	-	8,347
Adjustment On Section 50(3) Reserve	-	-	5,542	-	5,542
Transfer From Section 50(3) Reserve	-	-	-	37,232	37,232
	522,379,061	41,465,078	45,542	29,324,321	593,214,002
Less:					
Contribution Withdrawals And Refunds	(33,103,042)	-	-	-	(33,103,042)
Transfer To Accumulated Surplus	-	-	(37,232)	-	(37,232)
Payment On Invocation Of Section 50(3)	-	-	(8,310)	-	(8,310)
2012 Dividend Credited To Members' Accounts - 6.15%	-	-	-	(27,450,920)	(27,450,920)
Dividend On Contribution Withdrawals	-	-	-	(331,419)	(331,419)
Adjustment On Dividend For Previous Year	-	-	-	(8,347)	(8,347)
As At 31 December 2012	489,276,019	41,465,078	-	1,533,635	532,274,732

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	GROUP		EPF	
		2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES					
Net Income Before Taxation And Zakat		28,569,814	26,186,246	28,208,547	25,084,435
<i>Adjustments For:</i>					
Share Of Results From Associates		(1,172,676)	(1,009,812)	-	-
Depreciation Of Property, Plant And Equipment		66,159	48,199	55,549	40,629
Depreciation Of Investment Properties		229,617	49,107	37,534	37,219
Amortisation Of Intangible Assets		17,165	15,421	13,197	14,761
Amortisation Of Prepaid Land Lease		1,433	1,352	1,268	1,187
Impairment Loss/(Impairment Loss Written Back) On Held-To-Maturity Investment Assets		106,195	(594)	106,195	(594)
Impairment Loss On Available-For-Sale Financial Assets		2,272,236	1,132,605	2,272,236	1,132,605
Impairment Loss/(Impairment Loss Written Back) On Loans, Advances And Financing		210,892	171,766	(4,319)	(2,906)
Impairment Loss On Rent Receivables		5,423	9,543	5,423	9,543
Impairment Loss On Receivables From Staff		6	-	6	-
Impairment Loss/(Impairment Loss Written Back) On Investments In Subsidiaries And Associates		-	-	(551,032)	6,667
Impairment Loss On Properties Written Back		-	(21,316)	-	(21,316)
Net (Gain)/Loss On Fair Value Adjustment On Global Investments		-	199,813	-	-
Provision For Employee Benefits		3,681	23,465	3,681	23,465
Allowance For Bad And Doubtful Debt/Written Offs		29,997	17,117	-	-
Written Offs/Losses		814	167	814	167
Gain On Disposal of Property, Plant And Equipment		(1,665)	(3,157)	(773)	(40)
Gain On Disposal of Investment Properties/Subsidiary		(52,957)	(1,100)	-	-
Unamortised Lease Incentives		(1,235)	-	-	-
Net Unrealised Gain On Financial Assets At Fair Value Through Profit/Loss		(477,170)	(115,072)	(375,101)	(115,072)
Net Unrealised (Gain)/Losses On Foreign Exchange		(83,524)	12,497	(83,524)	12,497
Share Options Granted - ESOS		10,416	1,977	-	-
		29,734,621	26,718,224	29,689,701	26,223,247

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

**STATEMENTS OF CASH FLOWS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	GROUP		EPF	
		2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
<u>(Increase)/Decrease In Operating Assets:</u>					
Intangible Assets		(8,923)	326	(8,923)	326
Prepaid Land Lease		-	(9,342)	-	(9,342)
Held-To-Maturity Investment Assets		(2,286,033)	(9,495,776)	(2,290,387)	(9,291,422)
Available-For-Sale Financial Assets		(46,884,325)	(12,654,200)	(46,884,325)	(12,654,200)
Financial Assets At Fair Value Through Profit/Loss		(1,145,677)	(1,505,226)	(570,565)	(964,359)
Assets Held For Sale		10,386	191,442	10,386	191,442
Deposits With Financial Institutions		(9,488,214)	7,945,044	(9,488,214)	7,945,044
Loans, Advances And Financing		(5,064,050)	(6,161,836)	3,882,100	(1,508,908)
Receivables, Deposits And Prepayments		(2,593,846)	148,350	(2,421,527)	264,751
Tax Recoverable		100,537	94,713	73,191	74,080
Accrued Interest/Dividend		2,054,496	(2,704,860)	2,054,496	(2,704,855)
Proceeds From Disposal Of Foreclosed Properties		23,300	-	-	-
Inventories		60,931	(59)	-	-
		(65,221,418)	(24,151,424)	(55,643,768)	(18,657,443)
<u>Increase/(Decrease) In Operating Liabilities:</u>					
Net Contributions		15,877,840	13,898,437	15,877,840	13,898,437
Dividend On Contribution Withdrawals		(331,419)	(320,315)	(331,419)	(320,315)
Section 50(3) Reserves		(2,768)	-	(2,768)	-
Available-For-Sale Financial Assets Reserve		11,996,467	(7,095,998)	11,996,467	(7,095,998)
Derivative Liabilities		(34,873)	12,225	(47,255)	12,225
Provision For Employee Benefits		(4,272)	(4,234)	(4,272)	(4,234)
Payables And Accrued Liabilities		2,638,706	327,923	2,501,440	228,997
Loans And Overdraft		-	(100,075)	-	-
Deposits And Advances		8,132,848	3,040,258	150,697	12,053
Contributions Withdrawal Payables		(7,197)	(3,814)	(7,197)	(3,814)
		38,265,332	9,754,407	30,133,533	6,727,351
Tax And Zakat Paid		(246,905)	(105,746)	-	-
Tax Received		(1,668)	355	-	-
Net Cash From Operating Activities		2,529,962	12,215,816	4,179,466	14,293,155

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

**STATEMENTS OF CASH FLOWS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	GROUP		EPF	
		2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
CASH FLOW FROM INVESTMENT ACTIVITIES					
Investments In Subsidiaries/Associates		(1,092,440)	(12,522,933)	(3,774,137)	(13,481,517)
Acquisition Of Property, Plant And Equipment		(1,329,254)	(50,685)	(8,432)	(20,374)
Acquisition Of Intangible Assets		(48,702)	(1,266)	–	–
Net Acquisition Of Investment Properties		(2,375,785)	(2,116,423)	(80)	(6,469)
Purchases Of Land Held For Property Development		–	64,954	–	64,954
Property Development Costs		122,052	(237,392)	–	(47,066)
Proceeds From Sales Of Investment Properties		500	1,600	–	–
Proceeds From Sales Of Property, Plant And Equipment		2,075	29,000	–	–
Proceeds On Disposal Of Subsidiaries		56,172	–	–	–
Interest Paid		(17,767)	–	–	–
Net Cash Used In Investing Activities		(4,683,149)	(14,833,145)	(3,782,649)	(13,490,472)
CASH FLOW FROM FINANCING ACTIVITIES					
Share Capital		430,687	389,662	–	–
Other Loans		2,618,866	–	–	–
Capital Advances		(864,909)	(319,990)	–	–
Issuance Of Shares		24,860	2,690,136	–	–
Obligations On Loans Sold To Cagamas		428,613	969,291	–	–
Dividend Payment To Non-Controlling Interest		156,482	49,445	–	–
Net Cash From Financing Activities		2,794,599	3,778,544	–	–
Surplus In Cash And Cash Equivalents		641,412	1,161,215	396,817	802,683
Adjustments Of Currency Translation Differences		(17,084)	14,209	–	–
Cash And Cash Equivalents As At 01 January		3,093,517	1,918,093	1,507,206	704,523
Cash And Cash Equivalents As At 31 December	37	3,717,845	3,093,517	1,904,023	1,507,206

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. CORPORATE INFORMATION

The Board established under the EPF Ordinance 1951 which was later amended to the EPF Act 1991 is the trustee of the Employees Provident Fund, which is a defined contribution scheme.

The EPF Headquarters is situated in EPF Building, Jalan Raja Laut 50350 Kuala Lumpur. As at 31 December 2012, the EPF operates in six regions and 64 branches located at the main cities all over Malaysia.

The Financial Statements of the Group and the EPF for the financial year ended 31 December 2012 have been accepted and approved by the Board on 28 February 2013.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The EPF's overall financial risk management policy is to optimise value creation for members whilst minimising the potential adverse impact arising from fluctuation of the interest rates and the unpredictability of the financial markets.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

2.1 Operational Risk

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

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

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

The EPF continuously strive to embed a risk management practicing culture among its staff through risk education, and implementation of controls and procedures.

2.2 Financial Risk

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

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

Detailed policies pertaining to each type of financial risk as listed above are disclosed in Note 40.

3. PRINCIPAL ACTIVITIES

The principal activities of the Board are to receive and to collect contributions, to meet all withdrawals of savings and other benefits to members or their beneficiaries upon satisfaction of any condition for withdrawals and to invest its monies for the benefit of its members. The principal activities of the subsidiaries and associates are as stated in Notes 44 and 45 to the Financial Statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis Of Preparation

The Group and EPF Financial Statements have been prepared in accordance with:

- i. The historical cost convention; and
- ii. MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.1 Basis Of Preparation (Cont'd.)

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

The Financial Statements of the Group and the EPF for the year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 - First-time Adoption Of MFRS. The Group and the EPF have consistently applied the same accounting policies in its opening MFRS Statement Of Financial Position as at 01 January 2011 (transition date) and throughout all financial years presented up to 2012. Due to this, there is no requirement to restate the comparative figures for the previous financial years as a result of migration to MFRS platform with effect from 01 January 2012.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the Financial Statements, are disclosed in Note 5.

a. Standards, Amendments To Published Standards And IC Interpretations That Are Effective

In the current year, the Group and the EPF adopted the MFRS Accounting Standards, Amendments and IC Interpretations to published standards with effect on or after 01 January 2012 as follows:

– MFRS 1	First Time Adoption of Malaysian Financial Reporting Standards
– MFRS 139	Financial Instruments: Recognition And Measurement
– MFRS 124	Related Party Disclosures
– Amendments to MFRS 1	Severe Hyperinflation And Removal Of Fixed Dates For First-Time Adopters
– Amendments to MFRS 7	Financial Instruments: Disclosures On Transfers Of Financial Assets
– Amendments to MFRS 101	Presentation Of Items Of Other Comprehensive Income (effective from 01 July 2012)
– Amendment to MFRS 112	Income Taxes - Recovery Of Underlying Assets
– IC Interpretation 15	Agreements For Construction Of Real Estates
– IC Interpretation 19	Extinguishing Financial Liabilities With Equity Instruments
– Amendments to IC Interpretation 14	The Limit On A Defined Benefit Assets, Minimum Funding Requirements And Their Interaction
– MFRS 119	

The adoption of the above Standards and Amendments to published standards does not give any material financial impact to the Group and the EPF.

b. Standards, Amendments To Published Standards And IC Interpretations To Existing Standards That Are Applicable But Not Yet Effective

On the date of which the financial statement was prepared, the new Standards and Interpretation of MFRS that have been issued but not yet effective and have not been adopted by the Group and the EPF are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.1 Basis Of Preparation (Cont'd.)

b. Standards, Amendments To Published Standards And IC Interpretations To Existing Standards That Are Applicable But Not Yet Effective (Cont'd.)

i. With effect from or after 01 January 2013

- MFRS 10	Consolidated Financial Statements (effective from 01 January 2013)
- MFRS 11	Joint Arrangements (effective from 01 January 2013)
- MFRS 12	Disclosures Of Interest In Other Entities (effective from 01 January 2013)
- MFRS 13	Fair Value Measurement (effective from 01 January 2013)
- Revised MFRS 119	Employee Benefits (effective from 01 January 2013)
- Revised MFRS 127	Separate Financial Statements (effective from 01 January 2013)
- Revised MFRS 128	Investments In Associates And Joint Ventures (effective from 01 January 2013)
- Amendments to MFRS 1	First-time Adoption of International Financial Reporting Standards - Government Loans (effective from 01 January 2013)
- Amendments to MFRS 7	Financial Instruments: Disclosures - (effective from 01 January 2013)
Annual improvements 2011	

ii. With effect from or after 01 January 2014

- Amendments to MFRS 132	<i>Presentation - Offsetting Financial Assets And Financial Liabilities (effective from 01 January 2014)</i>
- MFRS 9 - Financial Instruments	<i>Classification And Measurement Of Financial Assets And Financial Liabilities - Offsetting Financial Assets And Financial Liabilities (effective from 01 January 2015)</i>

4.2 Basis Of Consolidation

The Group Financial Statements include the Financial Statements of the EPF and its subsidiaries which have been prepared up to the end of the financial year. All intercompany transactions and balances have been eliminated on consolidation. The preparation of the EPF Consolidated Financial Statements is in compliance with Treasury Circular No. 4 2007. The Board as the trustee and the manager of the Employees Provident Fund has no asset and liability and all operating expenditures are charged to the revenue of the Fund.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.3 Taxation

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

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

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

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

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

4.4 Property, Plant And Equipment And Depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.4 Property, Plant And Equipment And Depreciation (Cont'd.)

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

Buildings	2% - 3%
Building Plant And Machinery	10% - 20%
Office/Building Renovation	10% - 20%
Furniture, Fixtures And Fittings	20%
Motor Vehicles	20%
Office Equipment	20%
Computer Software And Hardware	20% - 33%

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

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each Statement Of Financial Position date. At each date of Statement Of Financial Position, the Group assesses whether there is any indication of impairment. Revaluation on properties is made once every five years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment Loss is recognised if the carrying amount exceeds the recoverable amount as disclosed in Note 4.11.

The depreciation rate on the purchase of completed building of which the cost of land and building could not be specifically identified at the acquisition stage will follow the depreciation rate of building which is at 2%.

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

4.5 Investment Properties

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

The difference between the net disposal proceeds and the carrying amount is recognised in the Income Statement in the period of the retirement or disposal.

The depreciation rate for building which has been classified as Investment Property is at 2% – 3% as stated in Note 4.4. At each date of Statement Of Financial Position, the Group assesses whether there is any indication of impairment. Revaluation on Investment Properties is made once every five years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment Loss is recognised if the carrying amount exceeds the recoverable amount as disclosed in Note 4.11.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.6 Intangible Assets

a. Licence And Information Technology Software

The expenditure arising from the Licence and Information Technology Software are measured at recognition cost. Subsequent costs are included in the Intangible Asset's carrying amount (cost after deduction of accumulated amortisation and accumulated impairment loss). Intangible Assets are amortised on a straight line basis over the estimated economic useful life for five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

b. Goodwill

The goodwill arising on consolidation represents the excess of the purchase price over the value of the net assets of the subsidiary as at acquisition date. Goodwill is carried at cost less accumulated of impairment loss is in accordance with Note 4.11.

4.7 Prepaid Land Lease

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

The difference between the net disposal proceeds and the carrying amount is recognised in the Income Statement in the period of disposal. At each date of Statement Of Financial Position, the Group assesses whether there is any indication of impairment. Revaluation on Prepaid Land Lease is made once every five years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment Loss is provided if the carrying amount exceeds the recoverable amount as disclosed in Note 4.11.

4.8 Assets Held For Sale

Non-current assets (or disposal of Groups) classified as Assets Held For Sale are stated at the lower of carrying amount and fair value less costs to sell, if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

4.9 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 as non-current assets and is stated at costs less any accumulated impairment loss. The policy for the recognition and measurement of impairment loss is in accordance with Note 4.11.

4.10 Property Development Costs

Property Development Costs comprise of all costs that are directly attributable to development activities or that can be allocated on reasonable basis to such activities. Property Development Costs of the Group is stated at the lower of cost and net reliable value. The property development costs have been disposed in the current year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.11 Impairment Of Non - Financial Assets

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

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

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

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

4.12 Investments In Subsidiaries

Subsidiaries are companies which the EPF controls the composition of its Board Of Directors or more than half of its voting power, or holds more than half of its issued ordinary share capital.

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

The quoted and unquoted investments in subsidiaries are stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 4.11.

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

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill as per Note 4.6(b). If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.12 Investment In Subsidiaries (Cont'd.)

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

Non-Controlling Interest is measured in respect of its minority share of the subsidiaries' identifiable assets and liabilities at fair value as at the acquisition date and the minority's share upon changes in equity of the subsidiaries from the date.

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

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any foreign exchange differences that relates to the subsidiary is recognised in the Consolidated Income Statement.

4.13 Investments In Associates

Associates are companies in which the EPF has a long term equity interest of 20% to 50% and where it exercises a significant influence in financial and operating policy decisions.

Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

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

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

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

The quoted and unquoted investments in associates are stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 4.11.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.14 Interest In Joint Ventures

Interest In Joint Ventures represents an amount which has been advanced under a contractual agreement with a joint venture partner to undertake construction projects and property development which is jointly controlled.

Equity method has been adopted to account for Interest In Joint Ventures. The accounting for contract in joint venture is based on the percentage of completion method and foreseeable losses, if any, is provided for in the year that it arises.

Interest In Joint Ventures is stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 4.11.

4.15 Investment Financial Assets

The EPF classifies its investment financial assets based on MFRS 139 as follows:

- i. Held-To-Maturity Investment Assets;
- ii. Available-For-Sale Financial Assets;
- iii. Loans And Receivables; and
- iv. Financial Assets At Fair Value Through Profit/Loss.

The classification of financial assets based on MFRS 139 depends on the purpose of each financial asset invested by the EPF. The EPF determines the classification of financial assets at initial recognition. Apart from financial assets categorised as Loans, Advances And Financing as well as Deposits With Financial Institutions which are disclosed separately in the Statement Of Financial Position, the EPF accounting policies in respect of investment financial assets are as follows:

a. Held-To-Maturity Investment Assets

Held-To-Maturity Investment Assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the EPF has the positive intention and ability to hold these investment assets to maturity. If the EPF were to sell Held-To-Maturity Investment Assets other than an insignificant amount, the whole category of this financial asset would be tainted and reclassified as Available-For-Sale Financial Assets.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.15 Investment Financial Assets (Cont'd.)

b. Available-For-Sale Financial Assets

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

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

c. Financial Assets at Fair Value Through Profit/Loss

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

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

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

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

Subsequent measurement of the financial assets (other than financial asset categorised as Loans, Advances And Financing which is separately disclosed in Note 4.16) are as follows:

i. Held-To-Maturity Investment Assets

Stated at amortised cost using the effective yield method.

ii. Available-For-Sale Financial Assets

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

iii. Financial Assets at Fair Value Through Profit/Loss

Stated at fair value. Changes in the fair value as well as changes in foreign currency exchange rates for the global investment instruments are recognised in the Income Statement in the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.15 Investment Financial Assets (Cont'd.)

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

i. Held-To-Maturity Investment Assets

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.15 Investment Financial Assets (Cont'd.)

ii. Available-For-Sale Financial Assets

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

a. Equity Investment Instruments

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

b. Fixed Income Investment Instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.16 Loans, Advances And Financing

Loans, Advances And Financing are non-derivative financial assets that are classified as Loans And Receivables under MFRS 139 with fixed or determinable payments that are not quoted in an active market. Loans, Advances And Financing are recognised on the trade - date in which the EPF commits to give out loan plus related transaction costs, if any. The subsequent measurement of this financial asset is at amortised cost using the effective yield method.

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

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

- i. Decline in investment grade rating below the investment grade as set out by the EPF as at the Statement Of Financial Position date;
- ii. Default in paying principal/interest according to the repayment schedule;
- iii. Borrower ceased business operations/bankruptcy (upon filing of the case);
- iv. Borrower received winding up order on business operations;
- v. Material fraud with publicised news/upon appointment of financial advisor; and
- vi. Borrower received a Qualified Audit Certificate.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.16 Loans, Advances And Financing (Cont'd.)

Included in Loans, Advances And Financing are Staff Loans financial assets. There is no significant impact to state Staff Loan financial assets at fair value in the subsequent measurement. There are three types of loan schemes offered to the EPF's staffs at the interest rate approved by the Board based on the terms and conditions of service as follows:

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

The fund used to finance staff loans for the abovementioned three schemes is considered as the EPF investments of which the fund allocation usage is subject to the limit approved by the Board.

4.17 Inventories Of Completed Properties

Inventories Of Completed Properties are stated at the lower of cost (determined on specific identification basis) and net realisable value. Cost includes costs of land, construction and appropriate development overheads.

4.18 Receivables

Receivables financial assets are carried at invoice amount less allowance for impairment loss. There is no significant impact to state Receivables financial assets at fair value in the subsequent measurement. An allowance for impairment loss is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of Receivables as disclosed in Note 4.11.

4.19 Cash And Cash Equivalents

Cash And Cash Equivalents consist of cash in hand, at banks (inclusive of cash managed by External Fund Managers) and deposits with financial institutions to facilitate any need of liquidity.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****4.20 Provision For Employee Benefits****a. Short Term Benefits**

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

b. Defined Contribution Plans

Contribution is made to the EPF for employees who have elected to receive the EPF benefits or Government Pension Fund for those in the pensionable scheme.

c. Long Term Benefits

The EPF has adopted MFRS 119 (Employee Benefits) of which payment for long term benefits to employees after retirement and/or after the completion of contract service is recognised on an accrual basis in the current year Income Statement as employee benefit expenses whereas in the Statement Of Financial Position such amount is recognised as liability known as Provision For Employee Benefits. Types of long term benefit which will be recognised on an accrual basis are as follows:

- i. Post - Employment Medical Benefit; and
- ii. Cash award in lieu of annual leave (inclusive of the employer share on contribution for such payments).

The computation on post-employment medical benefit is determined by an actuarial valuation which is performed every three years. The principal assumptions used on the actuarial valuations are:

- i. An inflation rate of 5% per annum on the medical cost; and
- ii. A discount rate of 5% per annum (based on valuations performed in 2012).

The net cumulative actuarial gains and losses in excess of 10% of the present value of the benefit obligation is recognised in the Income Statement over the amortisation period based an actuarial valuations carried out.

The computation of cash in lieu of annual leave payable to retirees is based on the actual information available as at the Statement Of Financial Position and the eligibility is based on the term and condition of service. The current salary rate is used to compute these liabilities.

d. Termination Benefits

Termination Benefits are payable whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.20 Provision For Employee Benefits (Cont'd.)

e. Equity Compensation Benefits (MBSB)

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

4.21 Provision For Liabilities

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

4.22 Liability On Invocation Cost Under Section 50(3)

The change of accounting policy in relation to the implementation of invocation under section 50(3), EPF Act 1991:

With effect from October 2012, liability on invocation cost under Section 50(3), EPF Act 1991 for the purpose of financing employees' share of contributions as well as dividend attributable on the said contribution for deduction that has been made on the employees' salary should the employer fails to pay the share of such contributions, is disclosed as Statutory Charges in the EPF's Income Statement and under the Payables And Accrued Liabilities in the Statement Of Financial Position.

As a consequence to the change in accounting policy, Section 50(3) Reserve which was previously disclosed as part of Members' Fund has been repealed of which accumulated balance which exists in the reserve account amounting to RM37.23 million has been credited to Accumulated Surplus Account in the month of September 2012.

4.23 Contingent Assets And Contingent Liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.24 Members' Contributions Account

Contributions are credited to members' account following the contribution month based on cash received basis except for cases of which crediting is based on Invocation of Section 50(3), EPF Act 1991 is in accordance with Note 4.22.

4.25 Dividend Credited/Paid To Members

Annual dividend is calculated on the opening balance as at 01 January (less withdrawals) and dividend on monthly contributions following contributions month and credited to the members' account at the end of the financial year. Dividend on withdrawals is calculated from the beginning of the year in which the withdrawal is made until the date the contributions' account is debited. The contributions and minimum annual dividend of 2.50% are guaranteed by the Government. Income received in the current year is distributed to members to the maximum after taking into account all expenditures incurred, based on the EPF accounting policies approved by the Board.

4.26 Available-For-Sale Financial Assets Reserve

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

4.27 Foreign Currency

a. Functional And Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Ringgit Malaysia, which is the EPF's functional and presentation currency.

b. Transactions And Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Financial assets and liabilities in foreign currency are translated using the exchange rate as at the Statement Of Financial Position date. The difference resulted from the settlement of foreign currency transactions and from the translation of financial assets and liabilities in foreign currency is recognised in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.28 Revenue Recognition

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

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

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the types of customer, the types of transaction and the specifications of each arrangement.

i. Recognition Of Investment Income

Dividend from Available-For-Sale Financial Assets, interest from Held-To-Maturity Investment Assets, interest from Loans, Advances And Financing, interest from Deposits With Financial Institutions and Rental Income are recognised on an accrual basis.

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

ii. Recognition Of Income On Granting Of Loans And Financing (MBSB)

Interest income and income from the Islamic Banking Scheme business are recognised on accrual basis. When an account is classified as non-performing, interest is suspended with retrospective adjustments made to the date of first default until it is realised on a cash basis. Customers' accounts are classified as non-performing where repayments are in arrears for six months or more.

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

iii. Recognition Of Income On Sale Of Properties (MBSB)

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

iv. Interest And Dividend On Contributions Paid Late

Interest And Dividend On Contributions Paid Late are accounted for on a cash received basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

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

4.28 Revenue Recognition (Cont'd.)

v. Recognition On Loans, Advance And Financing (MBSB)

In respect of end financing, interest receivable is computed at yearly and monthly rate basis. For yearly rate basis, interest debited to the loans account in any year is based on the balance outstanding on 31 December of the previous year, and on loans disbursed during the year, interest is charged accordingly from the day of disbursement to the end of the financial year in which it is made. For monthly rate basis, interest debited to the loans account in any month is based on the balance outstanding at the end of the previous month, and on loans disbursement during the month, interest is computed from the day of disbursement to the end of the month in which it is made.

In the case of bridging and term loans, interest receivable is computed on monthly rate basis, so that interest debited to the bridging and term loans account in any month is based on the balance at the end of the previous month, and on loans disbursed during the month, interest is computed from the day of disbursement to the end of the month in which it is made.

vi. Amortisation Of Discount/Premium On Financial Assets

Amortisation of discount/premium on fixed income investment instrument financial assets are recognised using the effective yield method.

4.29 Leases

a. Leases - Where The Group Is A Lessee

Operating Lease

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

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

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

b. Leases - Where The Group Is A Lessor

Operating Lease

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

4.30 Deferred Profit Guarantee

Income from Profit Guarantee on residential parcels sold is recognised within 60 days after the expiry of 12 months from the date of launching.

Income from Profit Guarantee on residential parcels sold or not sold is recognised within 60 days after the expiry of 24 months from the date of launching.

Income received for such activities that take place after the financial year is taken up as deferred profit guarantee.

4.31 Rental Guarantee

Rental Guarantee are fair value on inception excluding Value Added Tax (VAT). Cash received under the instrument is allocated to the asset. The fair value of the rental guarantee is assessed on an annual basis with any movements being recognised under finance costs in the Income Statement.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's result and financial position are tested for sensitivity to changes in the underlying parameters.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

5.1 Post-Employment Medical Benefit Obligation

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

The Group determines the appropriate discount rate at every three years for actuarial valuation. The latest actuarial valuation was done in year 2012. This is the interest rate that should be used to determine the present value of estimated expected future cash outflows required to settle the Post-Employment Medical Benefit Obligation.

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

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

Where the expected medical cost rate differs by 10% from the management's estimates, the carrying amount of Post-Employment Medical Benefit Obligations would be estimated at RM9.77 million higher or vice-versa.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

6. DEFERRED TAX

	GROUP	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
As At 01 January	24,111	18,880
Amount Recognised In The Income Statement	(4,818)	5,231
As At The Date Of Statement Of Financial Position	19,293	24,111
Presented After Appropriate Offsetting As Follows:		
Deferred Tax Assets	(1,627)	(881)
Deferred Tax Liabilities	20,920	24,992
	19,293	24,111

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

6.1 DEFERRED TAX ASSETS/LIABILITIES

	Unutilised Tax Losses (RM'000)	Fair Value Adjustment From Business Combinations (RM'000)	Property Plant And Equipment (RM'000)	Other Temporary Differences (RM'000)	Total (RM'000)
As At 01 January 2012	(881)	23,604	1,313	75	24,111
Amount Recognised In Income Statement	(746)	-	(4,072)	-	(4,818)
As At 31 December 2012	(1,627)	23,604	(2,759)	75	19,293
As At 01 January 2011	(1,152)	23,604	(3,647)	75	18,880
Amount Recognised In Income Statement	271	-	4,960	-	5,231
As At 31 December 2011	(881)	23,604	1,313	75	24,111

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

7. PROPERTY, PLANT AND EQUIPMENT
7.1 GROUP

2012 COSTS	As At 01 January	Additions	(Disposal)/ Adjustment/ Reclassification	Written Off	As At 31 December
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Freehold Land	15,824	–	–	–	15,824
Buildings	422,449	9,314	168	–	431,931
Building Plant And Machinery	37,609	577	1,272	(25,578)	13,880
Office/Building Renovation	133,951	10,085	(393)	–	143,643
Furniture, Fixtures And Fittings	55,163	3,206	(1,096)	(18,806)	38,467
Motor Vehicles	5,393	1,283	(281)	(74)	6,321
Office Equipment	95,691	1,724	585	(77,733)	20,267
Computer Software And Hardware	208,588	25,922	26,559	(116,167)	144,902
Work-In-Progress	59,887	10,891	(59,022)	–	11,756
	1,034,555	63,002	(32,208)	(238,358)	826,991
2012 ACCUMULATED DEPRECIATION					
Freehold Land	371	–	–	–	371
Buildings	195,435	11,322	35	–	206,792
Building Plant And Machinery	29,959	1,113	–	(25,386)	5,686
Office/Building Renovation	94,277	12,627	(1,280)	–	105,624
Furniture, Fixtures And Fittings	50,025	2,429	(260)	(18,805)	33,389
Motor Vehicles	3,389	657	(115)	(74)	3,857
Office Equipment	89,059	2,310	–	(77,698)	13,671
Computer Software And Hardware	169,644	35,701	–	(116,166)	89,179
	632,159	66,159	(1,620)	(238,129)	458,569

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

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

7.1 GROUP (Cont'd.)

2011 COST	As At 01 January	Additions	(Disposal)/ Adjustment/ Reclassification	Written Off	Impairment Loss Written Back	As At 31 December
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Freehold Land	29,318	–	(13,494)	–	–	15,824
Buildings	395,081	21,954	5,415	–	–	422,450
Building Plant And Machinery	34,921	2,689	–	–	–	37,610
Office/Building Renovation	114,251	20,548	(848)	–	(14)	133,937
Furniture, Fixtures And Fittings	51,831	3,372	35	(62)	–	55,176
Motor Vehicles	5,635	929	(373)	(798)	–	5,393
Office Equipment	92,129	1,183	2,728	(349)	–	95,691
Computer Software And Hardware	161,168	22,265	26,088	(934)	–	208,587
Work-In-Progress	85,927	54,024	(80,064)	–	–	59,887
	970,261	126,964	(60,513)	(2,143)	(14)	1,034,555
2011						
ACCUMULATED DEPRECIATION						
Freehold Land	371	–	–	–	–	371
Buildings	183,867	10,775	7,277	–	(6,484)	195,435
Building Plant And Machinery	28,910	1,049	–	–	–	29,959
Office/Building Renovation	81,423	11,774	1,080	–	–	94,277
Furniture, Fixtures And Fittings	48,195	1,892	–	(62)	–	50,025
Motor Vehicles	3,983	576	(372)	(798)	–	3,389
Office Equipment	87,232	2,174	–	(347)	–	89,059
Computer Software And Hardware	146,760	19,959	3,859	(934)	–	169,644
	580,741	48,199	11,844	(2,141)	(6,484)	632,159

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

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

7.2 EPF

2012 COST	As At 01 January	Additions	(Disposal)/ Adjustment/ Reclassification	Written Off	As At 31 December
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Buildings	242,225	9,314	168	–	251,707
Building Plant And Machinery	37,609	577	1,272	(25,578)	13,880
Office/Building Renovation	111,323	6,650	2,170	–	120,143
Furniture, Fixtures And Fittings	28,278	634	434	(18,806)	10,540
Motor Vehicles	4,907	649	–	(68)	5,488
Office Equipment	95,350	1,713	585	(77,733)	19,915
Computer Software And Hardware	193,712	6,840	28,074	(116,167)	112,459
Work-In-Progress	61,401	10,891	(60,536)	–	11,756
	774,805	37,268	(27,833)	(238,352)	545,888
2012 ACCUMULATED DEPRECIATION					
Buildings	104,747	7,206	–	–	111,953
Building Plant And Machinery	29,959	1,113	–	(25,386)	5,686
Office/Building Renovation	79,861	9,879	–	–	89,740
Furniture, Fixtures And Fittings	27,420	768	–	(18,805)	9,383
Motor Vehicles	3,015	540	–	(68)	3,487
Office Equipment	88,922	2,249	–	(77,698)	13,473
Computer Software And Hardware	158,195	33,794	–	(116,166)	75,823
	492,119	55,549	–	(238,123)	309,545

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

7.2 EPF (Cont'd.)

2011 COST	As At 01 January	Additions	(Disposal)/ Adjustment/ Reclassification	Written Off	As At 31 December
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Buildings	241,609	616	–	–	242,225
Building Plant And Machinery	34,920	2,689	–	–	37,609
Office/Building Renovation	95,721	15,387	215	–	111,323
Furniture, Fixtures And Fittings	27,709	593	38	(62)	28,278
Motor Vehicles	4,776	929	–	(798)	4,907
Office Equipment	91,886	1,085	2,728	(349)	95,350
Computer Software And Hardware	146,922	21,260	26,464	(934)	193,712
Work-In-Progress	87,441	54,024	(80,064)	–	61,401
	730,984	96,583	(50,619)	(2,143)	774,805
2011					
ACCUMULATED DEPRECIATION					
Buildings	97,603	7,144	–	–	104,747
Building Plant And Machinery	28,910	1,049	–	–	29,959
Office/Building Renovation	70,121	9,740	–	–	79,861
Furniture, Fixtures And Fittings	26,826	656	–	(62)	27,420
Motor Vehicles	3,326	487	–	(798)	3,015
Office Equipment	87,139	2,130	–	(347)	88,922
Computer Software And Hardware	135,474	19,423	4,232	(934)	158,195
	449,399	40,629	4,232	(2,141)	492,119

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

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

7.3 NET BOOK VALUE

	GROUP	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Freehold Land	15,453	15,453
Buildings	225,139	227,015
Building Plant And Machinery	8,194	7,651
Office/Building Renovation	38,019	39,660
Furniture, Fixtures And Fittings	5,078	5,151
Motor Vehicles	2,464	2,004
Office Equipment	6,596	6,632
Computer Software And Hardware	55,723	38,943
Work-In-Progress	11,756	59,887
	368,422	402,396

	EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Buildings	139,754	137,478
Building Plant And Machinery	8,194	7,650
Office/Building Renovation	30,403	31,462
Furniture, Fixtures And Fittings	1,157	858
Motor Vehicles	2,001	1,892
Office Equipment	6,442	6,428
Computer Software And Hardware	36,636	35,517
Work-In-Progress	11,756	61,401
	236,343	282,686

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

8. INVESTMENT PROPERTIES

	GROUP		EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
NET BOOK VALUE				
As At 01 January				
As Stated Before	6,905,221	3,698,854	1,398,746	1,429,496
Reclassification To Assets Held For Sale	-	(3,191)	-	-
Currency Translation Differences	23,065	60,651	-	-
Adjustment On Cost	-	(5,343)	-	(5,964)
Restated Amount At Cost	6,928,286	3,750,971	1,398,746	1,423,532
Additions	5,614,405	3,406,842	80	605
Net Loss On Fair Value Adjustment On Global Investment Property	-	(199,813)	-	-
Disposals	(391)	(15,646)	-	(146)
Current Year Depreciation	(229,617)	(49,107)	(37,534)	(37,219)
Net Impairment Loss Written Back	-	11,974	-	11,974
As At The Date Of Statement Of Financial Position	12,312,683	6,905,221	1,361,292	1,398,746

The Investment Properties of the Group are measured at cost, including transaction costs. The fair value of the Investment Properties as at the date of Statement Of Financial Position was estimated at RM12,893.03 million (2011:RM9,850.80 million), which has been determined based on valuations made in 2012 and 2011 respectively. Whilst, the fair value of the EPF's Investment Properties as at 31 December 2012 amounting to RM1,942.35 (2011:RM1,953.14), has been determined based on valuations made in 2011. The frequency of revaluations has been performed in accordance with the accounting policy adopted by the EPF. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the comparison method that involves the comparison of recent sales of similar properties in the area.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

9. INTANGIBLE ASSETS

	GROUP	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Licence And Information Technology Software		
As At 01 January	13,104	27,585
Reclassification From/(To) Property, Plant And Equipment	93	(4,558)
	13,197	23,027
Additions	57,625	1,266
Reclassification Of Depreciation (From)/To Property, Plant And Equipment	(3)	4,232
Amortisation For The Period	(17,165)	(15,421)
As At The Date Of Statement Of Financial Position	53,654	13,104

	EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Licence And Information Technology Software		
As At 01 January	10,536	25,623
Reclassification To Property, Plant And Equipment	-	(4,558)
	10,536	21,065
Additions	8,923	-
Reclassification Of Depreciation To Property, Plant And Equipment	-	4,232
Amortisation For The Period	(13,197)	(14,761)
As At The Date Of Statement Of Financial Position	6,262	10,536

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

10. PREPAID LAND LEASE

	GROUP	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Cost		
As At 01 January	141,770	156,909
Adjustment	–	(15,139)
As At The Date Of Statement Of Financial Position	141,770	141,770
Accumulated Amortisation/Impairment Loss		
As At 01 January	16,843	24,833
Amortisation For The Period	1,433	1,352
Impairment Loss Written Back	–	(9,342)
As At The Date Of Statement Of Financial Position	18,276	16,843
Net Book Value As At The Date Of Statement Of Financial Position	123,494	124,927

	EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Cost		
As At 01 January/31 December	130,052	130,052
Accumulated Amortisation/Impairment Loss		
As At 01 January	14,746	22,901
Amortisation For The Period	1,268	1,187
Impairment Loss Written Back	–	(9,342)
As At The Date Of Statement Of Financial Position	16,014	14,746
Net Book Value As At The Date Of Statement Of Financial Position	114,038	115,306

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

11. ASSETS HELD FOR SALE

	GROUP					
	31 DECEMBER 2012		31 DECEMBER 2011		1 JANUARY 2011	
	Cost/ Book Value (RM'000)	Market Value (RM'000)	Cost/ Book Value (RM'000)	Market Value (RM'000)	Cost/ Book Value (RM'000)	Market Value (RM'000)
Quoted Equities	-	-	-	-	209,355	580,898
Property Held For Sale	7,527	15,384	17,913	23,610	-	-
Investment Properties						
Freehold/Leasehold						
Buildings	1,983	1,983	3,710	3,191	-	-
Accumulated Depreciation	-	-	(519)	-	-	-
	9,510	17,367	21,104	26,801	209,355	580,898

	EPF					
	31 DECEMBER 2012		31 DECEMBER 2011		1 JANUARY 2011	
	Cost/ Book Value (RM'000)	Market Value (RM'000)	Cost/ Book Value (RM'000)	Market Value (RM'000)	Cost/ Book Value (RM'000)	Market Value (RM'000)
Quoted Equities	-	-	-	-	209,355	580,898
Property Held For Sale	7,527	15,384	17,913	23,610	-	-
	7,527	15,384	17,913	23,610	209,355	580,898

Included Assets Held For Sale of the Group is 27 units of hostels in Kuala Lumpur which valued of RM3.191 million. As at the date of Statement Of Financial Position, seven units are sold and the remaining balance of 20 units are still in the process for sales. All Group's properties are expected to be sold completely in 2013. Whilst for the EPF, represents the balance of assets held for sale in Bandar Indera Mahkota, Kuantan, Pahang.

12. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP AND EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Leasehold Land		
As At 01 January	-	64,954
Reclassification Of Assets Held For Sale	-	(4,686)
Reclassification Of Property Development Cost	-	(60,268)
As At The Date Of Statement Of Financial Position	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

13. PROPERTY DEVELOPMENT COSTS

	GROUP	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
As At 01 January :		
Freehold Land	11,446	11,446
Development Costs	326,556	154,297
Costs Recognised In Income Statement	(8,992)	(8,992)
Development Costs Sold	(6,442)	(6,442)
	322,568	150,309
Costs Recognised During The Year:		
Freehold Land	–	64,697
Development Costs	2,629	60,521
	2,629	125,218
Reclassification To Assets Held For Sale	–	(13,227)
Reclassification From Land Held For Property Development	–	60,268
Disposal:		
Freehold Land Disposed	(124,548)	–
As At The Date Of Statement Of Financial Position	200,649	322,568

Property Development Cost of the Group for the current year excludes capitalised interest (2011: RM1.13 million). Freehold Land of the Group was sold to a third party in August 2012 for cash purchase consideration of RM180 million.

	EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
As At 01 January :		
Development Costs	195,206	148,140
Costs Recognised During The Year:		
Development Costs	–	25
Reclassification To Assets Held For Sale	–	(13,227)
Reclassification From Land Held For Property Development	–	60,268
As At The Date Of Statement Of Financial Position	195,206	195,206

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

14. INVESTMENTS IN SUBSIDIARIES

	EPF					
	31 DECEMBER 2012		31 DECEMBER 2011		1 JANUARY 2011	
	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic Quoted Equities	1,061,753	1,779,182	1,061,753	1,496,665	908,758	693,173
Allowance For Impairment Loss	-		-		(215,585)	
	1,061,753		1,061,753		693,173	
Domestic Unquoted Equities	153,596	144,353	153,496	150,120	145,496	142,411
Allowance For Impairment Loss	(9,243)		(3,376)		(3,085)	
	144,353		150,120		142,411	
Global Unquoted Equities	5,959,661	5,955,347	5,836,262	5,836,262	1,994,618	1,994,618
Allowance For Impairment Loss	(4,314)		-		-	
	5,955,347		5,836,262		1,994,618	
	7,161,453		7,048,135		2,830,202	
Loans To Subsidiaries	350,000		450,000		-	
Advances To Subsidiaries	2,448,601		723,632		511,000	
Capital Advances *	24,504		24,504		24,291	
	2,823,105		1,198,136		535,291	
	9,984,558		8,246,271		3,365,493	

* Capital Advances will be capitalised as equity in the related subsidiaries based on approval by the Ministry Of Finance.

The list of subsidiaries are disclosed in Note 44.

The maturity structure of the Loans and Advances to subsidiaries are as follows:

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	100,000	100,000	535,291
Maturing After 12 Months	2,723,105	1,098,136	-
	2,823,105	1,198,136	535,291

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

15. INVESTMENTS IN ASSOCIATES

15.1 GROUP

	31 DECEMBER 2012		31 DECEMBER 2011		1 JANUARY 2011	
	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic Quoted Equities	6,854,089	8,661,957	6,652,641	8,683,349	6,647,581	9,593,714
Allowance For Impairment Loss	-		(567,460)		(615,228)	
	6,854,089		6,085,181		6,032,353	
Domestic Unquoted Equities	3,959,052	4,047,676	2,265,151	1,964,711	2,160,217	2,129,506
Allowance For Impairment Loss	(306,688)		(300,440)		(30,711)	
	3,652,364		1,964,711		2,129,506	
	10,506,453		8,049,892		8,161,859	
Global Unquoted Equities	260,556		51,071		-	
Loans	10,300,029		8,457,811		-	
Private Debt Securities	-		1,764,528		1,516,300	
	21,067,038		18,323,302		9,678,159	
<u>Add/(Less):</u>						
Profit/(Loss) And Adjustments On Associates:						
Projek Bandar Samariang Sdn Bhd	-		-		(3,117)	
Panca Pesona Sdn Bhd	5,866		6,065		6,077	
Malaysian Resources Corporation Bhd	(71,283)		(73,437)		(103,788)	
Bandar Eco-Setia Sdn Bhd	107,917		83,949		60,135	
RHB Capital Berhad	1,612,604		1,864,959		1,530,772	
Iskandar Investment Berhad	221,936		247,180		(23,348)	
Sunway South Quay Sdn Bhd	1,457		(817)		2,163	
HSBC Amanah Takaful (M) Sdn Bhd	(2,817)		335		(1,493)	
Malakoff Corporation Berhad	40,193		322,384		226,587	
Columbia Asia Sdn Bhd	(65,123)		(43,710)		(43,480)	
Nusa Gapurna Development Sdn Bhd	(1,099)		42,452		-	
PLUS Malaysia Sdn Bhd	(14,572)		(128)		-	
	1,835,079		2,449,232		1,650,508	
	22,902,117		20,772,534		11,328,667	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

15. INVESTMENTS IN ASSOCIATES (CONT'D.)

15.1 GROUP (CONT'D.)

Based on effective equity interest as of the year end, the financial positions of the Associates are as follows:

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Assets	107,609,574	98,568,894	67,997,757
Liabilities	96,772,418	88,758,223	60,712,659
Revenue	6,701,630	6,438,962	5,074,472
Profit After Taxation	1,146,145	882,609	828,910

15.2 EPF

	31 DECEMBER 2012		31 DECEMBER 2011		1 JANUARY 2011	
	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic Quoted Equities	6,854,089	8,661,957	6,652,641	8,683,349	6,647,581	9,593,714
Allowance For Impairment Loss	-		(567,460)		(615,228)	
	6,854,089		6,085,181		6,032,353	
Domestic Unquoted Equities	3,959,052	4,047,676	2,265,151	1,964,711	2,160,217	2,129,506
Allowance For Impairment Loss	(306,688)		(300,440)		(30,711)	
	3,652,364		1,964,711		2,129,506	
	10,506,453		8,049,892		8,161,859	
Loans	10,300,029		8,457,811		-	
Private Debt Securities	-		1,764,528		1,516,300	
	20,806,482		18,272,231		9,678,159	

The maturity structure of the Loans and Private Debt Securities of the Associates are as follows:

	GROUP AND EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	1,497,443	8,457,811	-
Maturing After 12 Months	8,802,586	1,764,528	1,516,300
	10,300,029	10,222,339	1,516,300

The list of Associates are disclosed in Note 45.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

16. HELD-TO-MATURITY INVESTMENT ASSETS

16.1 GROUP

	31 DECEMBER 2012	31 DECEMBER 2011	1 JANUARY 2011
	Amortised Cost (RM'000)	Amortised Cost (RM'000)	Amortised Cost (RM'000)
Malaysian Government Securities	84,131,799	88,201,196	90,923,386
Government Investment Issues	47,614,512	36,367,615	27,593,753
Private Debt Securities	38,988,435	45,334,419	41,563,419
Allowance For Impairment Loss On Held-To-Maturity Investment Assets	(543,963)	(437,769)	(438,362)
	38,444,472	44,896,650	41,125,057
Commercial Papers	307,052	–	180,655
Cagamas Securities	3,405,111	2,870,242	2,508,830
Conventional Bonds	1,166,215	1,826,083	2,386,304
Islamic Bonds	3,745,700	2,885,705	1,843,247
Negotiable Certificates	330,000	150,000	750,000
Negotiable Islamic Certificates	250,000	–	389,889
	179,394,861	177,197,491	167,701,121

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

	GROUP		
	31 DECEMBER 2012	31 DECEMBER 2011	1 JANUARY 2011
	(RM'000)	(RM'000)	(RM'000)
Maturing Within 12 Months	15,291,826	9,829,584	11,199,063
Maturing After 12 Months	164,103,035	167,367,907	156,502,058
	179,394,861	177,197,491	167,701,121

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

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

16.2 EPF

	31 DECEMBER 2012 Amortised Cost (RM'000)	31 DECEMBER 2011 Amortised Cost (RM'000)	1 JANUARY 2011 Amortised Cost (RM'000)
Malaysian Government Securities	84,131,799	88,201,196	90,923,386
Government Investment Issues	47,614,512	36,367,615	27,593,753
Private Debt Securities	38,788,435	45,130,065	41,563,419
Allowance For Impairment Loss On Held-To-Maturity Investment Assets	(543,963)	(437,769)	(438,362)
	38,244,472	44,692,296	41,125,057
Commercial Papers	307,052	–	180,655
Cagamas Securities	3,405,111	2,870,242	2,508,830
Conventional Bonds	1,166,215	1,826,083	2,386,304
Islamic Bonds	3,745,700	2,885,705	1,843,247
Negotiable Certificates	330,000	150,000	750,000
Negotiable Islamic Certificates	250,000	–	389,889
	179,194,861	176,993,137	167,701,121

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

	EPF		
	31 DECEMBER 2012 Amortised Cost (RM'000)	31 DECEMBER 2011 Amortised Cost (RM'000)	1 JANUARY 2011 Amortised Cost (RM'000)
Maturing Within 12 Months	15,291,826	9,829,584	11,199,063
Maturing After 12 Months	163,903,035	167,163,553	156,502,058
	179,194,861	176,993,137	167,701,121

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

17.1 GROUP

	31 DECEMBER 2012	31 DECEMBER 2011	1 JANUARY 2011
	Fair Value	Fair Value	Fair Value
	(RM'000)	(RM'000)	(RM'000)
EQUITY INVESTMENT INSTRUMENTS			
QUOTED EQUITIES			
Domestic Equities Internally Managed	112,664,147	94,132,933	91,518,022
Domestic Equities Managed By External Fund Managers	10,528,517	9,663,451	11,454,966
Global Equities Internally Managed	37,130,676	28,149,769	21,475,789
Global Equities Managed By External Fund Managers	25,620,878	17,281,440	15,823,782
	185,944,218	149,227,593	140,272,559
UNQUOTED EQUITIES			
Domestic Unquoted Equities	438,906	565,855	488,878
Global Unquoted Equities	2,442,048	1,432,585	1,053,475
	2,880,954	1,998,440	1,542,353
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS			
Domestic Fixed Income Investment Instruments Managed By External Fund Managers	8,562,304	7,807,360	7,452,842
Allowance For Impairment Loss On Available-For-Sale Financial Assets	(171,710)	(177,732)	(108,199)
	8,390,594	7,629,628	7,344,643
Global Fixed Income Investment Instruments Managed By External Fund Managers	8,469,633	4,244,673	2,303,306
	16,860,227	11,874,301	9,647,949
OTHER INVESTMENT INSTRUMENTS			
Private Debt Securities Internally Managed	1,956,228	-	-
Quoted Loans Stock	-	-	115,878
	207,641,627	163,100,334	151,578,739

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

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

17.2 EPF

	31 DECEMBER 2012 Fair Value (RM'000)	31 DECEMBER 2011 Fair Value (RM'000)	1 JANUARY 2011 Fair Value (RM'000)
EQUITY INVESTMENT INSTRUMENTS			
QUOTED EQUITIES			
Domestic Equities Internally Managed	112,664,147	94,132,933	91,518,022
Domestic Equities Managed By External Fund Managers	10,528,517	9,663,451	11,454,966
Global Equities Internally Managed	37,130,676	28,149,769	21,475,789
Global Equities Managed By External Fund Managers	25,620,878	17,281,440	15,823,782
	185,944,218	149,227,593	140,272,559
UNQUOTED EQUITIES			
Domestic Unquoted Equities	438,906	565,855	488,878
Global Unquoted Equities	2,442,048	1,432,585	1,053,475
	2,880,954	1,998,440	1,542,353
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS			
Domestic Fixed Income Investment Instruments Managed By External Fund Managers	8,562,304	7,807,360	7,452,842
Allowance For Impairment Loss On Available-For-Sale Financial Assets	(171,710)	(177,732)	(108,199)
	8,390,594	7,629,628	7,344,643
Global Fixed Income Investment Instruments Managed By External Fund Managers	8,469,633	4,244,673	2,303,306
	16,860,227	11,874,301	9,647,949
OTHER INVESTMENT INSTRUMENTS			
Private Debt Securities Internally Managed	1,956,228	–	–
Quoted Loans Stock	–	–	115,878
	207,641,627	163,100,334	151,578,739

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS/DERIVATIVE LIABILITIES

18.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS

GROUP	31 DECEMBER 2012	31 DECEMBER 2011	1 JANUARY 2011
	Fair Value (RM'000)	Fair Value (RM'000)	Fair Value (RM'000)
Held-For-Trading Investment Assets	3,516,287	2,012,625	754,674
Derivative Financial Assets	722,433	417,569	99,394
Embedded Derivative Financial Assets	38,153	39,215	92,910
	4,276,873	2,469,409	946,978

EPF	31 DECEMBER 2012	31 DECEMBER 2011	1 JANUARY 2011
	Fair Value (RM'000)	Fair Value (RM'000)	Fair Value (RM'000)
Held-For-Trading Investment Assets	2,130,583	1,258,963	480,642
Derivative Financial Assets *	722,433	417,569	99,394
Embedded Derivative Financial Assets	38,153	39,215	92,910
	2,891,169	1,715,747	672,946

18.2 DERIVATIVE LIABILITIES

GROUP	31 DECEMBER 2012	31 DECEMBER 2011	1 JANUARY 2011
	Fair Value (RM'000)	Fair Value (RM'000)	Fair Value (RM'000)
Derivative Financial Liabilities	57,315	46,660	–
Embedded Derivative Financial Liabilities	–	740	35,175
	57,315	47,400	35,175

EPF	31 DECEMBER 2012	31 DECEMBER 2011	1 JANUARY 2011
	Fair Value (RM'000)	Fair Value (RM'000)	Fair Value (RM'000)
Derivative Financial Liabilities *	145	46,660	–
Embedded Derivative Financial Liabilities	–	740	35,175
	145	47,400	35,175

* Included in the EPF Derivative Financial Assets are fair value of Foreign Exchange Forward Contract which recognised mark to market gain through the Income Statement. Whereas for derivative items which recorded unrealised loss were reflected as part of Derivative Financial Liabilities in the Statement Of Financial Position. As at 31 December 2012, the notional value of global fixed income investment assets that had been economically hedged to foreign exchange risks was RM7,770.65 million (2011:RM4,362.53 million) of which the hedging contracts had not been reached maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

19. LOANS, ADVANCES AND FINANCING

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Guaranteed Loans	80,804,628	84,642,489	82,877,673
End Financing:			
Normal Housing Programme	3,552,636	3,684,956	3,910,292
Low Cost Housing Programme	17,290	22,027	21,008
Islamic Loans:			
Property	1,817,639	1,855,080	1,873,299
Personal Loans	17,791,375	8,717,844	3,981,833
Hire Purchase	126,519	-	-
Bridging And Term Loans	3,521,763	3,498,056	4,688,898
Staff Loans	141,187	132,747	128,786
Conventional Loans:			
Staff Loans	94,921	99,629	103,908
Gross Loans, Advances And Financing	107,867,958	102,652,828	97,585,697
Allowance For Impairment Loss	(2,654,766)	(2,691,826)	(3,866,377)
Interest/Profit In-Suspense	-	-	(65)
Net Loans, Advances And Financing	105,213,192	99,961,002	93,719,255

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Guaranteed Loans	80,494,221	84,381,114	82,877,673
Personal Loans	6,368	90	-
Staff Loans	109,782	106,540	106,483
Conventional Loans:			
Staff Loans	94,921	99,629	103,908
Gross Loans, Advances And Financing	80,705,292	84,587,373	83,088,064
Allowance For Impairment Loss	(68,077)	(72,377)	(75,274)
Interest/Profit In-Suspense	-	-	(65)
Net Loans, Advances And Financing	80,637,215	84,514,996	83,012,725

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

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

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	9,729,930	28,541,947	5,625,132
Maturing After 12 Months	98,138,028	74,110,881	91,960,565
	107,867,958	102,652,828	97,585,697

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	6,950,409	27,791,508	5,576,653
Maturing After 12 Months	73,754,883	56,795,865	77,511,411
	80,705,292	84,587,373	83,088,064

Included in the Bridging And Term Loans granted by the Group in respect of joint venture projects are the impaired amounts as follow:

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Loans To Joint Venture Partners	–	44,784	138,616

Details on financial assets with regards to Loans, Advances And Financing which assessed as impaired as at 31 December 2012 are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowance For Impairment Loss on Loans, Advances And Financing is disclosed in Note 40.1c.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

20. INVENTORIES OF COMPLETED PROPERTIES

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
At Cost			
Inventory	647	219	160
<u>At Net Realisable Value:</u>			
Land Held For Sale	60,619	121,620	121,620
	61,266	121,839	121,780

No cost of inventories had been recognised as expenses in the current year (2011: Nil/2010 : RM974,000).

Included in the inventories are land acquired for development with the following carrying amount:

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Title Registered Under The Name Of Subsidiary	8,197	8,197	8,197

21. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Endowment Fund	26,535	–	–
Prepayments And Deposits	5,004	1,472	1,158
Rental Deposits	33,069	32,827	32,275
Rental Debtors	39,516	40,115	478
Unsecured Advances For Joint Venture Projects	247,291	222,681	200,576
Foreclosed Properties	161,795	150,545	74,335
Trade Receivables	50,817	45,767	30,253
Accruals On Sale Of Domestic/Global Equities Internally Managed	920,389	189,917	789,759
Accruals On Sale Of Fixed Income Investments Internally Managed	–	156,319	–
Accruals On Sale Of Investments Managed By External Fund Managers	2,106,878	282,347	131,240
Accruals On Miscellaneous Non-Investment Items And Deposits	217,500	112,210	90,825
Deposits With Bank Negara Malaysia	–	24,500	–
Service Charge Receivables	31,954	26,164	21,797
	3,840,748	1,284,864	1,372,696
Allowance For Impairment Loss	(268,407)	(212,269)	(182,839)
	3,572,341	1,072,595	1,189,857

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

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

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Endowment Fund	26,535	–	–
Prepayments And Deposits	5,004	1,472	1,158
Rental Deposits	1,573	1,744	1,777
Rental Debtors	21,742	10,033	478
Accruals On Sale Of Domestic/Global Equities Internally Managed	920,389	189,917	789,759
Accruals On Sale Of Fixed Income Investments Internally Managed	–	156,319	–
Accruals On Sale Of Investment Managed By External Fund Managers	2,106,878	282,347	131,240
Accruals On Miscellaneous Non-Investment Items And Deposits	3,481	4,354	6,016
Deposits With Bank Negara Malaysia	–	24,500	–
Service Charge Receivables	31,954	26,164	21,797
	3,117,556	696,850	952,225
Allowance For Impairment Loss	(14,966)	(9,543)	–
	3,102,590	687,307	952,225

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

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	3,814,213	1,284,864	1,372,696
Maturing After 12 Months	26,535	–	–
	3,840,748	1,284,864	1,372,696

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	3,091,021	696,850	952,225
Maturing After 12 Months	26,535	–	–
	3,117,556	696,850	952,225

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

22. DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Licensed Banks/Islamic Banks	12,012,971	10,001,196	15,898,191
Licensed Investment Banks	5,030,055	2,066,520	4,429,992
Bank Negara Malaysia	84,765	115,101	48,759
Other Financial Institutions	8,231,628	3,815,727	3,357,045
	25,359,419	15,998,544	23,733,987

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Licensed Banks/Islamic Banks	11,972,571	9,977,296	15,582,587
Licensed Investment Banks	4,990,337	2,050,000	4,429,992
Bank Negara Malaysia	84,765	115,101	48,759
Other Financial Institutions	7,197,028	2,644,426	2,604,187
	24,244,701	14,786,823	22,665,525

All deposits with Institutions matured within 12 months.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

23. PROVISION FOR EMPLOYEE BENEFITS

GROUP AND EPF	31 DECEMBER 2012		
	Provision For Medical Benefits	Other Provision For Employee Benefits	Total
	(RM'000)	(RM'000)	(RM'000)
As At 01 January	141,923	17,110	159,033
Provision Made During The Year	682	2,972	3,654
Benefits Paid During The Year	(3,675)	(570)	(4,245)
As At 31 December	138,930	19,512	158,442

GROUP AND EPF	31 DECEMBER 2011		
	Provision For Medical Benefits	Other Provision For Employee Benefits	Total
	(RM'000)	(RM'000)	(RM'000)
As At 01 January	125,054	14,748	139,802
Provision Made During The Year	19,877	3,410	23,287
Benefits Paid During The Year	(3,008)	(1,048)	(4,056)
As At 31 December	141,923	17,110	159,033

The maturity structure of Provision For Employee Benefits are as follows:

	GROUP AND EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing within 12 months	9,568	3,825	3,975
Maturing after 12 months	148,874	155,208	135,827
	158,442	159,033	139,802

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

23. PROVISION FOR EMPLOYEE BENEFITS (CONT'D.)

23.1 Post-Employment Medical Benefit

- a. The movement of present value in the unfunded obligation is as follows:

	GROUP AND EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Benefit's Obligation As At Beginning Of The Year	176,219	160,554
Current Service Costs	8,088	7,559
Interest Cost	12,185	11,114
Benefits Paid From Plan	(3,675)	(3,008)
Adjustment on Actuarial Valuations	(95,134)	–
Benefit's Obligation As At The End Of Year	97,683	176,219

- b. The amounts recognised in the Statement Of Financial Position are as follows on:

	GROUP AND EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Present Value Of The Unfunded Obligation	97,683	176,219
Net Unrecognised Actuarial Gains/(Losses)	41,247	(34,296)
Net Liabilities As At The End Of Year	138,930	141,923

- c. The amounts recognised in the Income Statement are as follows:

	GROUP AND EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Current Service Costs	8,088	7,559
Interest Cost	12,185	11,114
Amortisation (Gains)/Losses On Net Actuarial	(19,591)	1,204
Total Post-Employment Cost Recognised In The Income Statement	682	19,877

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

23. PROVISION FOR EMPLOYEE BENEFITS (CONT'D.)

23.1 Post-Employment Medical Benefit (Cont'd.)

d. Statement Of Financial Position is analysed as follows:

	GROUP AND EPF	
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)
Present Value Of Unfunded Obligation	141,923	125,054
Post-Employment Cost Charged To Income Statement During The Financial Year	682	19,877
Benefits Paid From Plan	(3,675)	(3,008)
Net Liabilities As At The End Of The Year	138,930	141,923

e. The principal actuarial assumptions used are as follows:

	GROUP AND EPF	
	31 DECEMBER 2012 %	31 DECEMBER 2011 %
Discount Rates	5	7
Medical Cost Inflation	5	5

24. LOANS AND OVERDRAFTS

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Bank Borrowings And Overdrafts	701,420	551,676	200,119
Recourse Obligations On Loans Sold To Cagamas	4,390,259	1,481,752	964,093
Other Borrowings	4,500	4,500	4,500
	5,096,179	2,037,928	1,168,712

The maturity structure of Loans And Overdrafts are as follows:

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	678,364	292,331	209,644
Maturing After 12 Months	4,417,815	1,745,597	959,068
	5,096,179	2,037,928	1,168,712

The followings are details in respect of Loan And Overdrafts:

24.1 Bank Borrowings

Bank borrowings by subsidiaries represent unsecured revolving credit and interest charged on these borrowing from licensed commercial banks based on the lender's cost of funds plus 0.50%. The bank borrowings are due within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

25. DEPOSITS AND ADVANCES

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Employers' Instalments	56,239	42,205	44,731
Transit Account For Contribution Payment Made Through Bank	60,176	–	–
Remittance Suspense	11,566	5,608	4,810
Clients' Deposits	21,494,645	13,512,476	10,483,743
Deposits Of Office Rentals	45,010	47,935	12,909
Deposits And Progressive Payments On Project	164,738	90,035	78,132
Miscellaneous Deposits	341	1,377	182
	21,832,715	13,699,636	10,624,507

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Employers' Instalments	56,239	42,205	44,731
Transit Account For Contribution Payment Made Through Bank	60,176	–	–
Remittance Suspense	11,566	5,608	4,810
Deposits Of Office Rentals	10,529	13,667	12,984
Deposits And Progressive Payments On Project	164,738	90,035	78,132
Miscellaneous Deposits	341	1,377	182
	303,589	152,892	140,839

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

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	19,856,834	12,570,380	9,497,234
Maturing After 12 Months	1,975,881	1,129,256	1,127,273
	21,832,715	13,699,636	10,624,507

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	303,589	152,892	140,839

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

26. PAYABLES AND ACCRUED LIABILITIES

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Accruals On Non-Investments And Miscellaneous Non-Investment Payments	2,083,797	451,174	273,964
Deferred Dividend Income	190,873	23,090	–
Accruals On Purchase Of Domestic/ Global Equities Internally Managed	693,015	274,017	191,567
Accruals On Purchase Of Investments By External Fund Managers	2,324,851	178,269	–
Accruals On Miscellaneous Investments Payments	74,621	53,313	187,326
Rent Received In Advance	42,023	30,823	33,925
Liability On Invocation Cost Under Section 50(3)	1,564	4,137	4,785
	5,410,744	1,014,823	691,567

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Accruals On Non-Investments And Miscellaneous Non-Investment Payments	128,639	213,127	109,953
Accruals On Purchase Of Domestic/ Global Equities Internally Managed	693,015	274,017	191,567
Accruals On Purchase Of Investments By External Fund Managers	2,324,851	178,269	–
Accruals On Miscellaneous Investments Payments	74,621	53,106	187,326
Rent Received In Advance	4,668	3,262	3,290
Liability On Invocation Cost Under Section 50(3)	1,564	4,137	4,785
	3,227,358	725,918	496,921

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

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	5,340,463	974,603	578,694
Maturing After 12 Months	70,281	40,220	112,873
	5,410,744	1,014,823	691,567

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Maturing Within 12 Months	3,227,358	725,918	496,921

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

27. CONTRIBUTIONS ACCOUNT

	GROUP AND EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Balance As At 01 January	445,938,912	407,565,535	373,742,966
Contributions Received And Adjusted During The Year			
Contributions Received From Employers	46,177,763	41,434,343	35,755,813
Redemption Of Investment In Unit Trusts By Members	2,660,051	2,234,949	2,506,233
Redemption/Cancellation Of Annuity Policies By Members	133,163	238,370	329,580
Reinstatements/Adjustments Of Members' Contributions Account	9,905	10,206	17,662
	48,980,882	43,917,868	38,609,288
Dividends Distributed To Members			
Dividend Credited - 6.15% (2011: 6.00%)	27,450,920	24,466,019	21,610,131
Adjustment On Dividend For Previous Year	8,347	8,921	13,600
	27,459,267	24,474,940	21,623,731
<u>Less:</u>			
Withdrawals And Refunds Of Contributions			
55 Years Withdrawal Scheme	12,191,278	10,231,416	8,516,380
50 Years Withdrawal Scheme	3,984,531	3,605,904	3,207,134
Incapacitation Withdrawal Scheme	279,008	325,837	289,976
Leaving Country Withdrawal Scheme	230,797	189,842	185,955
Housing Withdrawal Scheme	2,046,169	1,938,362	1,896,550
Reduction/Redemption Of Housing Loan/Monthly Housing Loan Withdrawal Scheme	2,641,454	2,411,162	2,413,363
Medical Withdrawal Scheme	38,848	39,392	35,343
Death Withdrawal Scheme	796,882	731,452	660,861
Periodical Payment Withdrawal Scheme	5,338	9,343	13,310
Members' Investment Withdrawal Scheme	6,642,042	6,600,300	4,415,591
Pensionable Employee Withdrawal Scheme	3,139,900	3,029,360	4,009,783
Education Withdrawal Scheme	301,039	277,970	269,867
Monthly Payment Withdrawal Scheme	128	134	127
Saving Exceeding RM1 Million Withdrawal Scheme	657,344	481,967	362,428
Refunds To Employers/Members - Rule 33(1), EPF Regulations & Rules 1991	27,553	28,640	23,749
Refunds Of Employers' Share To Pension Trust Fund - Section 56, EPF Act 1991	120,731	118,350	110,033
	33,103,042	30,019,431	26,410,450
Balance As At The Date Of Statement Of Financial Position	489,276,019	445,938,912	407,565,535

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

27. CONTRIBUTIONS ACCOUNT (CONT'D.)

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

	GROUP AND EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Eligible Contributions To Be Withdrawn Within 12 Months	79,133,095	95,751,981	83,078,055
Eligible Contributions To Be Withdrawn After 12 Months	410,142,924	350,186,931	324,487,480
	489,276,019	445,938,912	407,565,535

Members' Assets/Contributions With Fund Manager Institutions

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

28. GROSS INVESTMENT INCOME

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Interest And Profit From Investments:				
Internally Managed	11,661,472	9,530,155	11,887,782	9,542,881
External Fund Managers	778,473	514,348	778,473	514,348
	12,439,945	10,044,503	12,666,255	10,057,229
Dividend From Investments:				
Internally Managed	5,248,565	5,344,666	5,563,637	5,561,897
External Fund Managers	868,743	847,561	868,743	847,561
	6,117,308	6,192,227	6,432,380	6,409,458
Capital Gain From Trading Of Investments:				
Internally Managed	4,765,389	4,435,221	5,135,151	4,435,221
External Fund Managers	2,574,705	2,328,360	2,574,705	2,328,360
	7,340,094	6,763,581	7,709,856	6,763,581
Interest Income From Loans, Advances And Financing	4,584,613	4,543,902	3,721,942	3,774,114
Rental Income	589,084	364,909	116,308	113,748
Net Unrealised Profit From Financial Assets At Fair Value Through Profit/Loss	509,841	141,264	375,101	115,072
Interest/Profit From Bank Balances	533	428	467	428
Miscellaneous Income	10,105	6,011	2,626	1,665
	31,591,523	28,056,825	31,024,935	27,235,295

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

29. INVESTMENT EXPENDITURES

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
External Fund Managers Fees	155,522	133,534	155,522	133,534
Custodian Fees	27,684	19,556	27,684	19,556
Investment Technical Services	15,141	7,140	15,141	7,140
Interest On Deposits, Loans And Overdrafts	172,243	161,320	–	–
Tax Paid On Global Investments	22,570	13,830	22,570	13,830
Miscellaneous	4,971	716	4,971	716
	398,131	336,096	225,888	174,776

30. NET IMPAIRMENT LOSS ON FINANCIAL INVESTMENT ASSETS

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Impairment Loss On Held-To-Maturity Investment Assets	(127,081)	–	(127,081)	–
Impairment Loss On Available-For-Sale Financial Assets	(2,288,602)	(1,139,314)	(2,288,602)	(1,139,314)
Impairment Loss On Loans, Advances and Financing	(215,211)	(174,672)	–	–
Impairment Loss On Rental Debtors	(5,423)	(9,543)	(5,423)	(9,543)
	(2,636,317)	(1,323,529)	(2,421,106)	(1,148,857)
Impairment Loss On Held-To-Maturity Investment Assets Written Back	20,886	594	20,886	594
Impairment Loss On Available-For-Sale Financial Assets Written Back	16,366	6,709	16,366	6,709
Impairment Loss On Loans, Advances And Financing Written Back	4,319	2,906	4,319	2,906
	41,571	10,209	41,571	10,209
	(2,594,746)	(1,313,320)	(2,379,535)	(1,138,648)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

31. NET IMPAIRMENT LOSS ON INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Impairment Loss On Investment In Subsidiaries	-	-	(10,471)	(1,432)
Impairment Loss On Investment In Subsidiaries Written Back	-	-	291	216,726
	-	-	(10,180)	215,294
Impairment Loss On Investment In Associates	-	-	(10,632)	(269,729)
Impairment Loss On Investment In Associates Written Back	-	-	571,844	47,768
	-	-	561,212	(221,961)
	-	-	551,032	(6,667)

32. OTHER INCOME

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Interest/Profit From Staff Loans	7,391	7,488	7,391	7,488
Dividend/Interest From Contributions Paid Late	54,426	25,400	54,426	25,400
Gain On Disposal Of Property, Plant And Equipment	1,665	3,157	773	40
Gain On Disposal Of Investment Properties/ Subsidiary	52,957	1,100	-	-
Service Charges	82,053	161,446	33,103	26,164
Miscellaneous Income	29,832	43,236	3,117	5,099
	228,324	241,827	98,810	64,191

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

33. OPERATING EXPENDITURES

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Salaries, Allowances And Staff Costs	670,042	685,616	538,756	593,750
Audit Fees	6,410	1,485	352	319
Actuarial Fees	–	139	–	139
Fees And Professional Charges	54,163	46,709	20,411	18,880
Printing And Stationery	6,201	6,780	4,192	4,861
Postal And Telephone Charges	29,632	27,158	24,001	21,819
Travelling and Transportation	12,042	10,406	8,200	8,255
Rent And Assessment	33,824	21,838	11,439	12,006
Insurance On Property	1,138	1,177	857	830
Maintenance On Property, Plant And Equipment	71,357	67,590	58,654	58,985
Renovation Cost Not Capitalised	2,710	2,292	2,710	2,292
Depreciation Of Property, Plant And Equipment	66,159	48,199	55,549	40,629
Depreciation Of Investment Properties	229,617	49,107	37,534	37,219
Amortisation Of Intangible Assets	17,165	15,421	13,197	14,761
Amortisation Of Prepaid Land Lease	1,433	1,352	1,268	1,187
Net Loss On Fair Value Adjustment On Global Investment Property	–	199,813	–	–
Written Offs/Net Losses	814	167	814	167
Allowance On Bad And Doubful Debts/Written Offs	29,997	17,117	–	–
Impairment Loss On Receivables From Staff Receivables	6	–	6	–
Technical Services	19,414	27,237	19,414	27,222
Advertisements	11,594	8,277	3,345	2,344
Honorarium/Remuneration For Board Members/ Investment Panel	3,202	2,356	1,422	1,105
Employee Benefits*	22,663	23,725	4,198	23,725
Miscellaneous Expenses	90,003	187,640	4,242	3,264
	1,379,586	1,451,601	810,561	873,759

* This represents Provision For Employee Benefit which is recognised in the current year as disclosed in Note 23 amounting to RM3.65 million (2011 : RM23.29 million) and Annual Leave Payments amounting to RM0.54 million (2011: RM0.44 million).

34. STATUTORY CHARGES

	GROUP AND EPF	
	2012 (RM'000)	2011 (RM'000)
Death Benefit - Section 58(1)	37,259	37,797
Incapacitation Benefit - Section 58(2)	4,885	4,720
Invocation Cost - Section 50(3)	8,102	–
	50,246	42,517

As at September 2012, Invocation cost under Section 50(3) EPF Act 1991 was financed by Reserve Section 50(3) which was later repeated in accordance with the latest accounting policies approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

35. IMPAIRMENT LOSS ON PROPERTY WRITTEN BACK

	GROUP AND EPF	
	2012 (RM'000)	2011 (RM'000)
Impairment Loss On Investment Property	-	(3,549)
Impairment Loss On Investment Property Written Back	-	15,523
	-	11,974
Impairment Loss On Prepaid Land Lease Written Back	-	9,342
	-	9,342
	-	21,316

36. TAXATION AND ZAKAT

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Zakat	2,736	524	-	-
Income Tax:				
Current Year	226,080	136,321	-	-
Under/(Over) Accrual In Prior Years	386	(27,059)	-	-
Deferred Tax Recognised During The Year	(7,807)	2,524	-	-
	221,395	112,310	-	-

Income tax is calculated at the Malaysian statutory rate of 25% (2011 : 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2012 has been reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

36. TAXATION AND ZAKAT (CONT'D.)

The reconciliation between Tax Expense and profit before tax charged at the statutory rate for the Group and EPF are as follows:

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Profit Before Tax	28,569,814	26,186,246	28,208,547	25,084,435
Tax At Malaysian Statutory Rate 25% (2011: 25%)/UK 20% (2011: 20%)	7,291,110	6,622,818	7,052,137	6,271,109
Non-Taxable Income	(7,151,690)	(6,559,192)	(7,052,137)	(6,271,109)
Foreign Taxation	1,703	544	-	-
Non-Deductible Expenses For Tax Purpose	43,390	55,243	-	-
Utilisation Of Unabsorbed Tax Losses And Unutilised Capital Allowance Previously Not Recognised	(1,909)	(1,445)	-	-
Recognition On Deferred Tax Assets Previously Not Recognised	50,530	21,375	-	-
(Over)/Under Provision Tax Expenses For Previous Year	386	(27,059)	-	-
(Over)/Under Provision Deferred Tax Liabilities For Previous Year	(11,628)	-	-	-
Differences On Change Of Taxation Rates	(497)	26	-	-
	221,395	112,310	-	-

37. CASH AND CASH EQUIVALENTS

	GROUP		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Bank And Cash Balances	995,791	613,527	410,983
Fixed Deposits With Licensed Bank	1,114,717	1,211,721	1,068,462
Money Market Account - Bank Negara Malaysia	84,765	115,101	48,759
Cash In Transit Held By External Fund Managers	1,522,572	1,153,168	389,889
	3,717,845	3,093,517	1,918,093

	EPF		
	31 DECEMBER 2012 (RM'000)	31 DECEMBER 2011 (RM'000)	1 JANUARY 2011 (RM'000)
Bank And Cash Balances	296,686	238,937	265,875
Money Market Account - Bank Negara Malaysia	84,765	115,101	48,759
Cash In Transit Held By External Fund Managers	1,522,572	1,153,168	389,889
	1,904,023	1,507,206	704,523

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

38. CAPITAL COMMITMENTS

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
a. Capital Commitments For Project				
Approved And Contracted For	30,752	26,532	30,752	26,532
Approved But Not Contracted For	172,875	364,413	156,425	277,460
	203,627	390,945	187,177	303,992
b. Capital Commitments For Fund Investments				
Approved And Contracted For	6,393,822	6,128,089	5,971,172	6,128,089
c. Operational Commitments				
Loan Commitments Not Provided In The Financial Statements:				
End Financing	460,768	243,602	–	–
Bridging And Term Loans	2,734,937	2,925,838	–	–
Islamic Loans	155,829	217,780	–	–
	3,351,534	3,387,220	–	–
Property Development:				
Approved And Contracted For	421,528	421,528	–	–
d. Contingencies				
Financial Guarantee To Secure Payments By Borrower (Fully Secured)	25,436	80,375	–	–
	10,395,947	10,408,157	6,158,349	6,432,081

The fully secured contingency liability is secured by way of fixed charge over the development project, and debenture creating a fixed and floating charge over the entire assets of the borrower.

Capital commitments for fund investment represent the remaining uncalled capital as at the date of Statement Of Financial Position of which investment payments are released progressively based on notification received from fund managers or partners based on agreed investment period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

39. CONTINGENT LIABILITIES

39.1 Civil Action

A former borrower of the subsidiary has instituted a civil suit against for an alleged breach of facility agreement and is claimed damages amounting up to RM43.31 million. The subsidiary had terminated the said facilities due to the former borrower's breach of facility agreement and subsequently sold the loan asset to an unrelated company.

On 30 September 2010, the Court dismissed the borrower's claim with costs. The borrower has filed an appeal on 25 October 2010. The appeal is fixed for hearing on 23 January 2013. The hearing date has been vacated to a future date to be informed as the borrower was wound up by a third party.

The directors after obtaining advice from the subsidiary's solicitors are of the opinion that the subsidiary has reasonably good cases in respect of all the claims against the subsidiary and as such, no provision has been made in the financial statements.

39.2 Contingent Claims

a. Invocation Of Section 50(3), EPF Act 1991

This section of the Act requires the EPF to pay the employee's share of the contributions for any deduction made from the wages of the employee if the employer fails to pay the contributions. The amount of contingent liability is estimated at RM10.50 million (2011: RM15.19 million) is not inclusive of the accrued dividend from the time of deduction. This section is only invoked after all efforts to ensure the employers to pay the contributions has failed.

b. Statutory Charges Under Section 58(1) And (2), EPF Act 1991

Statutory charges comprising of Death Benefits under Section 58(1) and Incapacitation Benefits under Section 58(2), EPF Act 1991 are paid to members utilising EPF's revenue and not the members' credits. In the event a member or his/her beneficiary did not encash the payment made in a particular financial year, should such payment be claimed in the subsequent year, the repayment made to such member or his/her beneficiary would utilise the revenue in the year the said claim was made. As at 31 December 2012, contingent liabilities in respect of Death Benefits amounted to RM11.64 million (2011: RM11.65 million) whereas Incapacitation Benefits amounted to RM6.44 million (2011: RM6.43 million).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.) FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK

40.1 Credit Risk

Credit Risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its payment obligations. Exposure to credit risk arises from its lending, hedging, trading and investing activities.

The primary objective of credit risk management in the EPF is to ensure that exposure to credit risk is always kept within its capability and financial capacity to withstand potential future losses.

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

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

a. Credit Quality

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

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

Quality Classification

i. Long Term Rating For Payment Long Term Financial Obligations

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

ii. Short Term Rating For Payment Short Term Financial Obligations

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

iii. Non-Rated Financial Assets

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

iv. Impaired

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2012 are as follows:

GROUP	2012						
	Sovereign	Strong	Moderate	Sub - Standard	Non - Related	Impaired	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Held-To-Maturity Investment Assets	131,746,311	43,682,977	3,389,765	353,463	-	766,308	179,938,824
Available-For-Sale Financial Assets	3,450,816	14,778,342	540,428	8,303	-	210,276	18,988,165
Loans, Advances And Financing	17,600,000	62,470,902	19,278,942	4,921,092	520,988	3,076,034	107,867,958
Financial Assets At Fair Value							
Through Profit/Loss	1,735,413	232,660	24,065	10,779	1,744,595	-	3,747,512
Deposits With Financial Institutions							
And Bank Balances	84,768	25,110,425	2,682,544	-	45	-	27,877,782
Other Financial Assets	-	-	51,665	-	7,095,526	14,972	7,162,163
	154,617,308	146,275,306	25,967,409	5,293,637	9,361,154	4,067,590	345,582,404

Distribution of gross financial assets by credit quality as at 31 December 2011 are as follows:

GROUP	2011						
	Sovereign	Strong	Moderate	Sub - Standard	Non - Related	Impaired	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Held-To-Maturity Investment Assets	124,568,811	50,080,845	2,197,835	-	-	787,769	177,635,260
Available-For-Sale Financial Assets	440,779	10,581,201	769,044	-	101,864	159,145	12,052,033
Loans, Advances And Financing	19,700,000	64,868,391	7,358,952	-	7,513,633	3,211,852	102,652,828
Financial Assets At Fair Value Through							
Profit/Loss	793,342	-	-	-	-	-	793,342
Deposits With Financial Institutions							
And Bank Balances	115,105	15,042,582	2,607,512	-	40	-	17,765,239
Other Financial Assets	-	-	114,273	-	6,643,808	213,301	6,971,382
	145,618,037	140,573,019	13,047,616	-	14,259,345	4,372,067	317,870,084

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012**
40. FINANCIAL RISK (CONT'D.)
40.1 Credit Risk (Cont'd.)
a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2010 are as follows:

GROUP	2010						Total (RM'000)
	Sovereign	Strong	Moderate	Sub - Standard	Non - Related	Impaired	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Held-To-Maturity Investment Assets	118,517,139	46,037,595	2,838,185	110,100	-	636,464	168,139,483
Available-For-Sale Financial Assets	-	6,610,697	1,424,685	92,186	1,620,917	123,541	9,872,026
Loans, Advances And Financing	20,700,000	61,444,178	5,817,634	13,136	4,577,350	5,033,334	97,585,632
Financial Assets At Fair Value Through Profit/Loss	65,090	75,299	-	17,611	-	-	158,000
Deposits With Financial Institutions And Bank Balances	48,762	19,179,308	5,182,008	-	124,781	-	24,534,859
Other Financial Assets	-	-	56,728	-	4,252,840	174,599	4,484,167
	139,330,991	133,347,077	15,319,240	233,033	10,575,888	5,967,938	304,774,167

Distribution of gross financial assets by credit quality as at 31 December 2012 are as follows:

EPF	2012						Total (RM'000)
	Sovereign	Strong	Moderate	Sub - Standard	Non - Related	Impaired	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Held-To-Maturity Investment Assets	131,746,311	43,682,977	3,189,765	353,463	-	766,308	179,738,824
Available-For-Sale Financial Assets	3,450,816	14,778,342	540,428	8,303	-	210,276	18,988,165
Loans, Advances And Financing	17,600,000	62,470,902	342,832	5,732	210,581	75,245	80,705,292
Financial Assets At Fair Value Through Profit/Loss	1,735,413	232,660	24,065	10,779	358,891	-	2,361,808
Deposits With Financial Institutions And Bank Balances	84,768	23,296,602	2,682,544	-	45	-	26,063,959
Other Financial Assets	-	-	-	-	6,873,680	14,972	6,888,652
	154,617,308	144,461,483	6,779,634	378,277	7,443,197	1,066,801	314,746,700

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2011 are as follows:

EPF	2011						Total (RM'000)
	Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub - Standard (RM'000)	Non - Related (RM'000)	Impaired (RM'000)	
Held-To-Maturity Investment Assets	124,568,811	50,080,845	1,993,481	-	-	787,769	177,430,906
Available-For-Sale Financial Assets	440,779	10,581,201	769,044	-	101,864	159,145	12,052,033
Loans, Advances And Financing	19,700,000	64,607,016	-	-	206,259	74,098	84,587,373
Financial Assets At Fair Value Through Profit/Loss	793,342	-	-	-	-	-	793,342
Deposits With Financial Institutions And Bank Balances	115,105	13,468,627	2,595,156	-	40	-	16,178,928
Other Financial Assets	-	-	-	-	6,631,850	9,543	6,641,393
	145,618,037	138,737,689	5,357,681	-	6,940,013	1,030,555	297,683,975

Distribution of gross financial assets by credit quality as at 31 December 2010 are as follows:

EPF	2010						Total (RM'000)
	Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub - Standard (RM'000)	Non - Related (RM'000)	Impaired (RM'000)	
Held-To-Maturity Investment Assets	118,517,139	46,037,595	2,838,185	110,100	-	636,464	168,139,483
Available-For-Sale Financial Assets	-	6,610,697	1,424,685	92,186	1,620,917	123,541	9,872,026
Loans, Advances And Financing	20,700,000	61,444,178	645,359	13,136	209,964	75,362	83,087,999
Financial Assets At Fair Value Through Profit/Loss	65,090	75,299	-	17,611	-	-	158,000
Deposits With Financial Institutions And Bank Balances	48,762	18,480,368	4,792,119	-	40	-	23,321,289
Other Financial Assets	-	-	-	-	4,251,403	-	4,251,403
	139,330,991	132,648,137	9,700,348	233,033	6,082,324	835,367	288,830,200

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012**
40. FINANCIAL RISK (CONT'D.)
40.1 Credit Risk (Cont'd.)
b. Aging Analysis

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

GROUP	2012					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Held-To-Maturity Investment Assets	179,172,516	-	-	-	-	179,172,516
Available-For-Sale Financial Assets	18,777,889	-	-	-	-	18,777,889
Loans, Advances And Financing	99,876,564	291,420	3,896,985	726,955	-	104,791,924
Financial Assets At Fair Value Through Profit/Loss	3,747,512	-	-	-	-	3,747,512
Deposits With Financial Institutions And Bank Balances	27,877,782	-	-	-	-	27,877,782
Other Financial Assets	6,976,063	170,976	112	40	-	7,147,191
	336,428,326	462,396	3,897,097	726,995	-	341,514,814

GROUP	2011					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Held-To-Maturity Investment Assets	176,847,491	-	-	-	-	176,847,491
Available-For-Sale Financial Assets	11,892,888	-	-	-	-	11,892,888
Loans, Advances And Financing	96,487,692	1,430,249	1,055,460	467,575	-	99,440,976
Financial Assets At Fair Value Through Profit/Loss	793,342	-	-	-	-	793,342
Deposits With Financial Institutions And Bank Balances	17,765,239	-	-	-	-	17,765,239
Other Financial Assets	6,757,422	617	42	-	-	6,758,081
	310,544,074	1,430,866	1,055,502	467,575	-	313,498,017

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

b. Aging Analysis (Cont'd.)

GROUP	2010					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Held-To-Maturity Investment Assets	167,503,019	-	-	-	-	167,503,019
Available-For-Sale Financial Assets	9,748,485	-	-	-	-	9,748,485
Loans, Advances And Financing	83,012,637	3,350	364	4,379	9,531,568	92,552,298
Financial Assets At Fair Value Through Profit/ Loss	158,000	-	-	-	-	158,000
Deposits With Financial Institutions And Bank Balances	24,534,859	-	-	-	-	24,534,859
Other Financial Assets	4,308,131	1,388	49	-	-	4,309,568
	289,265,131	4,738	413	4,379	9,531,568	298,806,229

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

EPF	2012					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Held-To-Maturity Investment Assets	178,972,516	-	-	-	-	178,972,516
Available-For-Sale Financial Assets	18,777,889	-	-	-	-	18,777,889
Loans, Advances And Financing	80,630,047	-	-	-	-	80,630,047
Financial Assets At Fair Value Through Profit/ Loss	2,361,808	-	-	-	-	2,361,808
Deposits With Financial Institutions And Bank Balances	26,063,959	-	-	-	-	26,063,959
Other Financial Assets	6,873,680	-	-	-	-	6,873,680
	313,679,899	-	-	-	-	313,679,899

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

b. Aging Analysis (Cont'd.)

EPF	2011					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Held-To-Maturity Investment Assets	176,643,137	-	-	-	-	176,643,137
Available-For-Sale Financial Assets	11,892,888	-	-	-	-	11,892,888
Loans, Advances And Financing	84,513,275	-	-	-	-	84,513,275
Financial Assets At Fair Value Through Profit/ Loss	793,342	-	-	-	-	793,342
Deposits With Financial Institutions And Bank Balances	16,178,928	-	-	-	-	16,178,928
Other Financial Assets	6,631,850	-	-	-	-	6,631,850
	296,653,420	-	-	-	-	296,653,420

EPF	2010					Total (RM'000)
	Neither Past Due Nor Impaired (RM'000)	Past Due Up To 1 Month (RM'000)	Past Due 1 To 3 Months (RM'000)	Past Due 3 To 6 Months (RM'000)	Past Due More Than 6 Months (RM'000)	
Held-To-Maturity Investment Assets	167,503,019	-	-	-	-	167,503,019
Available-For-Sale Financial Assets	9,748,485	-	-	-	-	9,748,485
Loans, Advances And Financing	83,012,637	-	-	-	-	83,012,637
Financial Assets At Fair Value Through Profit/ Loss	158,000	-	-	-	-	158,000
Deposits With Financial Institutions And Bank Balances	23,321,289	-	-	-	-	23,321,289
Other Financial Assets	4,251,403	-	-	-	-	4,251,403
	287,994,833	-	-	-	-	287,994,833

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

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

GROUP	2012					
	Allowances As At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries (RM'000)	Amounts Written Off (RM'000)	Allowances As At 31 December (RM'000)
Held-To-Maturity Investment Assets	437,769	127,081	(1)	(20,886)	-	543,963
Available-For-Sale Financial Assets	177,732	11,263	(919)	(16,366)	-	171,710
Loans, Advances And Financing	2,691,826	215,211	(9,377)	(4,319)	(238,575)	2,654,766
Other Financial Assets	212,269	34,866	6,396	-	14,876	268,407
	3,519,596	388,421	(3,901)	(41,571)	(223,699)	3,638,846

GROUP	2011					
	Allowances As At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries (RM'000)	Amounts Written Off (RM'000)	Allowances As At 31 December (RM'000)
Held-To-Maturity Investment Assets	438,362	-	-	(594)	-	437,769
Available-For-Sale Financial Assets	108,199	96,318	(20,075)	(6,709)	-	177,732
Loans, Advances And Financing	3,866,377	174,014	(17,526)	(2,906)	(1,328,133)	2,691,826
Other Financial Assets	160,131	57,441	-	-	(5,303)	212,269
	4,573,069	327,773	(37,601)	(10,209)	(1,333,436)	3,519,596

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

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

EPF	2012					
	Allowances As At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries (RM'000)	Amounts Written Off (RM'000)	Allowances As At 31 December (RM'000)
	Held-To-Maturity Investment Assets	437,769	127,081	(1)	(20,886)	-
Available-For-Sale Financial Assets	177,732	11,263	(919)	(16,366)	-	171,710
Loans, Advances And Financing	72,377	-	19	(4,319)	-	68,077
Other Financial Assets	9,543	5,423	-	-	-	14,966
	697,421	143,767	(901)	(41,571)	-	798,716

EPF	2011					
	Allowances As At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries (RM'000)	Amounts Written Off (RM'000)	Allowances As At 31 December (RM'000)
	Held-To-Maturity Investment Assets	438,362	-	-	(594)	-
Available-For-Sale Financial Assets	108,199	96,318	(20,075)	(6,709)	-	177,732
Loans, Advances And Financing	75,274	-	9	(2,906)	-	72,377
Other Financial Assets	-	9,543	-	-	-	9,543
	621,835	105,861	(20,066)	(10,209)	-	697,421

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

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

GROUP	2012		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Held-To-Maturity Investment Assets	131,746,311	48,192,513	21
Available-For-Sale Financial Assets	3,450,816	15,537,349	20
Loans, Advances And Financing	17,600,000	90,267,958	2
Financial Assets At Fair Value Through Profit/Loss	1,735,413	2,012,099	–
Deposits With Financial Institutions And Bank Balances	84,768	27,793,014	–
Other Financial Assets	–	7,162,163	–
	154,617,308	190,965,096	9

GROUP	2011		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Held-To-Maturity Investment Assets	124,568,811	53,066,449	14
Available-For-Sale Financial Assets	440,779	11,611,254	–
Loans, Advances And Financing	19,700,000	82,952,828	12
Financial Assets At Fair Value Through Profit/Loss	793,342	–	–
Deposits With Financial Institutions And Bank Balances	115,105	17,650,134	–
Other Financial Assets	–	6,971,382	–
	145,618,037	172,252,047	10

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

GROUP	2010		Financial Effects Of Collateral (%)
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	
Financial Assets			
Held-To-Maturity Investment Assets	118,517,139	49,622,344	15
Available-For-Sale Financial Assets	–	9,872,026	–
Loans, Advances And Financing	20,700,000	76,885,632	12
Financial Assets At Fair Value Through Profit/Loss	65,090	92,910	–
Deposits With Financial Institutions And Bank Balances	48,762	24,486,097	–
Other Financial Assets	–	4,484,167	–
	139,330,991	165,443,176	10

Sovereign Financial Assets comprise of Malaysian Government Securities, Government Investment Issues, direct Loans directly to the Government of Malaysia and deposits with Bank Negara Malaysia which are uncollateralised.

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

EPF	2012		Financial Effects Of Collateral (%)
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	
Financial Assets			
Held-To-Maturity Investment Assets	131,746,311	47,992,513	21
Available-For-Sale Financial Assets	3,450,816	15,537,349	20
Loans, Advances And Financing	17,600,000	63,105,292	2
Financial Assets At Fair Value Through Profit/Loss	1,735,413	626,395	–
Deposits With Financial Institutions And Bank Balances	84,768	25,979,191	–
Other Financial Assets	–	6,888,652	–
	154,617,308	160,129,392	10

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

EPF	2011		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Held-To-Maturity Investment Assets	124,568,811	52,862,095	14
Available-For-Sale Financial Assets	440,779	11,611,254	-
Loans, Advances And Financing	19,700,000	64,887,373	2
Financial Assets At Fair Value Through Profit/Loss	793,342	-	-
Deposits With Financial Institutions And Bank Balances	115,105	16,063,823	-
Other Financial Assets	-	6,641,393	-
	145,618,037	152,065,938	6

EPF	2010		
	Carrying Amount Of Sovereign Financial Assets (RM'000)	Carrying Amount Of Non-Sovereign Financial Assets (RM'000)	Financial Effects Of Collateral (%)
Financial Assets			
Held-To-Maturity Investment Assets	118,517,139	49,622,344	15
Available-For-Sale Financial Assets	-	9,872,026	-
Loans, Advances And Financing	20,700,000	62,387,999	2
Financial Assets At Fair Value Through Profit/Loss	65,090	92,910	-
Deposits With Financial Institutions And Bank Balances	48,762	23,272,527	-
Other Financial Assets	-	4,251,403	-
	139,330,991	149,499,209	6

Sovereign Financial Assets comprise of Malaysian Government Securities, Government Investment Issues, direct Loans directly to the Government of Malaysia and deposits with Bank Negara Malaysia which are uncollateralised.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012**
40. FINANCIAL RISK (CONT'D.)
40.2 Liquidity Risk

Liquidity Risk relates to the inability of the EPF to meet its financial commitments and obligations when they fall due. The EPF maintains adequate levels of liquid assets in the form of cash and placements in financial institutions in order to meet members' withdrawals and other financial commitments and obligations.

The table as set out below provides details of the Group and the EPF's financial liabilities categorised into relevant maturity groupings based on the remaining period at the Statement Of Financial Position date to the contractual maturity date. The amounts in the table are the contractual undiscounted repayment obligations.

GROUP	2012			Total (RM'000)
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
Financial Liabilities				
Loans And Overdrafts	4,804,053	292,126	–	5,096,179
Contribution Withdrawal Payables	64,925	–	–	64,925
Deposits And Advances	19,675,760	2,086,122	70,833	21,832,715
Others	3,799,123	1,598,800	70,136	5,468,059
	28,343,861	3,977,048	140,969	32,461,878

GROUP	2011			Total (RM'000)
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
Financial Liabilities				
Loans And Overdrafts	1,301,834	736,094	–	2,037,928
Contribution Withdrawal Payables	72,122	–	–	72,122
Deposits And Advances	12,372,197	1,261,982	65,457	13,699,636
Others	820,718	201,285	40,220	1,062,223
	14,566,871	2,199,361	105,677	16,871,909

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.2 Liquidity Risk (Cont'd.)

GROUP	2010			Total (RM'000)
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
Financial Liabilities				
Loans And Overdrafts	209,644	123,491	835,577	1,168,712
Contribution Withdrawals Payable	75,936	-	-	75,936
Deposits And Advances	9,407,110	1,127,348	90,049	10,624,507
Others	703,918	22,824	-	726,742
	10,396,608	1,273,663	925,626	12,595,897

EPF	2012			Total (RM'000)
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
Financial Liabilities				
Contribution Withdrawals Payable	64,925	-	-	64,925
Deposits And Advances	303,542	47	-	303,589
Others	3,227,503	-	-	3,227,503
	3,595,970	47	-	3,596,017

EPF	2011			Total (RM'000)
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
Financial Liabilities				
Contribution Withdrawals Payable	72,122	-	-	72,122
Deposits And Advances	152,892	-	-	152,892
Others	773,318	-	-	773,318
	998,332	-	-	998,332

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.2 Liquidity Risk (Cont'd.)

EPF	2010			Total (RM'000)
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	
Financial Liabilities				
Contribution Withdrawals Payable	75,936	–	–	75,936
Deposits And Advances	140,839	–	–	140,839
Others	511,374	20,722	–	532,096
	728,149	20,722	–	748,871

40.3 Market Risk

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

The primary objective of market risk management is to ensure that losses from market risk can be promptly mitigated, and risk positions are sufficiently liquid, to enable the fund to reduce its position without incurring potential loss that is beyond the Risk Appetite.

The EPF adopts the following measurements to quantify market risk:

- i. **Value at Risk (VaR)** – an estimation of the amount of market value that a portfolio can lose over a certain time horizon with a given probability. The Monte Carlo Simulation is used to compute VaR to measure the riskiness of the portfolios.
- ii. **Duration** – a linear measure of risk for a bond to define the percentage increase (decrease) in the bond's value for a 1% fall (rise) in the bond's yield.
- iii. **Tracking error** – refers to the standard deviation of the portfolio's excess returns relative to a benchmark.
- iv. **Simulation analysis**, including stress testing, is another method of examining portfolio risk in extreme situations. Stress testing involves setting parameters such as correlation, volatility and returns at different values as well as assessing how a portfolio's risk may change.
- v. **Beta measurement** – used for the purpose of gauging the equity's price sensitivities against benchmark.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

a. Price Risk

Price Risk arises predominantly from two exposures, namely domestic and global equities. To manage price risk arising from investments in equities, the EPF has identified acceptable benchmarks for various portfolios. Limits are then set against benchmarks to ensure the risk of the portfolios is within the EPF's risk appetite.

The EPF's policy is to manage price risk through diversification and prudent selection of securities within specified limits set by the Investment Panel Risk Committee and Investment Panel.

The EPF's policy requires that the overall market position is monitored on a daily basis and is reviewed on a quarterly basis by the Investment Panel Risk Committee. Compliance with the investment policies are reported to the Management on a monthly basis.

The table set out below summarises the impact on the carrying amount of equity positions as at Statement Of Financial Position date should there be a change in equity market prices. The analysis is based on the assumption that the index components within the benchmark increased or decreased by a reasonable possible shift, with all other variables held constant and that the fair value of the equities moved according to the historical correlation with the index.

GROUP AND EPF		2012			
		Fair Value	Reasonable Possible Shift	Sensitivity Impact To Available-For-Sale Financial Asset Reserves Increase/ (Decrease)	Sensitivity Impact To Income Statement Increase/ (Decrease)
Index	Available-For-Sale Quoted Equities	(RM'000)	(RM'000)	(RM'000)	(RM'000)
FBM 100 Ethical	Domestic	123,192,664	+5%	6,076,974	-
			-5%	(6,105,057)	(100,957)
FTSE World Aggregate	Global	62,751,554	+10%	5,677,108	-
			-10%	(5,799,050)	(42,196)
		185,944,218			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

a. Price Risk (Cont'd.)

GROUP AND EPF		2011			
Index	Available-For-Sale Quoted Equities	Fair Value (RM'000)	Reasonable Possible Shift (RM'000)	Sensitivity Impact To Available-For- Sale Financial Asset Reserves Increase/ (Decrease) (RM'000)	Sensitivity Impact To Income Statement Increase/ (Decrease) (RM'000)
FBM 100 Ethical	Domestic	103,796,384	+5%	5,117,250	-
			-5%	(5,170,057)	(4,753)
FTSE Aggregate World	Global	45,431,209	+10%	4,448,596	-
			-10%	(4,491,664)	(14,915)
		<u>149,227,593</u>			

GROUP AND EPF		2010			
Index	Available-For-Sale Quoted Equities	Fair Value (RM'000)	Reasonable Possible Shift (RM'000)	Sensitivity Impact To Available-For- Sale Financial Asset Reserves Increase/ (Decrease) (RM'000)	Sensitivity Impact To Income Statement Increase/ (Decrease) (RM'000)
FBM 100 Ethical	Domestic	102,972,988	+5%	5,143,251	-
			-5%	(5,112,177)	(52,637)
FTSE World Aggregate	Global	37,299,571	+10%	3,729,933	-
			-10%	(3,725,663)	(4,294)
		<u>140,272,559</u>			

There is no material impact on unquoted equities with regard to sensitivity exposure to price risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk

The Group and EPF are exposed to various risks associated with the fluctuations in the prevailing levels of market interest rate on its financial positions and cash flows. The following table indicates the effective interest rate at the Statement Of Financial Position date and the periods in which the financial instruments reprice or mature, whichever is earlier.

GROUP 2012	Non Trading Book						Trading Book	Total	Effective Interest Rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest Sensitive			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
ASSETS									
Investment in Associates	1,297,346	200,097	-	803,794	10,094,428	10,506,452	-	22,902,117	3.56 - 6.20
Held-To-Maturity Investment Assets	-	1,506,140	13,985,686	58,083,768	105,819,267	-	-	179,394,861	1.77 - 8.00
Available -For-Sale Financial Assets	16,860,226	-	1,575	155,325	1,956,228	188,668,273	-	207,641,627	4.12 - 6.20
Financial Assets At Fair Value Through Profit/Loss	77,046	57,176	87,455	35,111	1,421,418	468,084	2,130,583	4,276,873	4.12 - 5.45
Loans, Advances And Financing	62,786	2,033,424	5,253,715	46,099,024	50,437,085	1,327,158	-	105,213,192	3.70 - 7.00
Deposits With Financial Institutions	24,521,947	402,254	355,100	-	-	80,118	-	25,359,419	3.25 - 3.50
Other Non-Interest Sensitive Assets	-	-	-	-	-	22,811,831	-	22,811,831	-
Total Assets	42,819,351	4,199,091	19,683,531	105,177,022	169,728,426	223,861,916	2,130,583	567,599,920	
LIABILITIES									
Loans and Overdraft	370,356	62,192	245,816	2,385,053	2,032,762	-	-	5,096,179	3.45 - 5.50
Deposits and Advances	9,741,135	5,404,778	4,459,201	1,888,985	338,616	-	-	21,832,715	3.27
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	5,773,836	-	5,773,836	-
Total Liabilities	10,111,491	5,466,970	4,705,017	4,274,038	2,371,378	5,773,836	-	32,702,730	
Contributions Account	-	-	-	-	-	489,276,019	-	489,276,019	-
Other Funds	-	-	-	-	-	44,560,651	-	44,560,651	-
Non-Controlling Interest	-	-	-	-	-	1,060,520	-	1,060,520	-
Total Liabilities And Equities	10,111,491	5,466,970	4,705,017	4,274,038	2,371,378	540,671,026	-	567,599,920	
On Statement Of Financial Position									
Interest Sensitivity Gap	32,707,860	(1,267,879)	14,978,514	100,902,984	167,357,048	(316,809,110)	2,130,583	-	-
Total Interest Sensitivity Gap	32,707,860	(1,267,879)	14,978,514	100,902,984	167,357,048	(316,809,110)	2,130,583	-	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

GROUP 2011	Non Trading Book							Trading Book	Total	Effective Interest Rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest Sensitive				
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)		
ASSETS										
Investment In Associates	-	1,727,640	8,501,139	1,067,466	697,062	8,779,227	-	20,772,534	4.60 - 9.00	
Held-To-Maturity Investment Assets	33,036	347,760	9,448,787	70,975,416	96,392,492	-	-	177,197,491	2.51 - 8.50	
Available-For-Sale Financial Assets	9,999	10,038	135,206	7,562,885	4,364,144	151,018,062	-	163,100,334	2.10 - 21.33	
Financial Assets At Fair Value Through Profit/Loss	16,725	1,012	1,160,298	465,621	32,411	-	793,342	2,469,409	3.38 - 3.82	
Loans, Advances And Financing	1,078,510	317,524	27,145,821	32,619,027	37,506,325	-	1,293,795	99,961,002	4.02 - 8.00	
Deposits With Financial Institutions	11,953,094	-	1,966,787	2,078,550	113	-	-	15,998,544	3.25 - 7.94	
Other Non-Interest Sensitive Assets	-	-	-	-	-	16,650,117	-	16,650,117	-	
Total Assets	13,091,364	2,403,974	48,358,038	114,768,965	138,992,547	176,447,406	2,087,137	496,149,431		
LIABILITIES										
Loans and Overdraft	134,548	31,563	126,220	1,745,597	-	-	-	2,037,928	3.45 - 5.50	
Deposits and Advances	6,584,511	3,287,339	2,510,773	1,102,078	26,647	188,288	-	13,699,636	3.27	
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	1,400,726	-	1,400,726	-	
Total Liabilities	6,719,059	3,318,902	2,636,993	2,847,675	26,647	1,589,014	-	17,138,290		
Contributions Account	-	-	-	-	-	445,938,912	-	445,938,912	-	
Others Funds	-	-	-	-	-	32,166,369	-	32,166,369	-	
Non-Controlling Interest	-	-	-	-	-	905,860	-	905,860	-	
Total Liabilities And Equities	6,719,059	3,318,902	2,636,993	2,847,675	26,647	480,600,155	-	496,149,431		
On Statement Of Financial Positions										
Interest Sensitivity Gap	6,372,305	(914,928)	45,721,045	111,921,290	138,965,900	(304,152,749)	2,087,137	-	-	
Total Interest Sensitivity Gap	6,372,305	(914,928)	45,721,045	111,921,290	138,965,900	(304,152,749)	2,087,137	-		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

GROUP 2010	Non Trading Book					Trading Book	Total	Effective Interest Rate %	
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				Non-interest Sensitive
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)		
ASSETS									
Investment In Associates	-	-	-	804,975	711,325	9,812,367	-	11,328,667	9.00
Held-To-Maturity Investment Assets	305,843	440,628	10,452,592	75,301,782	81,200,276	-	-	167,701,121	1.78 - 16.00
Available-For-Sale Financial Assets	1,583,400	70,381	462,316	3,911,466	3,620,386	141,930,790	-	151,578,739	2.10 - 21.33
Financial Assets At Fair Value Through Profit/Loss	-	-	-	-	-	881,888	65,090	946,978	-
Loans, Advances And Financing	604,585	655,908	4,323,731	48,935,410	37,396,462	1,803,159	-	93,719,255	3.61 - 7.80
Deposits With Financial Institutions	17,635,976	4,060,509	1,833,693	203,809	-	-	-	23,733,987	0.07 - 5.10
Other Non-Interest Sensitive Assets	-	-	-	-	-	10,064,709	-	10,064,709	-
Total Assets	20,129,804	5,227,426	17,072,332	129,157,442	122,928,449	164,492,913	65,090	459,073,456	
LIABILITIES									
Loans and Ovedraft	211,345	11,319	72,135	873,913	-	-	-	1,168,712	-
Deposits and Advances	4,238,267	3,273,997	1,844,132	1,127,347	-	140,764	-	10,624,507	-
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	1,045,740	-	1,045,740	-
Total Liabilities	4,449,612	3,285,316	1,916,267	2,001,260	-	1,186,504	-	12,838,959	
Contributions Account	-	-	-	-	-	407,565,535	-	407,565,535	-
Other Funds	-	-	-	-	-	38,010,206	-	38,010,206	-
Non-Controlling Interest	-	-	-	-	-	658,756	-	658,756	-
Total Liabilities And Equities	4,449,612	3,285,316	1,916,267	2,001,260	-	447,421,001	-	459,073,456	
On Statement Of Financial Position									
Interest Sensitivity Gap	15,680,192	1,942,110	15,156,065	127,156,182	122,928,449	(282,928,088)	65,090	-	-
Total Interest Sensitivity Gap	15,680,192	1,942,110	15,156,065	127,156,182	122,928,449	(282,928,088)	65,090	-	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

EPF 2012	Non Trading Book						Trading Book	Total	Effective Interest Rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest Sensitive			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
ASSETS									
Investment In Subsidiaries	-	25,000	75,000	250,000	2,473,105	7,161,453	-	9,984,558	5.50
Investment In Associates	1,297,346	200,097	-	803,794	7,998,793	10,506,452	-	20,806,482	3.66 - 6.20
Held-To-Maturity Investment Assets	-	1,506,140	13,785,686	58,083,768	105,819,267	-	-	179,194,861	1.77 - 8.00
Available-For-Sale Financial Assets	16,860,226	-	1,575	155,325	1,956,228	188,668,273	-	207,641,626	4.12 - 5.45
Financial Assets Fair Value Through Profit/Loss	77,046	57,176	87,455	35,111	35,714	468,084	2,130,583	2,891,169	3.24 - 5.20
Loans, Advances And Financing	6,677	1,967,921	4,975,811	45,069,984	28,616,822	-	-	80,637,215	3.70 - 7.00
Deposits With Financial Institutions	23,492,701	402,000	350,000	-	-	-	-	24,244,701	3.25 - 3.50
Other Non-Interest Sensitive Assets	-	-	-	-	-	10,628,578	-	10,628,578	-
Total Assets	41,733,996	4,158,334	19,275,527	104,397,982	146,899,929	217,432,840	2,130,583	536,029,191	
LIABILITIES									
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	3,754,459	-	3,754,459	-
Total Liabilities	-	-	-	-	-	3,754,459	-	3,754,459	
Contributions Account	-	-	-	-	-	489,276,019	-	489,276,019	-
Other Funds	-	-	-	-	-	42,998,713	-	42,998,713	-
Total Liabilities And Equities	-	-	-	-	-	536,029,191	-	536,029,191	
On Statement Of Financial Position Interest Sensitivity Gap	41,733,996	4,158,334	19,275,527	104,397,982	146,899,929	(318,596,351)	2,130,583	-	-
Total Interest Sensitivity Gap	41,733,996	4,158,334	19,275,527	104,397,982	146,899,929	(318,596,351)	2,130,583	-	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

a. Interest Rate Risk (Cont'd.)

EPF 2011	Non Trading Book						Trading Book	Total	Effective Interest Rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-Interest Sensitive			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
ASSETS									
Investment In Subsidiaries	-	-	748,135	-	450,000	7,048,136	-	8,246,271	5.50
Investment In Associates	-	-	8,501,139	1,067,466	697,062	8,006,564	-	18,272,231	9.00
Held-To-Maturity Investment Assets	33,036	347,760	9,448,787	70,975,416	96,188,138	-	-	176,993,137	1.78-16.00
Available-For-Sale Financial Assets	9,999	10,038	135,206	7,562,885	4,313,073	151,069,133	-	163,100,334	2.10-21.33
Financial Assets At Fair Value Through Profit/Loss									
Loans, Advances And Financing	16,725	1,012	406,636	465,621	32,411	-	793,342	1,715,747	3.09 - 4.15
Deposits With Financial Institutions	603,546	263,729	26,924,141	32,330,393	24,393,187	-	-	84,514,996	3.61-7.80
Other Non-Interest Sensitive Assets	10,770,282	-	1,966,541	2,050,000	-	-	-	14,786,823	0.07-5.10
Total Assets	-	-	-	-	-	10,053,891	-	10,053,891	-
Total Assets	11,433,588	622,539	48,130,585	114,451,781	126,073,871	176,177,724	793,342	477,683,430	
LIABILITIES									
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	1,157,365	-	1,157,365	-
Total Liabilities	-	-	-	-	-	1,157,365	-	1,157,365	
Contributions Account	-	-	-	-	-	445,938,912	-	445,938,912	-
Other Funds	-	-	-	-	-	30,587,153	-	30,587,153	-
Total Liabilities And Equities	-	-	-	-	-	477,683,430	-	477,683,430	
On Statement Of Financial Position									
Interest Sensitivity Gap	11,433,588	622,539	48,130,585	114,451,781	126,073,871	(301,505,706)	793,342	-	-
Total Interest Sensitivity Gap	11,433,588	622,539	48,130,585	114,451,781	126,073,871	(301,505,706)	793,342	-	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

EPF 2010	Non Trading Book						Trading Book	Total	Effective Interest Rate %
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	Non-interest Sensitive			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
ASSETS									
Investment In Subsidiaries	-	-	-	-	535,291	2,830,202	-	3,365,493	-
Investment In Associates	-	-	-	804,975	711,325	8,161,859	-	9,678,159	9.00
Held-To-Maturity Investment Assets	305,843	440,628	10,452,592	75,301,782	81,200,276	-	-	167,701,121	1.78 - 16.00
Available-For-Sale Financial Assets	1,583,400	70,381	462,316	3,911,466	3,620,386	141,930,790	-	151,578,739	2.10 - 21.33
Financial Assets At Fair Value Through Profit/Loss	-	-	-	-	-	607,856	65,090	672,946	-
Loans, Advances And Financing	601,472	655,569	4,319,613	48,785,833	28,650,238	-	-	83,012,725	3.61 - 7.80
Deposits With Financial Institutions	16,855,525	4,010,000	1,800,000	-	-	-	-	22,665,525	0.07 - 5.10
Other Non-Interest Sensitive Assets	-	-	-	-	-	7,173,471	-	7,173,471	-
Total Assets	19,346,240	5,176,578	17,034,521	128,804,056	114,717,516	160,704,178	65,090	445,848,179	
LIABILITIES									
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	888,673	-	888,673	-
Total Liabilities	-	-	-	-	-	888,673	-	888,673	
Contributions Account	-	-	-	-	-	407,565,535	-	407,565,535	-
Other Funds	-	-	-	-	-	37,393,971	-	37,393,971	-
Total Liabilities And Equities	-	-	-	-	-	445,848,179	-	445,848,179	
On Statement Of Financial Position									
Interest Sensitivity Gap	19,346,240	5,176,578	17,034,521	128,804,056	114,717,516	(285,144,001)	65,090	-	-
Total Interest Sensitivity Gap	19,346,240	5,176,578	17,034,521	128,804,056	114,717,516	(285,144,001)	65,090	-	

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

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

Estimate of cash flows as well as the impact of fluctuations in interest rates are monitored and reviewed regularly. The overall objectives of these strategies are to limit the net changes in the value of assets and expected income arising from interest rate movements.

The table set out below summarises the impact on the interest income from fixed income investment instruments as Statement Of Financial Position date should interest rates change by 100 basis points:

2012 GROUP	Impact To Income Statement When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Instruments	321,373	(321,373)	(1,561,528)

2011 GROUP	Impact To Income Statement When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Instruments	148,192	(135,343)	(356,610)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

2010 GROUP	Impact To Income Statement When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Instruments	122,242	(122,343)	(303,217)

2012 EPF	Impact To Income Statement When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Instruments	278,934	(278,934)	(1,561,528)

2011 EPF	Impact To Income Statement When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Instruments	91,774	(78,925)	(356,610)

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

2010 EPF	Impact To Income Statement When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)		Impact On The Balance Of Available - For - Sale Financial Asset Reserves When Interest Rates Change \pm 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
	Fixed Income Instruments	74,373	(74,274)	(303,217)

c. Foreign Exchange Risk

The EPF operates internationally and is exposed to foreign exchange risk arising from various currency exposures other than the Ringgit Malaysia, the functional currency.

The Investment in global equities are done in a basket of currencies which helps in mitigating the effects of foreign exchange risk. As for the global bond/sukuk portfolio, the exposures are hedged to a significant extent to protect against adverse movement in exchange rate. Other exposures are hedged where appropriate.

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

GROUP AND EPF	2012		2011		2010	
	Global Investments (RM'000)	%	Global Investments (RM'000)	%	Global Investments (RM'000)	%
Currency:						
United States Dollars	16,901,973	31	15,897,572	27	10,304,326	25
Pound Sterling	9,272,733	17	10,399,461	18	3,912,489	10
Singapore Dollars	6,944,103	13	7,747,084	13	7,005,533	17
Hong Kong Dollars	4,075,676	7	4,486,621	8	3,124,959	8
South Korean Won	3,372,850	6	2,952,512	5	3,093,271	8
Thai Baht	3,108,971	6	3,326,918	6	2,500,335	6
Japanese Yen	2,760,962	5	2,950,651	5	2,460,109	6
Indonesian Rupiah	2,477,063	4	4,052,685	7	2,360,830	5
Others	6,493,195	11	6,635,703	11	6,263,515	15
	55,407,526	100	58,449,207	100	41,025,367	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

40.4 Fair Value Of Financial Instruments

Fair Value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

FRS 7 Financial Instruments : Disclosures requires an entity to classify its financial instruments held at fair value according to a hierarchy that reflects the significance of observable market inputs.

Fair Value Hierarchy

i. **Level 1 Quoted Market Prices**

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to quoted prices for identical assets or liabilities in active markets where the quoted price is readily available.

ii. **Level 2 Valuation Technique Using Observable Inputs**

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as fixed income securities.

iii. **Level 3 Valuation Technique Using Significant Unobservable Inputs**

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

(a) The following table sets out the financial instruments carried at fair value:

2012 GROUP	Classification of Variation Techniques			Total
	Level 1 Quoted Market Price	Level 2 Using Observable Inputs	Level 3 Using Significant Unobservable Inputs	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Assets				
Available-For-Sale Financial Assets	185,944,218	18,988,165	2,880,954	207,813,337
Financial Assets At Fair Value Through Profit/Loss	–	2,130,583	1,385,704	3,516,287
Derivative Financial Assets	704,190	56,396	–	760,586
Liabilities				
Derivative Liabilities	–	(57,315)	–	(57,315)
	186,648,408	21,117,829	4,266,658	212,032,895

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

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

(a) The following table sets out the financial instruments carried at fair value (Cont'd.):

2011 GROUP	Classification of Variation Techniques			Total
	Level 1 Quoted Market Price (RM'000)	Level 2 Using Observable Inputs (RM'000)	Level 3 Using Significant Unobservable Inputs (RM'000)	
Assets				
Available-For-Sale Financial Assets	149,227,593	12,052,033	1,998,440	163,278,066
Financial Assets At Fair Value Through Profit/Loss	–	793,342	1,219,283	2,012,625
Derivative Financial Assets	417,569	39,215	–	456,784
Liabilities				
Derivative Liabilities	–	(47,400)	–	(47,400)
	149,645,162	12,837,190	3,217,723	165,700,075

2010 GROUP	Classification of Variation Techniques			Total
	Level 1 Quoted Market Price (RM'000)	Level 2 Using Observable Inputs (RM'000)	Level 3 Using Significant Unobservable Inputs (RM'000)	
Assets				
Available-For-Sale Financial Assets	140,388,437	9,756,148	1,542,353	151,686,938
Financial Assets At Fair Value Through Profit/Loss	–	65,090	689,584	754,674
Derivative Financial Assets	99,394	92,910	–	192,304
Liabilities				
Derivative Liabilities	–	(35,175)	–	(35,175)
	140,487,831	9,878,973	2,231,937	152,598,741

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

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

(a) The following table sets out the financial instruments carried at fair value (Cont'd.):

2012 EPF	Classification of Variation Techniques			Total
	Level 1 Quoted Market Price (RM'000)	Level 2 Using Observable Inputs (RM'000)	Level 3 Using Significant Unobservable Inputs (RM'000)	
Assets				
Available-For-Sale Financial Assets	185,944,218	18,988,165	2,880,954	207,813,337
Financial Assets At Fair Value Through Profit/Loss	–	2,130,583	–	2,130,583
Derivative Financial Assets	704,190	56,396	–	760,586
Liabilities				
Derivative Liabilities	–	(145)	–	(145)
	186,648,408	21,174,999	2,880,954	210,704,361

2011 EPF	Classification of Variation Techniques			Total
	Level 1 Quoted Market Price (RM'000)	Level 2 Using Observable Inputs (RM'000)	Level 3 Using Significant Unobservable Inputs (RM'000)	
Assets				
Available-For-Sale Financial Assets	149,227,593	12,052,033	1,998,440	163,278,066
Financial Assets At Fair Value Through Profit/Loss	–	793,342	465,621	1,258,963
Derivative Financial Assets	417,569	39,215	–	456,784
Liabilities				
Derivative Liabilities	–	(47,400)	–	(47,400)
	149,645,162	12,837,190	2,464,061	164,946,413

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

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

(a) The following table sets out the financial instruments carried at fair value (Cont'd.):

2010 EPF	Classification of Valuation Techniques			Total (RM'000)
	Level 1 Quoted Market Price (RM'000)	Level 2 Using Observable Inputs (RM'000)	Level 3 Using Significant Unobservable Inputs (RM'000)	
Assets				
Available For Sale Financial Assets	140,388,437	9,756,148	1,542,353	151,686,938
Financial Assets At Fair Value Through Profit/Loss	–	65,090	415,552	480,642
Derivative Financial Assets	99,394	92,910	–	192,304
Liabilities				
Derivative Liabilities	–	(35,175)	–	(35,175)
	140,487,831	9,878,973	1,957,905	152,324,709

(b) The following table provides a reconciliation of the movement between opening and closing balances of Level 3 financial instruments measured at fair value using a valuation technique with significant unobservable inputs:

2012 GROUP	Financial Assets Indicated At Fair Value	
	Available For Sale Financial Assets (RM'000)	Financial Assets At Fair Value Through Profit/ Loss (RM'000)
Balance As At 01 January	1,998,440	1,219,283
Gain/(Losses) Recognised In Income Statement	(23,830)	95,903
Gain/(Losses) Recognised In Other Comprehensive Income	(91,869)	–
Purchases	1,154,856	649,215
Sales	(181,777)	(578,697)
Transfer To Level 3	25,134	–
Balance As At 31 December	2,880,954	1,385,704

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

40. FINANCIAL RISK (CONT'D.)

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

- (b) The following table provides a reconciliation of the movement between opening and closing balances of Level 3 financial instruments measured at fair value using a valuation technique with significant unobservable inputs (Cont'd.):

2011 GROUP	Financial Assets Indicated At Fair Value	
	Available For Sale Financial Assets (RM'000)	Financial Assets At Fair Value Through Profit/ Loss (RM'000)
Balance As At 01 January	1,542,353	689,584
Gain/(Losses) Recognised In Income Statement	(89,850)	198,925
Gain/(Losses) Recognised In Other Comprehensive Income	161,887	–
Purchases	554,561	410,901
Sales	(180,926)	(80,127)
Transfer To Level 3	10,415	–
Balance As At 31 December	1,998,440	1,219,283

2012 EPF	Financial Assets Indicated At Fair Value	
	Available For Sale Financial Assets (RM'000)	Financial Assets At Fair Value Through Profit/ Loss (RM'000)
Balance As At 01 January	1,998,440	465,621
Gain/(Losses) Recognised In Income Statement	(23,830)	–
Gain/(Losses) Recognised In Other Comprehensive Income	(91,869)	–
Purchases	1,154,856	–
Sales	(181,777)	(465,621)
Transfer To Level 3	25,134	–
Balance As At 31 December	2,880,954	–

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

40. FINANCIAL RISK (CONT'D.)

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

- (b) The following table provides a reconciliation of the movement between opening and closing balances of Level 3 financial instruments measured at fair value using a valuation technique with significant unobservable inputs (Cont'd.):

2011 EPF	Financial Assets Indicated At Fair Value	
	Available For Sale Financial Assets (RM'000)	Financial Assets At Fair Value Through Profit/ Loss (RM'000)
Balance As At 01 January	1,542,353	415,552
Gain/(Losses) Recognised In Income Statement	(89,850)	50,069
Gain/(Losses) Recognised In Other Comprehensive Income	161,887	–
Purchases	554,561	–
Sales	(180,926)	–
Transfer To Level 3	10,415	–
Balance As At 31 December	1,998,440	465,621

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

41. RELATED PARTY TRANSACTIONS

a. Related Parties And Relationships

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

Related Parties	Relationships
Malaysia Building Society Berhad	Subsidiary
YTR Harta Sdn Bhd	Subsidiary
Affordable Homes Sdn Bhd	Subsidiary
PPNK - Harta Sdn Bhd	Subsidiary
Rashid Hussain Berhad	Subsidiary
Cengal Private Equity Investments (Plc)	Subsidiary
Jati Private Equity Fund LP	Subsidiary
Merbau Investors Offshore LP	Subsidiary
Kwasa Properties Sdn Bhd	Subsidiary
Kwasa Land Sdn Bhd	Subsidiary
KWASA Global (Jersey) Limited	Subsidiary
Kwasa Singapore (Solo) Pte Ltd	Subsidiary
Kwasa Singapore (Duo) Pte Ltd	Subsidiary
Kwasa Singapore (Trio) Pte Ltd	Subsidiary
Kwasa Australia Pty Ltd	Subsidiary
KWASA Australia Trust	Subsidiary
Kwasa Capital Limited	Subsidiary
Panca Pesona Sdn Bhd	Associate
Malaysian Resources Corporation Bhd	Associate
Bandar Eco - Setia Sdn Bhd	Associate
Iskandar Investment Berhad	Associate
HSBC Amanah Takaful (M) Sdn Bhd	Associate
RHB Capital Berhad	Associate
Sunway South Quay Sdn Bhd	Associate
Malakoff Corporation Berhad	Associate
Columbia Asia Sdn Bhd	Associate
Nusa Gapurna Development Sdn Bhd	Associate
PLUS Malaysia Sdn Bhd	Associate
Subsidiaries And Associates	A subsidiary of Subsidiaries and Associates consistency of the above is part of the EPF's subsidiaries and associates, as disclosed in Note 44 and 45.
Key Management Personnel	Key Management Personnel consists of the EPF's Board of Directors and its Key Management Personnels.
Related Parties Of Key Management Personnel	<ul style="list-style-type: none"> i. Close family members and dependents of Key Management Personnels. ii. Entities of which significant voting power in such entity resides with the Key Management Personnels or its close family members.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

41. RELATED PARTY TRANSACTIONS (CONT'D.)

b. Significant Related Party Balances And Transactions

	EPF					
	Subsidiaries		Associates		Key Management Personnels	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
As At 31 December						
Income						
Interest On Loans And Advances	76,700	12,726	-	-	-	-
Rental Income	8,110	283	-	-	-	-
Other Non-Operational Income	310,747	453,333	462,166	-	-	-
	395,557	466,342	462,166	-	-	-
Amount Due From						
Loans, Advances And Financing	2,823,105	1,198,136	10,300,029	8,457,811	-	-
Private Debt Securities	-	-	-	1,764,528	-	-
	2,823,105	1,198,136	10,300,029	10,222,339	-	-
Amount Due To						
Other Liabilities	303	97	-	-	-	-
EPF's Contributions *	-	-	-	-	48,120	47,531
	303	97	-	-	48,120	47,531

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

Key Management Personnels

The honorarium of the Board of Directors, Investment Panels and other members of Key Management Personnels are as follows:

	GROUP		EPF	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Short Term Employee Benefits:				
Fees/Honorarium for Board Members				
Investment Panel	7,509	6,325	5,520	4,751
Benefit-In-Kind	4,569	4,532	230	248
Share-Based-Payment Schemes	869	819	-	-
	12,947	11,676	5,750	4,999

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

41. RELATED PARTY TRANSACTIONS (CONT'D.)

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

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

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

	2012 (RM'000)	2011 (RM'000)
Nature Of Transactions:		
Interest Income And Profit On Investments	9,169,739	8,708,973
Purchase And Subscription Of Malaysian Government Securities And Bonds	41,032,634	21,318,691
Drawdown Of Loans	20,215,109	18,323,226
Sales, Maturities And Early Redemption Of Malaysian Government Securities And Bonds	8,413,410	8,993,170
Repayment Of Loans	24,682,686	7,533,688

42. OPERATING LEASES

42.1 Group And EPF As Lessee

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

	GROUP AND EPF	
	2012 (RM'000)	2011 (RM'000)
Within 1 Year	13,426	13,333
Between 1 To 5 Years	21,123	19,813
	34,549	33,146

42.2 Group And EPF As Lessor

The Group and EPF leases out its Investment Properties under operating leases with the terms of the leases ranging between three to five years. None of these leases include contingent rentals. The future minimum lease payments under these non-cancellable operating leases are as follows:

	GROUP AND EPF	
	2012 (RM'000)	2011 (RM'000)
Within 1 Year	116,578	139,515
Between 1 To 5 Years	201,200	399,499
	317,778	539,014

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

43. COMPARATIVE FIGURES

The following comparative figures for 2011 have been restated in the Financial Statements for year 2012 to reflect changes in the presentation of related items as well as reclassifications of such items in the current year of the Financial Statements:

	GROUP		EPF	
	As Restated (RM'000)	As Previously Reported (RM'000)	As Restated (RM'000)	As Previously Reported (RM'000)
Statement Of Financial Position				
Investments In Associates	20,772,534	20,721,463	-	-
Available-For-Sale Financial Assets	163,100,334	163,151,405	-	-
Receivables, Deposits And Prepayment	1,072,595	2,047,494	687,307	1,662,206
Bank And Cash Balances	1,766,695	613,527	1,392,105	238,937
Payables And Accrued Liabilities	(1,014,823)	(836,554)	(725,918)	(547,649)
	185,697,335	185,697,335	1,353,494	1,353,494
Income Statement				
Investment Expenditures	336,096	316,077	174,776	154,757
Operating Expenditures	1,451,601	1,471,620	873,759	893,778
	1,787,697	1,787,697	1,048,535	1,048,535

The following comparative figures for 2010 have been restated in the Financial Statements for year 2012 to reflect changes in the presentation of related items as well as reclassifications of such items in the current year of the Financial Statements:

	GROUP		EPF	
	As Restated (RM'000)	As Previously Reported (RM'000)	As Restated (RM'000)	As Previously Reported (RM'000)
Statement Of Financial Position				
Receivables, Deposits And Prepayments	1,189,857	1,579,746	952,225	1,342,114
Bank And Cash Balances	800,872	410,983	655,764	265,875
	1,990,729	1,990,729	1,607,989	1,607,989

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2012

Details of the subsidiaries are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Direct Holding - EPF				
Malaysia Building Society Berhad	Malaysia	64.18	65.50	Operating of loans on the security of freehold and leasehold properties.
Rashid Hussain Berhad #	Malaysia	98.33	98.33	Investment holding.
YTR Harta Sdn Bhd	Malaysia	81	81	Development and management.
Affordable Homes Sdn Bhd	Malaysia	100	100	Property development.
PPNK – Harta Sdn Bhd	Malaysia	85	85	Development and management.
Cengal Private Equity Investments (Plc)	Dublin, Ireland	99.50	99.50	Investment holding fund.
Jati Private Equity Fund LP	USA	99	99	Investment holding fund.
Merbau Investors Offshore LP	USA	99.50	99.50	Investment holding fund.
Kwasa Properties Sdn Bhd	Malaysia	100	100	Property investment.
Kwasa Land Sdn Bhd	Malaysia	100	100	Main developer engaged in the business property development and investment holding.
KWASA Global (Jersey) Limited	Jersey	100	100	Investment holding.
Kwasa Singapore (Solo) Pte Ltd	Singapore	100	100	Property development.
Kwasa Singapore (Duo) Pte Ltd	Singapore	100	100	Property development.
Kwasa Singapore (Trio) Pte Ltd	Singapore	100	100	Property development.
Kwasa Australia Pty Ltd	Australia	100	–	Trust holding company.
KWASA Australia Trust	Australia	100	–	Trust company.
Kwasa Capital Limited	Cayman Island	100	–	Dormant.
Subsidiaries Held Through				
Malaysia Building Society Berhad				
MBSB Properties Sdn Bhd	Malaysia	100	100	Rental property.
MBSB Development Sdn Bhd	Malaysia	100	100	Property development.
Prudent Legacy Sdn Bhd	Malaysia	92	92	Property development.
Sigmaprise Sdn Bhd	Malaysia	100	100	Hotel operation.
Ganesha Sdn Bhd	Malaysia	100	100	Property development.
Springtide Sdn Bhd	Malaysia	100	100	Property development.
Trimonds Sdn Bhd	Malaysia	100	100	Investment holding.
MBSB Project Management Sdn Bhd	Malaysia	100	100	Ceased operation.
Definite Pure Sdn Bhd	Malaysia	100	100	Dormant.
Malaya Borneo Building Society Limited (MBBS)	Singapore	100	100	Dormant.
Farawide Sdn Bhd	Malaysia	100	100	Hotel operation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Malaysia Building Society Berhad (Cont'd.)				
Raynergy Sdn Bhd	Malaysia	100	100	Dormant.
Idaman Usahamas Sdn Bhd	Malaysia	100	100	Dormant.
Ombak Pesaka Sdn Bhd	Malaysia	100	100	Hotel operation.
Ambang Hartamas Sdn Bhd	Malaysia	100	–	Property development.
Subsidiaries Held Through KWASA Global (Jersey) Limited				
KWSP UK Limited	Jersey	100	100	Property investment.
KWASA Global Development Limited	Jersey	100	–	Investment holding.
KWASA Australia II Trust	Australia	99.8	–	Trust Company.
KWASA Global Link Limited	Jersey	100	–	Property investment.
Subsidiaries Held Through KWASA Australia Trust				
Everest Property Trust	Australia	80	–	Trust company.
Subsidiaries Held Through KWASA UK Limited				
KWASA UK Solo Limited	Jersey	100	100	Property investment.
Knightlights Property International S.A	Luxembourg	100	100	Property investment.
Bridge Unit Limited	Jersey	100	100	Property investment.
Bridge Unit 2 Limited	Jersey	100	–	Property investment.
K2 Tower Bridge Limited	Jersey	100	100	Property investment.
Reading No.1 Limited	Jersey	99	99	Investment holding.
Reading No. 2 Limited	Jersey	1	1	Investment holding.
Reading Management (Jersey) Limited	Jersey	100	100	Management company.
Subsidiaries Held Through Reading No. 1 Limited				
Reading Nominee No. 1 Limited	Jersey	99	99	Property investment.
Subsidiaries Held Through Reading No. 2 Limited				
Reading Nominee No. 2 Limited	Jersey	1	1	Property investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Associates Held Through				
KWASA Global Development Limited				
Battersea Project Holding Company Ltd	Jersey	20	–	Investment holding.
Battersea Project Land Company Ltd	Jersey	20	–	Property development.
Battersea Power Station Development Company Limited	United Kingdom	20	–	Development of management advice & services relating to administration.
BPS Malaysia Sdn Bhd	Malaysia	20	–	Marketing Battersea development project in Malaysia and South-East Asia.
Subsidiaries Held Through				
KWASA Australia II Trust				
KWASA Goodman Industrial Trust	Australia	60	–	Trust company.
Subsidiaries Held Through				
KWASA Global Links Limited				
KWASA Links Malaysia One Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Two Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Three Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Four Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Five Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Six Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Seven Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Eight Sdn Bhd	Malaysia	100	–	Property investment.
KWASA Links Malaysia Nine Sdn Bhd	Malaysia	100	–	Property investment.
Subsidiaries Held Through				
KWASA UK Solo Limited				
One Sheldon Square Limited	Channel Islands Britain	100	100	Property investment.
Portman Square (No. 1) Limited	Channel Islands Britain	100	100	Investment holding.
Portman Square (No. 2) Limited	Channel Islands Britain	100	100	Investment holding.
Whitefriars Limited	Channel Islands Britain	100	100	Property investment.
Subsidiaries Held Through				
Knightlights Property International S.A				
Knightlights Property S.A	Luxembourg	100	100	Property investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Bridge Unit Limited				
Bridge Unit 2 Limited	Channel Islands Britain	100	–	Property investment.
Subsidiaries Held Through Portman Square (No. 1) Limited				
Portman Investment Nominee 1 Limited	Channel Islands Britain	100	100	Property investment.
Portman Investment Unit Trust	Channel Islands Britain	100	100	Trust holding company.
Subsidiaries Held Through Portman Square (No. 2) Limited				
Portman Investment Nominee 1 Limited	Channel Islands Britain	100	100	Property investment.
Subsidiaries Held Through Reading Management (Jersey) Limited				
Reading (Jersey) Unit Trust	Channel Islands Britain	100	100	Trust holding company.
Associates Held Through Battersea Project Holding Company Ltd				
Battersea Project Holding Company Ltd	Jersey	20	–	Investment holding.
Battersea Project Land Company Ltd	Jersey	20	–	Property development.
Battersea Power Station Development Company Limited	United Kingdom	30	–	Development of management advice & services.
Subsidiaries Held Through KWASA Goodman Industrial Trust				
KWASA Sub-Trust (Australia)	Australia	60	–	Trust holding company.

All EPF subsidiaries are not audited by the Auditor General.

The above company is in the process of voluntary winding up as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012

Details of the associates are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Direct Holding - EPF				
Panca Pesona Sdn Bhd	Malaysia	30	30	Housing developer and industry project.
Bandar Eco - Setia Sdn Bhd	Malaysia	34	34	Property development.
Malaysian Resources Corporation Bhd	Malaysia	42.16	42.21	Investment holding company and conduct activities related to construction, property development and management services to its subsidiaries.
Iskandar Investment Berhad	Malaysia	20	20	Development of Wilayah Pembangunan Iskandar.
HSBC Amanah Takaful (M) Sdn Bhd	Malaysia	20	20	Insurance.
RHB Capital Berhad	Malaysia	41.01	44.99	Banking.
Sunway South Quay Sdn Bhd	Malaysia	20	20	Property development.
Malakoff Corporation Berhad	Malaysia	30	30	Investment holding and management services.
Columbia Asia Sdn Bhd	Malaysia	29.72	29.72	Hospital.
Nusa Gapurna Development Sdn Bhd	Malaysia	40	40	Investment holding and development.
PLUS Malaysia Sdn Bhd	Malaysia	49	49	Infrastructure and utilities.
Subsidiaries Held Through RHB Capital Berhad				
RHB Bank Berhad	Malaysia	100	100	Commercial banking.
RHB Investment Bank Berhad	Malaysia	100	100	Investment banking.
RHB Insurance Berhad	Malaysia	94.70	94.70	General insurance.
Straits Asset Holdings Sdn Bhd	Malaysia	100	100	Investment holding.
RHB Hartanah Sdn Bhd	Malaysia	100	100	Property investment.
RHB Equities Sdn Bhd	Malaysia	100	100	Equity related services.
RHB Capital (Jersey) Limited	Channel Islands Britain	100	100	Investment holding.
RHB Kawal Sdn Bhd	Malaysia	100	100	Security services.
RHBF Sdn Bhd	Malaysia	100	100	Dormant.
RHB Venture Capital Sdn Bhd	Malaysia	100	100	Dormant.
OSK Investment Bank (Labuan) Limited	Singapore	100	–	Investment banking.
OSK Investment Bank Berhad	Malaysia	100	–	Stock broking and investment banking.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through RHB Bank Berhad				
RHB Islamic Bank Berhad	Malaysia	100	100	Islamic banking.
RHB Bank (L) Ltd	Malaysia	100	100	Offshore banking.
RHB Capital Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Nomination services for Malaysian beneficial shareholders.
RHB Investment Ltd (Singapore)	Singapore	100	100	Property investment and rental.
Banfora Pte Ltd	Singapore	100	100	Property investment and rental.
RHB Bank Nominees Pte Ltd	Singapore	100	100	Nomination services for foreign beneficial shareholders.
RHB Leasing Sdn Bhd	Malaysia	100	100	Leasing.
RHB Trade Services Limited	Hong Kong	100	100	Processing of letters of credit reissuance favouring Hong Kong beneficiaries.
RHB Capital Properties Sdn Bhd	Malaysia	100	100	Property investment.
Utama Assets Sdn Bhd	Malaysia	100	100	Property investment.
UMBC Sdn Bhd	Malaysia	100	100	Dormant.
RHB Delta Sdn Bhd	Malaysia	100	100	Dormant.
Utama Gilang Sdn Bhd	Malaysia	100	100	Dormant.
Subsidiaries Held Through RHB Bank (L) Ltd				
RHB International Trust (L) Ltd	Malaysia	100	100	Offshore trust company.
Subsidiaries Held Through RHB International Trust (L) Ltd				
RHB Corporate Services Sdn Bhd	Malaysia	100	100	Corporate secretarial services.
Subsidiaries Held Through RHB Capital Nominee (Tempatan) Sdn Bhd				
RHB Capital Nominee (Asing) Sdn Bhd	Malaysia	100	100	Nomination services for foreign beneficiary shareholders.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through RHB Investment Bank Berhad				
RHB Merchant Nominee (Tempatan) Sdn Bhd	Malaysia	100	100	Nomination services for Malaysian beneficiary shareholders.
RHB Nominee Sdn Bhd	Malaysia	100	100	Nomination and custodian services.
RHB Nominee (Asing) Sdn Bhd	Malaysia	100	100	Nomination and custodian services for foreign beneficiary shareholders.
RHB Nominee (Tempatan) Sdn Bhd	Malaysia	100	100	Nomination and custodian services for Malaysian beneficiary shareholders.
RHB Investment Management Sdn Bhd	Malaysia	100	100	Property management services and unit trusts.
RHB Research Institute Sdn Bhd	Malaysia	100	100	Research services.
RHB Private Equity Holdings Sdn Bhd	Malaysia	100	100	Investment holding.
RHB Excel Sdn Bhd	Malaysia	100	100	Dormant.
RHB Progressive Sdn Bhd	Malaysia	100	100	Dormant.
RHB Marketing Services Sdn Bhd	Malaysia	100	100	Dormant.
RHB Unit Trust Management Berhad	Malaysia	100	100	Dormant.
Vietnam Securities Corporation	Vietnam	49	–	Banking.
Subsidiaries Held Through RHB Investment Management Sdn Bhd				
RHB Islamic Asset Management Sdn Bhd	Malaysia	100	100	Islamic Asset management services and Islamic Unit Trust fund management.
Subsidiaries Held Through RHB Private Equity Holdings Sdn Bhd				
RHB Private Equity Fund Ltd	Cayman Islands Britain	100	100	Investment company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through RHB Merchant Nominee (Tempatan) Sdn Bhd				
RHB Private Equity Management Ltd	Malaysia	100	100	Investment advisors, consultants and other private fund related services.
RHB Merchant Nominee (Asing) Sdn Bhd	Malaysia	100	100	Nomination services for foreign beneficiary shareholders.
Subsidiaries Held Through Straits Asset Holdings Sdn Bhd				
SSSB Services (Melaka) Sdn Bhd	Malaysia	100	100	Dormant.
SFSB Services (Melaka) Sdn Bhd	Malaysia	100	100	Dormant.
Subsidiaries Held Through RHB Hartanah Sdn Bhd				
Positive Properties Sdn Bhd	Malaysia	100	100	Property investment.
RHB Property Management Sdn Bhd	Malaysia	100	100	Property investment.
Subsidiaries Held Through RHB Equities Sdn Bhd				
KYB Sdn Bhd	Malaysia	100	100	Dormant.
Subsidiaries Held Through RHB Capital (Jersey) Limited				
RHB (Philippines) Inc.	Philippines	100	100	Dormant.
Subsidiaries Held Through RHBF Sdn Bhd				
KYF Sdn Bhd	Malaysia	100	100	Dormant.
Subsidiaries Held Through OSK Investment Bank Berhad				
OSK International Investment Pte Ltd	Malaysia	100	–	Investment holding.
OSK Indochina Bank Limited	Cambodia	100	–	Commercial banking.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through				
OSK Investment Bank Berhad (Cont'd.)				
DMG & Partners Securities Pte Ltd	Singapore	51	–	Stock allocation, stock brokerage and corporate finance advisory services.
OSK Securities (Thailand) Public Company Limited	Thailand	97.41	–	Stock allocation and stock brokerage services.
OSK Futures and Options Sdn Bhd	Malaysia	100	–	Dormant.
OSK Research Sdn Bhd	Malaysia	100	–	Investment research services.
OSK International Asset Management Sdn Bhd	Malaysia	100	–	Dormant.
OSK Nominees (Tempatan) Sdn Bhd	Malaysia	100	–	Act as attorneys, nominees, agents, trustees and related activities for local shareholders.
OSK Holding Hong Kong Limited	Hong Kong	93.5	–	Investment holding.
PT OSK Nusadana Securities Indonesia	Indonesia	99	–	Stock allocation and stock brokerage services.
OSK Nominees (Asing) Sdn Bhd	Malaysia	100	–	Act as attorneys, nominees, agents, trustees and related activities for foreign shareholders.
TCL Nominees (Tempatan) Sdn Bhd	Malaysia	100	–	Dormant.
TCL Nominees (Asing) Sdn Bhd	Malaysia	100	–	Dormant.
KE-ZAN Nominees (Tempatan) Sdn Bhd	Malaysia	100	–	Dormant.
KE-ZAN Nominees (Asing) Sdn Bhd	Malaysia	100	–	Dormant.
Finexasia.com Sdn Bhd	Malaysia	100	–	Development and servicing of internet solutions and financial related.
OSK - Trustees Berhad	Malaysia	80	–	Trust services (writing a will, estate planning and private trusts) and corporate trustee services.
Malaysia Trustees Berhad	Malaysia	80	–	Agent of trustees, executors and estate administrators.
OSK - UOB Investment Management Bhd	Malaysia	70	–	Management of unit trust funds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through OSK International Investment Pte Ltd				
OSK International Asset Management Pte Ltd	Singapore	100	–	Fund management.
Associates Held Through OSK International Asset Management Pte Ltd				
OSK GC-Milenium Capital Pte Ltd	Singapore	40	–	Business operations and administrative management of funds approved.
Subsidiaries Held Through OSK Indochina Bank				
OSK Indochina Securities Limited	Cambodia	100	–	Securities business and finance.
Subsidiaries Held Through OSK Holdings Hong Kong Limited				
OSK Securities Hong Kong Limited	Hong Kong	100	–	Securities business and finance.
OSK Futures Hong Kong Limited	Hong Kong	100	–	Dealing in future contracts.
OSK Finance Hong Kong Limited	Hong Kong	100	–	Money Lender.
OSK Capital Hong Kong Limited	Hong Kong	100	–	Financial advisory services.
OSK Precious Metals Hong Kong Limited	Hong Kong	100	–	Precious metals trading.
OSK International Investment Hong Kong Limited	Hong Kong	100	–	Business advisory services in securities and asset management services.
OSK Wealth Management Hong Kong Limited	Hong Kong	100	–	Negotiating or arranging contracts or insurance.
OSK (China) Investment Advisory Co. Ltd.	China	100	–	Investment and business advisory services.
Subsidiaries Held Through OSK Securities Hong Kong Limited				
OSK Nominees Hong Kong Limited	Hong Kong	100	–	Act as attorneys, nominees, agents, trustees and activities related to beneficial shareholders.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through OSK International Investment Hong Kong Limited				
OSK Fideus Asia and Emerging Markets Values Fund Ltd	Hong Kong	51	–	Banking.
Subsidiaries Held Through PT OSK Nusadana Securities Indonesia				
PT OSK Nusadana Asset Management	Indonesia	99.62	–	Investment manager.
Subsidiaries Held Through DMG & Partners Securities Pte Ltd				
DMG & Partners Nominees Pte Ltd	Singapore	100	–	Nomination services.
Summit Nominees Pte Ltd	Singapore	100	–	Nomination services.
DMG & Partners Research Pte Ltd	Singapore	100	–	Financial advisory services.
Subsidiaries Held Through OSK-UOB Investment Management Bhd				
OSK-UOB Islamic Fund Management Bhd	Malaysia	70	–	Islamic fund management services.
Subsidiaries Held Through Finexasia.com Sdn Bhd				
Stock 188.com Sdn Bhd	Malaysia	100	–	Support parent company facilitating access online equity trading, online information and other financial services.
Associates Held Through OSK Investment Bank				
iFast - OSK Sdn Bhd	Malaysia	38.27	–	Investment holding.
UOB - OSK Asset Management Sdn Bhd	Malaysia	30	–	Investment management and related services.
Subsidiaries Held Through iFast-OSK Sdn Bhd				
iFast Capital Sdn Bhd	Malaysia	100	–	Banking.
FA Corporate and Compliance Consultancy Sdn Bhd	Malaysia	100	–	Market advisory and compliance.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through iFast Capital Sdn Bhd				
iFast Nominees Sdn Bhd	Malaysia	100	–	Banking.
Subsidiaries Held Through Malaysian Resources Corporation Berhad				
Cosy Bonanza Sdn Bhd	Malaysia	65.70	65.70	Property development.
Excellence Bonanza Sdn Bhd	Malaysia	60	60	Property development.
Kuala Lumpur Sentral Sdn Bhd	Malaysia	74	74	Property development.
Konsortium KOP-HG-MRCB ISOPLAS	Unincorporated	100	100	Design and build a transmission line and sub-stations.
Landas Utama Sdn Bhd	Malaysia	100	100	Investment holding.
MRCB Utama Sdn Bhd	Malaysia	100	100	Property development.
Country Annexe Sdn Bhd	Malaysia	70	70	Property development.
MRCB Sentral Properties Sdn Bhd	Malaysia	100	100	Property development.
59INC Sdn Bhd	Malaysia	100	100	Development and Investment property.
TTSB-SPK Consortium	Unincorporated	100	50	Design and build a transmission lines and sub-stations.
MRCB Engineering Sdn Bhd	Malaysia	100	100	Engineering and construction services.
MRCB Environmental Services Sdn Bhd	Malaysia	100	100	Investment holding.
MRCB Prasarana Sdn Bhd	Malaysia	100	100	Project management and investment holding.
MRCB Technologies Sdn Bhd	Malaysia	100	100	Information technology services and professional outsourcing.
Malaysian Resources Development Sdn Bhd	Malaysia	100	100	Property development and investment holding.
Malaysian Resources Sentral Sdn Bhd	Malaysia	100	100	Facility management.
Milmix Sdn Bhd	Malaysia	100	100	Civil and infrastructure building contractor.
Onesentral Park Sdn Bhd	Malaysia	100	100	Property development.
Prema Bonanza Sdn Bhd	Malaysia	51	51	Property development.
Semasa Services Sdn Bhd	Malaysia	100	100	Building management services.
Semasa Parking Sdn Bhd	Malaysia	100	100	Car park management.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Malaysian Resources Corporation Berhad (Cont'd.)				
Semasa Sentral Sdn Bhd	Malaysia	100	100	Operational work, management and maintenance of the KL Sentral railway station.
Sooka Sentral Sdn Bhd	Malaysia	100	100	Operational work, management and maintenance of the club house at KL Sentral
SynarGym Sdn Bhd	Malaysia	100	100	Managing and operating fitness centre.
Superview Development Sdn Bhd	Malaysia	100	100	Property development, management and stock trading.
Transmission Technology Sdn Bhd	Malaysia	100	100	Engineering, construction and testing of the power transmission system.
Mafira Holdings Sdn Bhd	Malaysia	100	100	Investment holding.
MR Securities Sdn Bhd	Malaysia	100	100	Investment holding.
MR Construction Sdn Bhd	Malaysia	51	51	Construction.
MR Enterprises Sdn Bhd	Malaysia	100	100	Construction.
MR Management Sdn Bhd #	Malaysia	100	100	Investment holding and management.
MR-H Piling And Civil Engineering (M) Sdn Bhd	Malaysia	51	51	Piling and civil engineering.
MRCB Ceramics Sdn Bhd	Malaysia	100	100	Manufacturer, distributor and retailer of ceramic tiles.
MRCB Dotcom Sdn Bhd #	Malaysia	100	100	Planning and management services.
MRCB Intelligent System And Control Sdn Bhd #	Malaysia	100	100	Maintenance services, application systems and other technology applications.
Semasa District Cooling Sdn Bhd	Malaysia	100	100	One-stop card technology service provider.
MRCB Land Sdn Bhd	Malaysia	100	100	Management services and project development.
MRCB Property Management Sdn Bhd	Malaysia	100	100	Investment and property management.
MRCB Trading Sdn Bhd #	Malaysia	100	100	Trading in building materials.
Region Resources Sdn Bhd	Malaysia	100	100	Quarry operations.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Malaysian Resources Corporation Berhad (Cont'd.)				
Sibexlink Sdn Bhd	Malaysia	100	100	Sale of business information and website development.
Cheq Point (M) Sdn Bhd	Malaysia	75	75	Charge card services and investment holding.
Harmonic Fairway Sdn Bhd #	Malaysia	100	100	Investment holding.
MRCB Energy International Sdn Bhd #	Malaysia	100	100	Pre-operation.
Semasa Sentral (Penang) Sdn Bhd	Malaysia	100	100	Operation, management and maintenance of Penang Sentral.
Semasa ACE Urusharta #	Malaysia	100	100	Pre-operation.
MRCB Green Energy Sdn Bhd	Malaysia	100	100	Pre-operation.
348 Sentral Sdn Bhd	Malaysia	100	100	Lease office and residential space.
Gemas Infiniti Sdn Bhd	Malaysia	100	–	Pre-operation.
Subsidiaries Held Through Kuala Lumpur Sentral Sdn Bhd				
Unity Portfolio Sdn Bhd	Malaysia	74	74	Property management.
Subsidiaries Held Through MRCB Engineering Sdn Bhd				
MRCB (Thailand) Ltd	Thailand	100	100	Pre-operating.
Subsidiaries Held Through MRCB Environmental Services Sdn Bhd				
MRCB Environment Sdn Bhd	Malaysia	55	55	Design work and construction of infrastructure.
Subsidiaries Held Through MRCB Prasarana Sdn Bhd				
MRCB Lingkaran Selatan Sdn Bhd	Malaysia	100	100	Construction, development, design, project management, operations, maintenance and financing of the highway known as Eastern Dispersal Link, Johore Bahru.
Subsidiaries Held Through MRCB Lingkaran Selatan Sdn Bhd				
MRCB Southern Link Bhd	Malaysia	100	100	Construction, development, design, and project management for highway financing and related infrastructure projects.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Malaysian Resources Development Sdn Bhd				
Bitar Enterprises Sdn Bhd	Malaysia	100	100	Property investment and Investment holding.
Golden East Corporation Sdn Bhd	Malaysia	100	100	Property development and management.
Seri Iskandar Utilities Corporation Sdn Bhd #	Malaysia	100	100	Pre-operating.
Sunrise Properties Sdn Bhd	Malaysia	100	100	Property development.
Taiyee Development Sdn Bhd #	Malaysia	100	100	Property development.
MRCB Property Development Sdn Bhd	Malaysia	100	100	Investment holding.
MR Properties Sdn Bhd #	Malaysia	100	100	Property development.
Seri Iskandar Development Corporation Sdn Bhd	Malaysia	70	70	Property development.
Subsidiaries Held Through Bitar Enterprises Sdn Bhd				
MRCB Land (Australia) Pty Ltd	Australia	70	70	Property investment.
Subsidiaries Held Through MRCB Land (Australia) Pty Ltd				
MRCB Project Incorporated Pty Ltd	Australia	70	70	Property investment.
Subsidiaries Held Through MRCB Property Development Sdn Bhd				
MRCB Cahaya Mutiara Sdn Bhd #	Malaysia	100	100	Property development and management.
Subsidiaries Held Through Mafira Holdings Sdn Bhd				
Zen Concrete Industries Sdn Bhd	Malaysia	38.60	38.60	Manufactures and suppliers of pre-stressed concrete poles.
Subsidiaries Held Through MR Securities Sdn Bhd				
Semasa Security Sdn Bhd	Malaysia	100	100	Security guard services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Region Resources Sdn Bhd				
Syarikat Gemilang Quarry Sdn Bhd #	Malaysia	100	100	Quarry operations.
Subsidiaries Held Through 348 Sentral Sdn Bhd				
348 Sentral Office Sdn Bhd	Malaysia	100	100	Pre-operating.
348 Sentral Service Residence	Malaysia	100	100	Pre-operating.
Associates Held Through Malaysian Resources Corporation Berhad				
Nuzen Corporation Sdn Bhd	Malaysia	30	30	Investment holding.
One IFC Sdn Bhd	Malaysia	30	30	Investment holding.
Penang Sentral Sdn Bhd	Malaysia	49	49	Property development.
Suasana Sentral Two Sdn Bhd	Malaysia	30	30	Property development.
Kota Francais (M) Sdn Bhd	Malaysia	20	20	Franchise property management and advisory services.
Ekorent-MRCB JV Sdn Bhd	Malaysia	40	40	Property development.
UEMB-MRCB JV Sdn Bhd	Malaysia	49	–	Project management.
Joint Ventures Held Through Malaysian Resources Corporation Berhad				
NU Sentral Sdn Bhd	Malaysia	51	51	Property investment and management.
Bisraya Consortium-MRCB Engineering Consortium	Unincorporated	30	30	Engineering and construction services.
Subsidiaries Held Through Bandar Eco - Setia Sdn Bhd				
Setia Eco Park Recreation Sdn Bhd	Malaysia	100	100	Operate recreation club.
Subsidiaries Held Through Iskandar Investment Berhad				
Medini Iskandar Malaysia Sdn Bhd (MIM)	Malaysia	75	75	Property investment holding and providing construction services.
Iskandar Coast Sdn Bhd (ICSB)	Malaysia	80	80	Investment holding and property development.
Iskandar Development and Management Services Sdn Bhd (IDMS)	Malaysia	100	100	Management services.
SJIC Bina Sdn Bhd	Malaysia	100	100	Construction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Iskandar Investment Berhad (Cont'd.)				
Peak Alpha Express Sdn Bhd	Malaysia	100	100	Investment holding.
Education@Iskandar Sdn Bhd	Malaysia	100	100	Property development and management.
Iskandar Assets Sdn Bhd	Malaysia	100	100	Property investment.
Iskandar Harta Holdings Sdn Bhd	Malaysia	100	100	Holding and property investment.
Medini Land Sdn Bhd	Malaysia	100	100	Holding and property investment.
Iskandar Investment Pte Ltd (I IPL)	Singapore	100	100	Management services.
Medini City Management Sdn Bhd	Malaysia	100	100	Dormant.
Medini Security Services Sdn Bhd	Malaysia	100	100	Dormant.
Medini Leisure and Entertainment Sdn Bhd	Malaysia	100	100	Dormant.
Iskandar Innovation Sdn Bhd	Malaysia	100	100	Dormant.
Wurawari Ventures Sdn Bhd (formerly known as Temasek Ceria Sdn Bhd)	Malaysia	100	100	Investment holding.
Jasmine Acres Sdn Bhd	Malaysia	100	100	Dormant.
Subsidiaries Held Through MIM				
Medini Development Sdn Bhd	Malaysia	100	100	Trading properties.
Menara Burj Sdn Bhd	Malaysia	100	–	Trading properties.
Subsidiaries Held Through ICSB				
Nodedua Sdn Bhd	Malaysia	100	80	Property investment.
River Retreat Sdn Bhd	Malaysia	100	80	Dormant.
Subsidiaries Held Through IDMS				
Iskandar Management Services Sdn Bhd	Malaysia	100	100	Service management.
Subsidiaries Held Through Education@Iskandar Sdn Bhd				
Iskandar Education Village Sdn Bhd	Malaysia	100	100	Property development and management.
Iskandar British Education Sdn Bhd	Malaysia	100	100	Dormant.
Iskandar Education Enterprise Sdn Bhd	Malaysia	100	100	Property development and management.
Iskandar Medical Education Sdn Bhd	Malaysia	100	100	Dormant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Iskandar Harta Holding Sdn Bhd				
Ujung Medini Sdn Bhd	Malaysia	100	100	Property development.
Associates Held Through Iskandar Investment Berhad				
Global Capital And Development Sdn Bhd	Malaysia	30	30	Investment holding and property development.
Iskandar Waterfront Sdn Bhd	Malaysia	28.50	28.50	Investment holding and property development.
Joint Ventures Held Through Iskandar Investment Berhad				
Medini Central Sdn Bhd (MCBS)	Malaysia	75	75	Property investment and development.
Distinctive Resources Sdn Bhd	Malaysia	20	20	Property development.
Nusajaya Lifestyle Sdn Bhd	Malaysia	45	45	Property development.
Metrogold Assets Sdn Bhd	Malaysia	20	20	Property development.
Raffles Iskandar Sdn Bhd	Malaysia	20	20	Property development.
Zhuoyuan Iskandar Sdn Bhd	Malaysia	20	–	Property development.
LL Themed Hotel Sdn Bhd	Malaysia	49	–	Property development.
LL Malaysia Attractions Holdings Sdn Bhd	Malaysia	49	–	Property development.
Nusajaya Five O Sdn Bhd	Malaysia	20	–	Property development.
Medini Residence Sdn Bhd	Malaysia	20	–	Property development.
Subsidiaries Held Through Medini Central Sdn Bhd (MCBS)				
Medini Central Heritage Sdn Bhd	Malaysia	75	75	Dormant.
Subsidiaries Held Through LL Malaysia Attraction Holdings Sdn Bhd				
IDR Resorts Sdn Bhd	Malaysia	49	100	Investment holding.
Subsidiaries Held Through IDR Resorts Sdn Bhd				
IDR Assets Sdn Bhd	Malaysia	49	100	Property development.
LL Malaysia Taman Tema Sdn Bhd	Malaysia	49	100	Theme park operator.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Malakoff Corporation Berhad				
Segari Energy Ventures Sdn Bhd	Malaysia	93.75	93.75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant.
GB3 Sdn Bhd	Malaysia	75	75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant.
Malakoff Utilities Sdn Bhd (formerly known as Wirazone Sdn Bhd)	Malaysia	100	100	Build, own an operate an electricity distribution system and a centralised chilled waterplant system.
Prai Power Sdn Bhd	Malaysia	100	100	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant.
Teknik Janakuasa Sdn Bhd	Malaysia	100	100	Operation and maintenance of power plant.
Malakoff Engineering Sdn Bhd	Malaysia	100	100	Provides engineering services and project management.
Tanjung Bin Power Sdn Bhd	Malaysia	90	90	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of 2,100 MV coal fired electricity generating facilities and sales of electrical energy and generating capacity of the power plant.
Desa Kilat Sdn Bhd	Malaysia	54	54	Land reclamation, development and sale of reclaimed land.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Malakoff Corporation Berhad (Cont'd.)				
Hypergantic Sdn Bhd	Malaysia	100	100	Investment holding.
Tuah Utama Sdn Bhd	Malaysia	100	100	Investment holding.
Tanjung Bin Energy Sdn Bhd	Malaysia	100	100	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of 1,000 MV coal fired electricity generating facilities and sales of electrical energy and generating capacity of the power plant.
Malakoff Capital (L) Ltd	Malaysia	100	100	Dormant.
Spring Assets Limited	British Virgin Islands	100	100	Dormant.
Malakoff International Limited	Cayman Islands, Britain	100	100	Offshore investment holding.
Malakoff Power Berhad	Malaysia	100	100	Dormant.
Powerfield Sdn Bhd	Malaysia	100	–	Managing the development of 1,000 MW of power generation.
Malakoff R&D Sdn Bhd	Malaysia	100	–	Research and development activities.
Subsidiaries Held Through Tanjung Bin Energy Sdn Bhd				
Tanjung Bin Energy Issuer Berhad (formerly known as Powerfield Sdn Bhd)	Malaysia	100	100	Manage the development of electricity facilities using coal 1,000 MV.
Subsidiaries Held Through Teknik Janakuasa Sdn Bhd				
Natural Analysis Sdn Bhd	Malaysia	100	100	Exercise and maintain power plant.
TJSB Global Sdn Bhd	Malaysia	100	100	Investment holding.
TJSB International Limited	Cayman Islands, Britain	100	100	Offshore investment holding.
TJSB Services Sdn Bhd	Malaysia	100	–	Exercise and maintain power plant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through TJSB International Limited				
TJSB Middle East Limited	British Virgin Islands	100	100	Exercise and maintain power plant.
TJSB International (Shoaiba) Limited	British Virgin Islands	100	100	Offshore investment holding.
MESB Project Management Sdn Bhd	Malaysia	100	100	Provides engineering services and project management.
Subsidiaries Held Through Malakoff International Limited				
Malakoff Gulf Limited	British Virgin Islands	100	100	Offshore investment holding.
Malakoff Technical (Dhofar) Limited	British Virgin Islands	100	100	Offshore investment holding.
Malakoff AIDjazair Desal Sdn Bhd	Malaysia	100	100	Investment holding.
Malakoff Jordan Generation Limited	British Virgin Islands	–	100	Offshore investment holding.
Malakoff Ras Azzour Limited	British Virgin Islands	100	100	Dormant.
Malakoff Hidd Holding Company Limited (formerly known as IP Middle East Holding Company Limited)	Guernsey	100	–	Assets, property, investment, intellectual property and other holding companies.
Subsidiaries Held Through Malakoff AIDjazair Desal Sdn Bhd				
Tlemcen Desalination Investment Company SAS	France	70	70	Offshore investment holding.
Subsidiaries Held Through Malakoff Hidd Holding Company Limited				
Malakoff Summit Hidd Holding Company (formerly known as IPSUM Hidd Holding Company Limited)	Guernsey	57.14	–	Assets, property, investment, intellectual property and other holding companies.
Subsidiaries Held Through Malakoff Power Berhad				
Sterling Asia Berhad	Malaysia	100	–	Operation and maintenance of power plants.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Associates Held Through Malakoff Corporation Berhad				
Port Dickson Power Berhad	Malaysia	25	25	Generate and sell electricity.
Kapar Energy Ventures Sdn Bhd	Malaysia	40	40	Generate and sell electricity.
Lekir Bulk Terminal Sdn Bhd	Malaysia	20	20	Terminal handling services and coal.
Malaysian Shoaiba Consortium Sdn Bhd	Malaysia	40	40	Investment holding.
Saudi-Malaysia Water & Electricity Company Limited	Saudi Arabia	20	20	Offshore investment holding.
Shuaibah Water & Electricity Company Limited	Saudi Arabia	12	12	Design, build, test, running and maintenance of fuel power plants and minerals.
Shuaibah Expansion Holding Company Limited	Saudi Arabia	12	12	Production of drinking water.
Shuaibah Expansion Project Company Limited	Saudi Arabia	11.70	11.70	Development, construction, maintenance, water-based products.
Oman Technical Partners Limited	British Virgin Islands	43.40	43.40	Offshore investment holding.
Salalah Power Holdings Limited	Bermuda	43.40	43.40	Offshore investment holding.
Enara Energy Investment Company	Jordan	–	25	Offshore investment holding.
Central Electricity Generating Company Limited	Jordan	–	12.75	Generate electricity.
Al-Imtiaz Operation And Maintenance Company Limited	Saudi Arabia	20	20	Handling power station and mineral processing.
Saudi Malaysia Operation And Maintenance Services Company Limited	Saudi Arabia	20	20	Operation and maintenance of power plant.
Hyflux-TJSB Algeria SPA	Algeria	49	49	Operation and maintenance of power plant.
Hidd Power Company B.S.C	Bahrain	39.97	–	Building operations and maintenance of electrical power systems for special purposes.
Joint Ventures Held Through Malakoff Corporation Berhad				
Almiyah Attilemcancia SPA	Algeria	35.7	35.7	Construction, operation and management of sea water and desalination plants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
 FOR THE YEAR ENDED 31 DECEMBER 2012

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Subsidiaries Held Through Columbia Asia Sdn Bhd				
Columbia Capital Berhad	Malaysia	100	100	Dormant.
Grafik Gelombang Sdn Bhd	Malaysia	100	100	Dormant.
Universal Medicare Pte Ltd	Singapore	100	100	Dormant.
CPH Sarawak Sdn Bhd	Malaysia	72.70	72.70	Investment holding.
Columbia Asia Binh Dong Ltd	Vietnam	100	–	Hospital.
Subsidiaries Held Through Universal Medicare Pte Ltd				
PT Nusautama Medicanlindo	Indonesia	100	100	Medical centre.
Subsidiaries Held Through CPH Sarawak Sdn Bhd				
True Peace Sdn Bhd	Malaysia	100	100	Medical centre.
Subsidiaries Held Through True Peace Sdn Bhd				
Computerised X-ray Scanning Sdn Bhd	Malaysia	100	100	Scanning x-ray services.
Selesa Medical Labs Sdn Bhd	Malaysia	100	100	Dormant.
Subsidiaries Held Through Sunway South Quay Sdn Bhd				
Sunway Monash-U Residence Sdn Bhd	Malaysia	100	100	Investment property.
Subsidiaries Held Through Nusa Gapurna Development Sdn Bhd				
Gapurna Builders Sdn Bhd	Malaysia	100	100	Property development and construction.
Gapurna Land Sdn Bhd	Malaysia	100	100	Property development.
RJ Sentral Development Sdn Bhd	Malaysia	70	70	Property development.
Puncak Wangi Sdn Bhd	Malaysia	100	100	Property development.
Projekmaju Sdn Bhd	Malaysia	100	–	Property development.
Usahatanah Jaya Sdn Bhd	Malaysia	100	–	Property development.
Nilaitera Sdn Bhd	Malaysia	100	–	Property development.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEAR ENDED 31 DECEMBER 2012**

45. LIST OF ASSOCIATES AS AT 31 DECEMBER 2012 (Cont'd.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2012 %	2011 %	
Success Pact Development Sdn Bhd	Malaysia	100	–	Property development.
Such Success Sdn Bhd	Malaysia	100	–	Property development.
My Views Sdn Bhd	Malaysia	100	–	Property development.
Projetmaju Sdn Bhd	Malaysia	100	–	Property development.
Projek Lebuhraya Usahasama Berhad (Plus Berhad)	Malaysia	100	100	Investment, development and infrastructure construction projects of roads and highways and related activities.
PLUS Helicopter Services Sdn Bhd	Malaysia	100	100	Specific airline that provide helicopter charter service and aerial survey for highways.
Teras Teknologi Sdn Bhd	Malaysia	100	100	Investment holding company and provides services of information technology, outsourcing, e-commerce and internet related.
Projek Lebuhraya Utara-Selatan Berhad	Malaysia	100	100	Dormant.
Expressway Lingkaran Tengah Sdn Bhd	Malaysia	100	100	Dormant.
Linkedua (Malaysia) Berhad	Malaysia	100	100	Dormant.
Konsortium Lebuhraya Butterworth-Kulim (KLBK) Sdn Bhd	Malaysia	100	100	Dormant.
Penang Bridge Sdn Bhd	Malaysia	100	100	Dormant.
Subsidiaries Held Through Teras Teknologi Sdn Bhd				
Teras Control Systems Sdn Bhd	Malaysia	100	100	Installation and maintenance of systems and equipments for the toll road projects.
Teras Research Sdn Bhd	Malaysia	100	100	Dormant.
Krishost.Com Sdn Bhd	Malaysia	100	100	Dormant.
MyWeb Online Sdn Bhd	Malaysia	100	100	Dormant.
Associates Held Through PLUS Malaysia Sdn Bhd				
Touch'n Go Sdn Bhd	Malaysia	20	20	Involved in providing payment without connection via e-payment card prepayments known as Touch'n Go.

The above company is in the process of voluntary winding up as at 31 December 2012.