

FINANCIAL STATEMENTS

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**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
EMPLOYEES PROVIDENT FUND
FOR THE YEAR ENDED 31 DECEMBER 2014**

Report on the Financial Statements

I have audited the accompanying financial statements of the Employees Provident Fund and the Group, which comprise the Statements of Financial Position as at 31 December 2014 and Statements of Profit Or Loss and Other Comprehensive Income, Statements of Changes in Members' Fund and Statements of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with the approved financial reporting standards in Malaysia and the Employees Provident Fund Act 1991 (Act 452). The Board is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinion

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

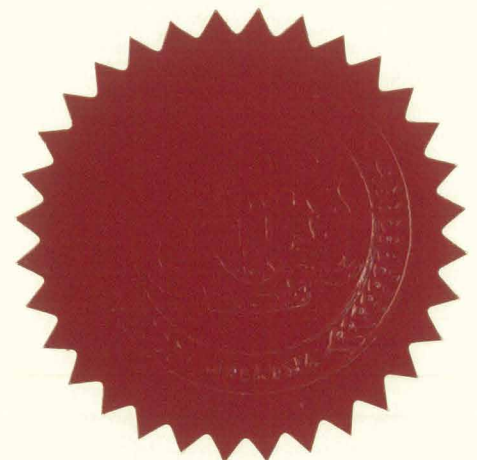
I have considered the financial statements and the auditors' reports of the subsidiary companies of which I have not acted as auditor as indicated in the notes to the financial statements. I am satisfied that these financial statements have been consolidated with the Employees Provident Fund's financial statements in appropriate form and content, proper for the purposes of the preparation of the financial statements. I have received satisfactory information and explanations required by me for those purposes. The auditors' reports on the financial statements of the subsidiary companies were not subjected to any observations that could affect these financial statements.



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

PUTRAJAYA

12 MARCH 2015



Statement By Chairman And A Board Member As Trustees

We, **TAN SRI SAMSUDIN BIN OSMAN** and **TUAN HAJI MD JAFAR BIN ABDUL CARRIM** 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 Statements which includes the Statements Of Financial Position, Statements Of Profit Or Loss, Statements Of Profit Or Loss And Other Comprehensive Income, Statement Of Changes In Members' Fund and Statements of Cash Flows, as follows together with the Notes to the Financial Statements 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 2014 and of the results and 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 : 27 February 2015
PLACE : KUALA LUMPUR

On behalf of the Board,




NAME : TUAN HAJI MD JAFAR BIN ABDUL CARRIM
TITLE : A BOARD MEMBER OF EPF
DATE : 27 February 2015
PLACE : KUALA LUMPUR

Declaration Of Principal Officer Responsible For The Financial Management Of The Employees Provident Fund

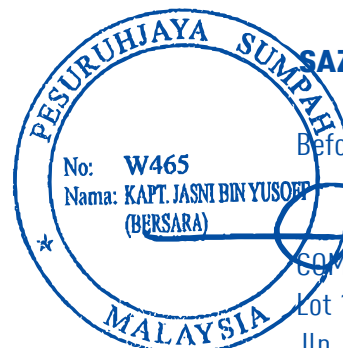
I, **SAZALIZA BIN ZAINUDDIN**, as a representative of the Trustee and officer primarily responsible for the financial management of the **EMPLOYEES PROVIDENT FUND** do solemnly and sincerely declare that the accompanying Financial Statements which includes the Statements Of Financial Position, Statements Of Profit Or Loss, Statements Of Profit Or Loss And Other 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 Statements 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 27 February 2015]



SAZALIZA BIN ZAINUDDIN

Before me,



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

Lot 1.08, Tingkat 1, 50350 Kuala Lumpur.
Bangunan KWSP, Jln Raja Laut,
50350 Kuala Lumpur.
Tel: 019-6680745

Statements Of Financial Position

as at 31 December 2014

	Note	GROUP			EPF	
		As at 31.12.2014 (RM'000)	As at 31.12.2013 (Restated) (RM'000)	As at 01.01.2013 (Restated) (RM'000)	As at 31.12.2014 (RM'000)	As at 31.12.2013 (RM'000)
UTILISATION OF MEMBERS' FUND						
ASSETS						
Deferred tax assets	6	3,523	11,596	1,627	-	-
Property, plant and equipment	7	393,435	349,700	368,422	248,368	247,979
Investment properties	8	18,694,709	16,353,474	12,312,683	1,153,444	1,300,242
Intangible assets	9	48,567	48,425	53,654	12,438	5,446
Prepaid land lease	10	59,053	50,949	123,494	53,145	44,881
Assets held for sale	11	295,365	88,763	9,510	181,451	87,322
Property development costs	12	1,637,660	9,196	200,649	-	-
Investments in subsidiaries	13	-	-	-	14,828,866	10,078,834
Investments in associates	14	14,402,426	13,431,978	12,393,872	10,893,535	10,782,625
Investments in joint ventures	15	1,390,905	1,262,746	208,216	-	-
Held-to-maturity investment assets	16	199,397,964	196,186,991	181,524,261	199,397,964	196,186,991
Available-for-sale financial assets	17	298,255,092	271,114,430	218,203,964	298,254,272	271,114,430
Financial assets at fair value through profit or loss	18	4,226,500	3,005,968	4,276,873	124,001	615,726
Loans, advances and financing	19	107,506,641	111,723,593	105,706,748	81,306,766	84,333,894
Inventories	20	103,849	29,588	61,266	-	-
Receivables, deposits and prepayments	21	5,720,993	5,081,565	4,252,945	5,126,454	4,572,754
Deposits with financial institutions	22	36,205,490	20,083,958	25,383,373	30,623,574	15,597,527
Bank and cash balances		5,502,398	3,701,152	2,518,363	4,492,977	2,851,850
Total Assets		693,844,570	642,534,072	567,599,920	646,697,255	597,820,501
LIABILITIES						
Deferred tax liabilities	6	32,968	35,914	20,920	-	-
Employee benefits	23	356,644	319,359	138,930	356,644	319,359
Provision for taxation		73,654	91,734	61,490	-	-
Loans and overdrafts	24	12,217,646	11,176,558	5,096,179	-	-
Contribution withdrawal payables		39,143	62,208	64,925	39,143	62,208
Derivative liabilities	18	1,060,998	362,156	57,315	932,931	335,910
Deposits and advances	25	27,738,682	28,369,800	21,832,715	166,353	138,758
Payables and accrued liabilities	26	6,562,820	4,861,244	5,430,256	4,994,761	3,513,397
Total Liabilities		48,082,555	45,278,973	32,702,730	6,489,832	4,369,632
NET ASSETS		645,762,015	597,255,099	534,897,190	640,207,423	593,450,869
MEMBERS' FUND						
Contributions	27	598,572,279	538,634,067	489,276,019	598,572,279	538,634,067
Reserves	28	40,795,549	53,726,767	41,536,148	40,184,546	53,241,275
Retained profit	29	3,642,503	3,031,709	3,024,503	1,450,598	1,575,527
		643,010,331	595,392,543	533,836,670	640,207,423	593,450,869
Non-controlling interests	30	2,751,684	1,862,556	1,060,520	-	-
		645,762,015	597,255,099	534,897,190	640,207,423	593,450,869

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

Statements Of Profit Or Loss

for the year ended 31 December 2014

	Note	GROUP		EPF	
		2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
INCOME					
Gross investment income	31	40,972,724	35,769,077	39,076,481	35,000,363
Investment expenditures	32	(1,028,746)	(729,514)	(362,476)	(330,091)
Net impairment loss on financial investment assets	33	(959,926)	(2,316,782)	(928,599)	(2,044,409)
Net impairment loss on investments in subsidiaries and associates	34	-	-	39,471	(93,144)
Net investment income		38,984,052	32,722,781	37,824,877	32,532,719
Other income	35	263,483	279,374	165,817	156,627
		39,247,535	33,002,155	37,990,694	32,689,346
Operating expenditures	36	(2,272,406)	(2,031,000)	(1,122,327)	(1,177,940)
Statutory charges	37	(53,523)	(49,805)	(53,523)	(49,805)
Total Expenditures		(2,325,929)	(2,080,805)	(1,175,850)	(1,227,745)
Net Profit		36,921,606	30,921,350	36,814,844	31,461,601
Share of results from associates		1,334,562	1,122,374	-	-
Net profit before tax and zakat		38,256,168	32,043,724	36,814,844	31,461,601
Taxation and zakat	38	(293,352)	(359,348)	-	-
Net Profit After Tax And Zakat		37,962,816	31,684,376	36,814,844	31,461,601
Attributable To:					
Contributors of EPF		37,550,567	31,426,915		
Non-controlling interests	30	412,249	257,461		
		37,962,816	31,684,376		

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

Statements Of Profit Or Loss And Other Comprehensive Income

for the year ended 31 December 2014

	Note	GROUP		EPF	
		2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Net profit after tax and zakat		37,962,816	31,684,376	36,814,844	31,461,601
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to profit or loss					
Gain from actuarial valuation on employee benefits plan		-	41,247	-	41,247
		-	41,247	-	41,247
Items that may be reclassified subsequently to profit or loss					
Net unrealised gain/(loss) on fair value revaluation on available-for-sale financial assets		(13,056,729)	11,776,197	(13,056,729)	11,776,197
Foreign currency translation		198,907	389,332	-	-
Net changes on cash flow hedging derivatives		(73,439)	-	-	-
		(12,931,261)	12,165,529	(13,056,729)	11,776,197
Total other comprehensive income		(12,931,261)	12,206,776	(13,056,729)	11,817,444
Total Comprehensive Income		25,031,555	43,891,152	23,758,115	43,279,045
Attributable To:					
Contributors of EPF		24,619,306	43,633,691	-	-
Non-controlling interests		412,249	257,461	-	-
Total Comprehensive Income		25,031,555	43,891,152	23,758,115	43,279,045

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 2014

GROUP	Non-Distributable					Distributable				Total
	Contributions (Note 27) (RM'000)	Available- For-Sale Financial Assets Reserve (Note 28) (RM'000)	Capital Reserve (Note 28) (RM'000)	Cash Flow Hedging Reserve (Note 28) (RM'000)	Other Reserves (Note 28) (RM'000)	Foreign Exchange Reserve (Note 28) (RM'000)	Retained Profit (Note 29) (RM'000)	Total	Non- Controlling Interests (Note 30) (RM'000)	
At 31 December 2012	489,276,019	41,465,078	-	-	-	71,070	3,024,503	533,836,670	1,060,520	534,897,190
Add:										
Net profit for the financial year	-	-	-	-	-	-	31,426,915	31,426,915	257,461	31,684,376
Net unrealised gain on revaluation during the financial year	-	14,265,769	-	-	-	-	-	14,265,769	-	14,265,769
Reclassification adjustments for gain recognised in statement of profit or loss	-	(2,489,572)	-	-	-	-	-	(2,489,572)	-	(2,489,572)
Foreign currency translation	-	-	-	-	-	389,332	-	389,332	-	389,332
Other comprehensive income/(loss)	-	11,776,197	-	-	-	389,332	-	12,165,529	-	12,165,529
Total comprehensive income	-	11,776,197	-	-	-	389,332	31,426,915	43,592,444	257,461	43,849,905
Share of movement in reserves in joint venture by subsidiaries	-	-	-	-	25,090	-	-	25,090	-	25,090
Net acquisition of non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	544,575	544,575
Contributions received and adjusted during the financial year	53,754,528	-	-	-	-	-	-	53,754,528	-	53,754,528
2013 Dividend credited to members accounts-6.35%	31,200,174	-	-	-	-	-	-	31,200,174	-	31,200,174
Adjustment on dividend for previous year	7,649	-	-	-	-	-	-	7,649	-	7,649
Prior year adjustment on employee benefits pursuant to adoption of MFRS 119 (revised)-employee benefits	-	-	-	-	-	-	41,247	41,247	-	41,247
	574,238,370	53,241,275	-	-	25,090	460,402	34,492,665	662,457,802	1,862,556	664,320,358
Less:										
Share of capital contribution in joint venture by subsidiaries	-	-	(448,261)	-	-	-	-	(448,261)	-	(448,261)
Contribution withdrawals and refunds	(35,467,747)	-	-	-	-	-	-	(35,467,747)	-	(35,467,747)
2013 Dividend credited to members' accounts-6.35%	-	-	-	-	-	-	(31,200,174)	(31,200,174)	-	(31,200,174)
Dividend on contribution withdrawals	-	-	-	-	-	-	(253,133)	(253,133)	-	(253,133)
Adjustments on CTML and Reject cases to statements of profit or loss and retained profit	(136,556)	-	-	-	-	-	-	(136,556)	-	(136,556)
Adjustment on dividend for previous year	-	-	-	-	-	-	(7,649)	(7,649)	-	(7,649)
As At 31 December 2013	538,634,067	53,241,275	(448,261)	-	25,090	460,402	3,031,709	594,944,282	1,862,556	596,806,838

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 2014

GROUP	Non-Distributable					Distributable			Total
	Contributions (Note 27) (RM'000)	Available- For-Sale Financial Assets Reserve (Note 28) (RM'000)	Capital Reserve (Note 28) (RM'000)	Cash Flow Hedging Reserve (Note 28) (RM'000)	Other Reserves (Note 28) (RM'000)	Foreign Exchange Reserve (Note 28) (RM'000)	Retained Profit (Note 29) (RM'000)	Total Controlling Interests (Note 30) (RM'000)	
At 31 December 2013	538,634,067	53,241,275	(448,261)	-	25,090	460,402	3,031,709	1,862,556	596,806,838
- as previously stated by subsidiaries (Note 28)	-	-	448,261	-	-	-	-	-	448,261
- restated at 31.12.2013	538,634,067	53,241,275	-	-	25,090	460,402	3,031,709	1,862,556	597,255,099
Add:									
Net profit for the financial year	-	(2,112,656)	-	-	-	-	37,550,567	412,249	37,962,816
Net unrealised loss on revaluation during the financial year	-	-	-	-	-	-	(2,112,656)	-	(2,112,656)
Reclassification adjustments for gain recognised in statements of profit or loss	-	(10,944,073)	-	-	-	-	(10,944,073)	-	(10,944,073)
Net changes on cash flow hedging derivatives	-	-	-	(73,439)	-	-	(73,439)	-	(73,439)
Foreign currency translation	-	-	-	-	-	198,907	-	-	198,907
Other comprehensive income/(loss)	-	(13,056,729)	-	(73,439)	-	198,907	-	-	(12,931,261)
Total comprehensive income	-	(13,056,729)	-	(73,439)	-	198,907	37,550,567	412,249	25,031,555
Net acquisition of non-controlling interests by subsidiaries (Note 30)	-	-	-	-	-	-	-	476,879	476,879
Contributions received and adjusted during the financial year	57,171,381	-	-	-	-	-	57,171,381	-	57,171,381
2014 Dividend credited to members accounts-6.75%	36,656,463	-	-	-	-	-	36,656,463	-	36,656,463
Adjustment on dividend for previous year	7,484	-	-	-	-	-	-	-	7,484
Less:									
Share of capital contribution in joint venture by subsidiaries	632,469,395	40,184,546	-	(73,439)	25,090	659,309	40,582,276	2,751,684	716,598,861
Contribution withdrawals and refunds	(33,781,911)	-	-	-	43	-	-	43	43
2014 Dividend credited to members account-6.75%	-	-	-	-	-	-	(33,781,911)	-	(33,781,911)
Dividend on contribution withdrawals	-	-	-	-	-	-	(36,656,463)	-	(36,656,463)
Adjustments on CTML and Reject cases to statements of profit or loss and retained profit	(115,205)	-	-	-	-	-	(275,826)	-	(275,826)
Adjustment on dividend for previous year	-	-	-	-	-	-	(7,484)	-	(7,484)
As at 31 December 2014	598,572,279	40,184,546	-	(73,439)	25,133	659,309	3,642,503	2,751,684	645,762,015

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 2014

EPF	← Non-Distributable →		Distributable	
	Contributions (Note 27) (RM'000)	Available- For-Sale Financial Assets Reserve (Note 28) (RM'000)	Retained Profit (Note 29) (RM'000)	Total (RM'000)
At 31 December 2012	489,276,019	41,465,078	1,533,635	532,274,732
Add:				
Net profit for the financial year	-	-	31,461,601	31,461,601
Net unrealised gain on revaluation during the financial year	-	14,265,769	-	14,265,769
Reclassification adjustments for gains recognised in statements of profit or loss	-	(2,489,572)	-	(2,489,572)
Other comprehensive income/(loss)	-	11,776,197	-	11,776,197
Total comprehensive income	-	11,776,197	31,461,601	43,237,998
Contributions received and adjusted during the financial year	53,754,528	-	-	53,754,528
2013 Dividend credited to members accounts-6.35%	31,200,174	-	-	31,200,174
Adjustment on dividend for previous year	7,649	-	-	7,649
Prior year adjustment on employee benefits pursuant to adoption of MFRS 119 (revised)-employee benefits	-	-	41,247	41,247
	574,238,370	53,241,275	33,036,483	660,516,128
Less:				
Contribution withdrawals and refunds	(35,467,747)	-	-	(35,467,747)
2013 Dividend credited to members accounts-6.35% (Note 28)	-	-	(31,200,174)	(31,200,174)
Dividend on contribution withdrawals	-	-	(253,133)	(253,133)
Adjustments on CTML and Reject cases to statements of profit or loss and retained profit	(136,556)	-	-	(136,556)
Adjustment on dividend for previous year	-	-	(7,649)	(7,649)
As at 31 December 2013	538,634,067	53,241,275	1,575,527	593,450,869
At 31 December 2013	538,634,067	53,241,275	1,575,527	593,450,869
Add:				
Net profit for the financial year	-	-	36,814,844	36,814,844
Net unrealised gain on revaluation during the financial year	-	(2,112,656)	-	(2,112,656)
Reclassification adjustments for gains recognised in statements of profit or loss	-	(10,944,073)	-	(10,944,073)
Other comprehensive income/(loss)	-	(13,056,729)	-	(13,056,729)
Total comprehensive income	-	(13,056,729)	36,814,844	23,758,115
Contributions received and adjusted during the financial year	57,171,381	-	-	57,171,381
2014 Dividend credited to members accounts-6.75% (Note 29)	36,656,463	-	-	36,656,463
Adjustment on dividend for previous year	7,484	-	-	7,484
	632,469,395	40,184,546	38,390,371	711,044,312
Less:				
Contribution withdrawals and refunds	(33,781,911)	-	-	(33,781,911)
2014 Dividend credited to members accounts-6.75% (Note 29)	-	-	(36,656,463)	(36,656,463)
Dividends on contribution withdrawals	-	-	(275,826)	(275,826)
Adjustments on CTML and Reject cases to statements of profit or loss and retained profit	(115,205)	-	-	(115,205)
Adjustment on dividend for previous year	-	-	(7,484)	(7,484)
As at 31 December 2014	598,572,279	40,184,546	1,450,598	640,207,423

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 2014

	Note	GROUP		EPF	
		2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before taxation and zakat		38,256,168	32,043,724	36,814,844	31,461,601
Adjustments for:					
Share of results from associates		(1,334,562)	(1,122,374)	-	-
Net unrealised gain on foreign currency exchange	31	(633,356)	(426,349)	(633,356)	(426,349)
Net unrealised (gain)/loss on financial assets at fair value through profit or loss	31	589,338	(397,102)	951,045	(124,089)
Net impairment loss on held-to-maturity investment assets	33	76,618	74,876	76,618	74,876
Net impairment loss on available-for-sale financial assets	33	861,691	1,970,748	861,691	1,970,748
Net impairment loss on loans, advances and financing	33	20,024	270,737	(8,703)	(4,836)
Net impairment loss on rent receivables	33	1,593	421	(1,007)	3,621
Net impairment loss on investment in subsidiaries and associates	34	-	-	(39,471)	93,144
(Gain)/loss on disposal of property, plant and equipment (Note 1)	7/35	2,491	(2,069)	2,494	(217)
Gain on disposal of assets held for sale	35	(13,838)	-	(13,838)	-
Gain on disposal of investment property	35	(246)	(3,379)	-	-
Gain on disposal of inventories	35	(4,479)	(15,001)	-	-
Employee benefits	36	41,828	225,445	41,828	225,445
Depreciation of property, plant and equipment	36	64,859	55,853	49,436	42,275
Depreciation of investment properties	36	523,390	368,593	36,239	37,272
Amortisation of intangible assets	36	15,402	13,076	3,091	2,087
Amortisation of prepaid land lease	36	600	873	440	708
Impairment loss on other receivables	36	30,453	45,524	-	-
Impairment loss on receivables from staff	36	-	14	-	14
Write-offs/losses	36	4,714	327	38	327
Write-offs property, plant and equipment		-	10	-	-
Share options granted-ESOS		-	7,786	-	-
		38,502,688	33,111,733	38,141,389	33,356,627

* Included in (gain)/loss on disposal of property, plant and equipment is the reclassification of assets under work in progress which is recognised as expenses in the financial year ended 31 December 2014 amounting to RM2.37 million (2013: RM0.30 million)

The notes as 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 2014

	Note	GROUP		EPF	
		2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
<u>(Increase)/Decrease In Operating Assets:</u>					
Purchase of held-to-maturity investment assets		(47,922,493)	(66,331,836)	(47,922,492)	(66,331,835)
Sales of held-to-maturity investment assets		44,634,902	59,316,092	44,634,902	59,116,092
Purchase of available-for-sale financial assets		(241,083,880)	(287,569,308)	(241,083,880)	(287,569,308)
Sales of available-for-sale financial assets		200,673,331	233,771,474	200,673,331	233,771,474
Financial assets at fair value through profit or loss		(1,820,411)	1,947,030	(752,550)	2,197,171
Deposits with financial institutions		(15,046,813)	8,687,820	(14,970,387)	8,692,777
Loans, advances and financing		4,854,929	(2,881,243)	3,021,472	3,174,982
Inventories		(74,261)	31,678	-	-
Proceeds from sales of inventories		32,200	47,000	-	-
Receivables, deposits and prepayments		(342,477)	(862,969)	(553,640)	(750,138)
Interest received/(paid) on loans		67,883	(118,134)	-	-
		(56,027,090)	(53,962,396)	(56,953,244)	(47,698,785)
<u>Increase/(Decrease) In Operating Liabilities:</u>					
Employee benefits		(4,543)	(3,769)	(4,543)	(3,769)
Contribution withdrawal payables		(23,065)	(2,717)	(23,065)	(2,717)
Derivative liabilities		603,746	331,488	597,021	335,765
Deposits and advances		(634,216)	7,273,291	27,595	30,373
Payables and accrued liabilities		1,576,959	716,355	1,482,273	266,527
		1,518,881	8,314,648	2,079,281	626,179
Tax and zakat paid		(431,887)	(320,394)	-	-
Tax received		103	37	-	-
Net Cash From Operating Activities		(16,437,305)	(12,856,372)	(16,732,574)	(13,715,979)

The notes as 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 2014

	Note	GROUP		EPF	
		2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase of property, plant and equipment	7	(110,305)	(255,348)	(52,428)	(41,790)
Net acquisition of investment properties		(4,586,226)	(5,038,211)	-	-
Purchase of intangible assets		(15,544)	(7,847)	(10,083)	(1,271)
Property development costs		(53,137)	(2,712)	-	-
Proceeds from disposal of property, plant and equipment		7	40,718	109	527
Proceeds from disposal of investment properties		136,067	111,384	-	-
Proceeds from disposal of asset held for sale	11/35	22,204	-	21,565	-
Proceeds from sales of foreclosed properties		-	4,400	-	-
Investment in subsidiaries		(116,641)	(2,471,632)	(4,973,134)	(4,489,582)
Capital return from investment in subsidiaries		492,964	1,749,874	492,964	1,749,873
Investment in associates		(447,537)	(344,628)	(300,801)	(344,628)
Capital return from investment in associates		147,351	-	252,731	-
Net Cash Used In Investing Activities		(4,530,797)	(6,214,002)	(4,569,077)	(3,126,871)
CASH FLOW FROM FINANCING ACTIVITIES					
Net contributions		23,389,472	18,286,781	23,389,470	18,286,781
Share capital		173,120	918,337	-	-
Issuance of shares		1,609,434	529,179	-	-
Other loans		523,839	4,968,212	-	-
Recourse obligations on loans sold to Cagamas		105,815	(94,773)	-	-
Dividends paid to ordinary shares		(1,655,770)	(1,379,052)	-	-
Dividends paid to non-controlling interest		-	698,162	-	-
Dividend on withdrawals/dividend adjustments		(391,031)	(389,689)	(391,032)	(389,689)
Net Cash From Financing Activities		23,754,879	23,537,157	22,998,438	17,897,092
Net increase in cash and cash equivalents		2,786,777	4,466,783	1,696,787	1,054,242
Adjustments of foreign currency translation		92,506	99,062	-	-
Cash and cash equivalents at 01 January	39	8,283,690	3,717,845	2,958,265	1,904,023
Cash And Cash Equivalents As At 31 December	39	11,162,973	8,283,690	4,655,052	2,958,265

The notes as 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 2014

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 2014, the EPF operates in 67 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 2014 have been accepted and approved by the Board on 27 February 2015.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The EPF overall financial risk management policy is to optimise value creation for members while 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 minimize potential adverse effects on its financial performance. The EPF invests based on broad asset allocation strategy which determines the long term and 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. Based on the returns and risks for each potential asset allocation, the Investment Panel will be able to adjust the allocations until the strategically optimal allocation for the EPF is achieved.

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.

2.1 Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed of 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.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

2.1 Operational Risk (Cont'd.)

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 strives 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 comprises 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 42.

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 46 and 47 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's 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.

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 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.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

4.1 Basis Of Preparation (Cont'd.)

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 2014 as follows:

- Amendments to MFRS 10	Consolidated Financial Statements - Investment Entities (effective from 01 January 2014)
- Amendments to MFRS 12	Disclosures Of Interest In Other Entities - Investment Entities (effective from 01 January 2014)
- Amendments to MFRS 127	Separate Financial Statements - Investment Entities (effective from 01 January 2014)
- Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets And Financial Liabilities (effective from 01 January 2014)
- Amendments to MFRS 136	Impairment Of Assets - Amendments relating to Recoverable Amounts Disclosure For Non-Financial Assets (effective from 01 January 2014)
- Amendments to MFRS 139	Financial Instruments : Recognition And Measurement - Amendments relating to Novation Of Derivatives And Continuation Of Hedge Accounting (effective from 01 January 2014)
- IC Interpretation 21	Levies (effective from 01 January 2014)

The adoption of the above standards, amendments and IC interpretations 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 statements 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:

i. With effect from or after 01 January 2015

- Amendments to MFRS 119	Defined Benefit Plans : Employee Contributions (effective from 01 January 2015)
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Annual Improvements TO MFRSs 2010 - 2012 Cycle

- Amendments to MFRS 2	Share-Based Payment (effective from 01 January 2015)
- Amendments to MFRS 3	Business Combinations (effective from 01 January 2015)
- Amendments to MFRS 8	Operating Segments (effective from 01 January 2015)
- Amendments to MFRS 116	Property, Plant And Equipment (effective from 01 January 2015)
- Amendments to MFRS 124	Related Party Disclosures (effective from 01 January 2015)
- Amendments to MFRS 138	Intangible Assets (effective from 01 January 2015)

Annual Improvements TO MFRSs 2011 - 2013 Cycle

- Amendments to MFRS 3	Business Combinations (effective from 01 January 2015)
- Amendments to MFRS 13	Fair Value Measurement (effective from 01 January 2015)
- Amendments to MFRS 140	Investment Property (effective from 01 January 2015)

ii. With effect from or after 01 January 2016

- Amendments to MFRS 5	Non-Current Assets Held For Sale And Discounted Operations (effective from 01 January 2016)
- Amendments to MFRS 7	Financial Instruments : Disclosures - Application Of The Disclosure Requirements To A Servicing Contract (effective from 01 January 2016)
- Amendments to MFRS 11	Accounting For Acquisitios Of Interest In Joint Operations (effective from 01 January 2016)
- Amendments to MFRS 119	Employee Benefits - Discount Rates (effective from 01 January 2016)
- Amendments to MFRS 127	Separate Financial Statements - Equity Method In Separate Financial Statements (effective from 01 January 2016)
- Amendments to MFRS 10 And MFRS 128	Sale Or Contribution Of Assets Between An Investor And Its Associate Or Joint Venture (effective from 01 January 2016)
- Amendments to MFRS 116 And MFRS 138	Clarification Of Acceptable Methods Of Depreciation And Amortisation (effective from 01 January 2016)
- MFRS 15	Revenue From Contracts With Customers (effective from 01 January 2017)
- MFRS 9	Financial Instruments (effective from 01 January 2018)

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

4.2 Basis Of Consolidation

The consolidated financial statements comprise of the financial statements of the EPF and its subsidiaries which have been prepared as at financial year end. The financial statements of the subsidiaries are prepared for the same reporting date as the EPF, using consistent accounting policies for transaction and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the EPF obtains control and continue to be consolidated until the date such control effectively ceased. All intra group balances, income and expenses and unrealised gain and losses resulting from intra group transactions are eliminated in full.

Unrealised gains arising from intra-group transactions and joint ventures are eliminated to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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 statements of financial position date.

Deferred tax is provided for, using the liability method, on the temporary differences at the statements of financial position date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Principally, 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 of 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 statements of financial position date. Deferred tax is recognised in the statements of profit or loss, 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. Costs include expenditures that are 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 costs 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 statements of profit or loss during the financial year in which they are incurred.

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.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each statements of financial position date. At each statements of financial position date, 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 net disposal proceeds and carrying amount is recognised in the statements of profit or loss. If changes occurred on the intention of utilisation of owned used property to investment property, such property will be revalued based on fair value and thereafter reclassified as investment property.

4.5 Investment Properties

Investment properties comprise 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 any 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 statements of financial position.

The difference between the net disposal proceeds and the carrying amount is recognised in the statements of profit or loss 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 statements 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 if fully recoverable. Impairment loss is recognised if the carrying amount exceeds the recoverable amount as disclosed in note 4.11.

4.6 Intangible Assets

a. Licence And Information Technology Software

The expenditure arising from the licence and information technology software is 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 assets may be impaired.

b. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in statement of profit or loss. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. 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 less any 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 value over the lease period.

The difference between the net disposal proceeds and the carrying amount is recognised in the statements of profit or loss in the period of disposal. At each date of statements 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 if fully recoverable. Impairment loss is provided 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 2014

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

4.8 Assets Held For Sale

Non-current assets or disposal group are classified as assets held for sale, are measured at the lower of their carrying amount on fair value less costs of disposal, thereafter, if their carrying amounts are expected to be recovered primarily through sale rather than continuing use.

Non-current assets once classified as assets held for sale are not amortised or depreciated. Such assets will no longer be recognised upon disposal and the differences between net sale proceeds and the carrying amount is recognised as realised gain/losses in the period in which the assets being disposed.

Assets which no longer classified as non-current assets held for sale are measured at the lower of their carrying amount before being reclassified non-current assets held for sale, adjusted for depreciation or revaluation that may have been recognised should such assets are not reclassified as non-current assets held for sale and the recoverable amount at the date when decision not to sell is made.

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 within non-current assets and is stated at costs less any accumulated impairment losses. 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 cost or net realisable value which ever is lower.

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.

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.

Impairment loss is charged to the statements of profit or loss. In respect of other non-financial assets, any subsequent increase in the recoverable amount is recognised in the statements of profit or loss 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 all entities (inclusive those incorporated for special purpose) of which the Group has the power to control. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of the subsidiaries are included in the consolidated financial statements from the date the control is transferred to the Group until the date that control ceases.

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.

Purchase method is used in accounting for the consolidation of subsidiaries. Under the purchase method, subsidiaries are consolidated from the date of which control is transferred to the Group and are de-consolidated from the date that control ceases. Acquisition cost 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 acquisition cost 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 acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statements of profit or loss.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

4.12 Investments 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.

Gain or losses 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 statements of profit or loss.

Upon the loss of control, joint control or significant influence by the Group, such remaining interest in the EPF is derecognised at fair value and the differences to the carrying amount is recognised in the statements of profit or loss. The fair value is the initial as financial assets in accordance with MFRS 139. Any amount which has been recognised in the past in the statements of comprehensive income with regard to the particular entity will be treated as if the Group has disposed its assets or liabilities directly. Due to this, it will be accounted as investment based on equity or available-for-sale financial assets depending on the quantum of interest retained.

4.13 Investments In Associates

Associates are entities in which the EPF has significant influence in the financial and operating policy decisions. Significant influence is the power to participate in the financial and operation of the associate but not in control or joint 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 in associates, are shown in the consolidated statements of profit or loss and the Group's interest in associates are stated at cost with adjustments to show changes of the Group's share of net assets in 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.

4.14 Investments In Joint Ventures

MFRS 11 - Joint Arrangement (effective from 01 January 2013) is determined based on the rights and obligations of the parties to the joint arrangement by considering the structure and legal form. There are two types of joint arrangements:

- i. Joint Operations
Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses.
- ii. Joint Ventures
Joint ventures arise where the joint operator has rights to the net asset of the arrangement and hence equity accounts for its interest. Proportion consolidation of joint ventures is no longer allowed.

Investment 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. 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 2014

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

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 or 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 statements 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 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.

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 they are managed internally or through external fund managers and domestic/global fixed income investment instruments which are managed internally or by external fund managers.

c. Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired for trading purpose or repurchasing in the near term. Derivative financial assets are also classified as financial assets at fair value through profit or loss.

The EPF investment instruments which have been classified as financial assets at fair value through profit or 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 statements 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.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

4.15 Investment Financial Assets (Cont'd.)

c. Financial Assets At Fair Value Through Profit Or Loss (Cont'd.)

Subsequent measurement of the financial assets (other than financial assets 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 Or 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 statements of profit or loss in the period in which the changes occur.

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 statements 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 statements of profit or loss.

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 statements of profit or loss.

When the held-to-maturity investment asset is uncollectable, 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 2014

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

4.15 Investment Financial Assets (Cont'd.)

c. Financial Assets At Fair Value Through Profit Or Loss (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

Impairment loss is recognised when there is significant or prolonged decline in the fair value as compared to the original cost as at the statements 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 statements of profit or loss. The amount of impairment loss recognised in the statements of profit or loss is the difference between the acquisition cost and the current fair value less any impairment loss that has been previously recognised in the statements of profit or loss. Any impairment loss recognised in the statements of profit or loss in the previous period with regard to equity investment instruments classified as available-for-sale financial assets are not reversed through the statements of profit or loss in the current period.

b. Fixed Income Investment Instruments

Impairment loss assessment on the fixed income investment instruments classified as available-for-sale financial assets is consistent with the method used for financial assets classified as held-to-maturity investment assets. The consistent criteria was 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 at the statements of financial position date;
- ii. Default in paying principal/interest according to the repayment schedule;
- iii. Cease of 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 statements 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 statements of profit or loss. 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 statements of profit or loss.

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 has 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.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

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

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 statements 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 statements of profit or loss.

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 statements of profit or loss.

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.

Included in loans, advances and financing are staff loans financial assets and capital advances to subsidiaries:

a. Staff Loans

There is no significant impact to state staff loan financial assets at fair value in the subsequent measurement. There are three types of loan scheme 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's investments of which the fund allocation usage is subject to the limit approved by the Board.

Impairment loss is recognised when there is an objective evidence that the Group is unable to collect all outstanding debts pursuant to the terms and conditions of staff loan receivable in accordance to impairment loss policy, as disclosed in note 4.11.

4.17 Inventories

Inventories are stated at the lower of cost (determined on specific identification basis) and net realisable value, which ever is lower. Costs include land, construction and development costs.

Hotel inventories comprising food, beverages and hotel supplies are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

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. Allowance for impairment loss is made when there is an 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 and at banks (including those 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 2014

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

4.20 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 accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences whereas short term non-accumulated compensated absences such as sick leave are recognised when absences occur.

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 (Revised) - Employee Benefits with effect from 01 January 2013. Based on the revised standard, gain or loss on the actuarial valuation is fully recognised in other comprehensive income in the financial period which they occur.

Payments of long term benefits after retirement and/or after the expiry of the contract is recognised on an accrual basis in the current year of statements of profit or loss as employee benefits expenses, whereas in the statements of financial position, such amount is recognised as liability known as employee benefits in accordance to MFRS 119 (Revised) - Employee Benefits. Types of long term benefits which will be recognised on an accrual basis are as follows:

- i. Post Retirement Medical Benefit;
- ii. Gratuity to retirees; and
- ii. Cash award in lieu of annual leave (inclusive of the employer share on contributions for such payments).

The computation on post-retirement medical benefits and gratuity liability to retirees are determined by an actuarial valuation is made once every three years.

The computation of cash in lieu of annual leave payable to staff is based on the actual information available as at the statements 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 the intention to withdraw the plan.

e. Equity Compensation Benefits (MBSB)

The MBSB Share Option Scheme (ESOS) allows its staffs (including executive directors) other than staffs in 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 Loans And Overdraft

Loans are initially recognised at fair value less transaction costs. Subsequently, loans are stated at amortised cost using the effective interest method. The difference between collectible amount (less transaction costs) and redeemable value is recognised in the statements of profit or loss across the tenure of the loans. Interest, dividend, losses and gains relating to the financial instruments or its component, classified as liability is reported as investment expenses in the statements of profit or loss.

Loans are classified as current liabilities except if the Group has unconditional rights to postpone the settlement of the liabilities to the minimum of 12 months after the date of statements of financial position.

Fees incurred in obtaining the loan facility are recognised as transaction costs to the extent of partial or entire loan facility that may have been granted.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

4.22 Provision For Liabilities

Provision for liabilities are recognised when the subsidiary has 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 statements of financial position date and adjusted to reflect the current best estimation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expected expenditure to be required to settle the obligation.

4.23 Liability On Invocation Cost Under Section 50(3)

Liability on invocation cost under Section 50(3), EPF Act, 1991 is for the purpose of financing employee share of contribution as well as dividend attributable on the said contribution for deduction that has been made on the employee salary should the employer fails to pay the share of such contributions, is disclosed as statutory charges in the EPF statements of profit or loss and under the payables and accrued liabilities in the statements of financial position.

4.24 Contingent Assets And Contingent Liabilities

The Group does not recognise a contingent liability but discloses 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 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 of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

4.25 Members' Contributions Account

Contributions are credited to member 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 4.23.

4.26 Dividend Credited/Paid To Members

Annual dividend is calculated on the opening balance as at 01 January (less withdrawals) and plus contributions following the contributions' due 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 contribution account is debited. 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.

4.27 Available-For-Sale Financial Asset 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 statements of profit or loss.

4.28 Foreign Currencies Exchange

a. Functional And Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are prepared in Ringgit Malaysia (RM) which is also the EPF functional currency.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

4.28 Foreign Currencies Exchange (Cont'd.)

b. Foreign Currency Exchange Transactions And Balances

Transactions in foreign currencies are measured in the respective functional currencies of subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rates as at the date of the initial transaction. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising as the settlement of monetary items or on translating monetary items at the reporting date are recognised in the statements of profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. Exchange differences arising on the translation of non-monetary items carried at fair value are included in statements of profit or loss for the financial year except for the differences arising on the translation on non-monetary items in respect of which gains and losses are recognised directly in equity.

c. Foreign Operations

The results and financial position of foreign operations that have functional currency different from the presentation currency of Ringgit Malaysia (RM) of the consolidated financial statements are translated into RM as follows:

- i. Asset and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- ii. Income and expenses for each statements of profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- iii. All resulting exchange differences are taken directly to statement of profit or loss other comprehensive income through the foreign currency and translation reserve.

4.29 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and or services in the ordinary course of the Group's activities. Revenue is recognised as net value after tax, refunds, rebates and discounts and after eliminating sales within intra-group.

Revenue is recognised when the amount can be measured reliably, and when 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 can only be measured reliably after taking into all considerations with regards sales. Estimation is done as the basis of past events, customer classifications, types of transactions and business specifications.

i. Recognition On Investment Income

Dividend from available-for-sale financial assets and investment in subsidiaries and associates, Interest from held-to-maturity investment asset, interest on loans, advances and financing, interest on deposit in financial institution and rental income are calculated based on accrual basis.

Capital gain from sales of investment instrument is also recognised on accrual basis, after taking into account the effects of the foreign exchange for the global investment instrument. Capital gain is recognised when risk and reward of the ownership of the investment instrument have been significantly transferred to the buyers.

ii. Interest, Financing And Profit Income And Expenditure

Interest on income and expenses for all financial instruments are measured at amortised cost and for financial assets that generate income are classified as available-for-sale investment assets and financial assets at fair value through profit or loss is recognised as interest income and interest on expenditure in statements of profit or loss using the effective interest rate.

iii. Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend on accrual basis in the statements of profit or loss. For dividend from quoted equity, the date of recognition is based on the ex-dividend date.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

4.29 Revenue Recognition (Cont'd.)

iv. **Capital Gain**

Capital gain arising from sales of investment instruments is also recognised on 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 investment instruments have been significantly transferred to the buyers.

v. **Rental Income**

Rental income from investment property is recognised on accrual basis.

vi. **Recognition Of Interest 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, the interest is suspended with retrospective adjustments made to the date of first default until it is realised on a cash basis. Customer account is 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.

vii. **Recognition Of Income On Sale Of Properties**

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

viii. **Interest And Dividend On Contributions Paid Late**

Interest and dividend on contributions paid late are accounted for on cash received basis.

ix. **Interest On Loans, Advances 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.

x. **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.

4.30 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 statements of profit or loss on a straight line basis over the period of the lease.

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 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 statements 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 2014

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 Deferred Tax And Income Taxes

The Group is subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for incomes taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provision in the period in which the estimate is revised or the final liability is established.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

5.2 Valuation Of Investment Properties

The measurement of the fair value for investment properties is arrived at by reference to market evidence of transaction prices for similar properties and is performed by independent valuers who hold a recognised and relevant professional qualification and recent experience in the locations and category of properties being valued.

5.3 Impairment Of Investment In Subsidiaries, Investment In Associates And Investment In Joints Ventures

The Group and The EPF assess whether there is any indication that an investment in subsidiaries and interest in associates and joints ventures may be impaired at each reporting date. If indicators are present, these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amounts. Judgements made by the Group and the EPF in the process of applying the Group's accounting policies in respect of investment in subsidiaries and interest in associates are as follows:

- (i) The Group determines whether its investment are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effect on the investment and deteriorating financial performance of investment due to observed changes in the economic environment; and
- (ii) Depending on their nature and the location in which the investments relate to, judgements are made by the Group and the EPF to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions. Once a suitable method of valuation is selected, the Group and the EPF make certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending the specific individual investments, assumptions made by the Group and the EPF may include, amongst others, assumptions an expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trend. The Group and the EPF believes that no reasonably expected possible changes in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amounts.

5.4 Impairment Of Investment Assets Held-To-Maturity dan Available-For-Sale

The Group and the EPF review their investment assets held-to-maturity and available-for-sale at each reporting date to assess whether there are any objective evidence that these investments are impaired. If there are indicators or objective evidence, these investment are subjected to impaired review. In carrying out impairment review, the following Group and the EPF's judgement are required. Determination whether the investment is impaired based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

5.5 Impairment Losses On Loans, Advance and Financing

The Group and the EPF review their individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss. In particular, the Group and the EPF judgement is required in the estimation of the amount and timing of future cash flow when determining the impairment loss. In estimating these cash flows, the Group and the EPF make judgement about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates required for the Group and the EPF judgement such as credit quality, level of arrears, credit utilisation, loans to collateral ratios etc.

5.6 Post-Retirement Medical Benefit Obligation

The present value of post-retirement 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-retirement medical include the discount rate and the expected medical cost rate. Any changes in these assumptions will impact the carrying amount of post-retirement medical benefit obligation.

The Group determines the appropriate discount rate at every three years when the actuarial valuation is performed. The recent 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-retirement 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.

5.7 Post-Retirement Medical Gratuity Obligation

The present value of post-retirement gratuity benefit obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. The assumptions used in determining total amount of gratuities include the discount rate, expected annual salary increment and salary revision rate. Any changes in these assumptions will impact the carrying amount of post-retirement gratuity obligation.

The Group determines the appropriate discount rate at every three years when the actuarial valuation is performed. The latest actuarial valuation was done in year 2013. 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-retirement gratuity 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.

Annual salary increment rate is based on the average of previous year salary increment incurred by the EPF.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

6. DEFERRED TAX

	GROUP	
	2014 (RM'000)	2013 (RM'000)
At 01 January	24,318	19,293
Amount recognised in the statements of profit or loss (Note 38)	5,127	5,025
As At 31 December	29,445	24,318
Presented after appropriate offsetting as follows:		
Deferred tax assets	(3,523)	(11,596)
Deferred tax liabilities	32,968	35,914
	29,445	24,318
Deferred tax assets:		
- Settled within 12 months	-	-
- Settled more than 12 months	(3,523)	(11,596)
	(3,523)	(11,596)
Deferred tax liabilities:		
- Settled within 12 months	13	-
- Settled more than 12 months	32,955	35,914
	32,968	35,914

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The components and movements in deferred tax assets and liabilities during the financial year before adjustments comprise the followings:

6.1 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)
At 01 January 2014	(11,596)	23,604	2,507	9,803	24,318
Amount recognised in statements of profit or loss	8,073	-	-	(2,946)	5,127
As At 31 December 2014	(3,523)	23,604	2,507	6,857	29,445
At 01 January 2013	(1,627)	23,604	(2,759)	75	19,293
Amount recognised in statements of profit or loss	(9,969)	-	5,266	9,728	5,025
As At 31 December 2013	(11,596)	23,604	2,507	9,803	24,318

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

7. PROPERTY, PLANT AND EQUIPMENT

7.1 GROUP

2014 COST	At 01 January (RM'000)	Additions (RM'000)	Sales (RM'000)	Adjustments/ Reclassifications (RM'000)	Write-Offs (RM'000)	As At 31 December (RM'000)
Freehold land	18,648	-	-	-	-	18,648
Building	355,761	1,313	-	4,098	-	361,172
Building plant and machinery	16,962	2,245	-	51	(15)	19,243
Office/building renovation	165,494	10,175	(254)	(25)	-	175,390
Furniture, fixtures and fittings	43,255	5,545	(24)	997	(117)	49,656
Motor vehicles	5,806	342	(92)	1	(259)	5,798
Office equipment	24,415	6,146	(64)	-	(480)	30,017
Computer software and hardware	159,225	34,816	(255)	10,186	(14,626)	189,346
Work in progress	15,151	50,804	-	(17,697)	-	48,258
	804,717	111,386	(689)	(2,389)	(15,497)	897,528
2014 ACCUMULATED DEPRECIATION						
Freehold land	371	-	-	-	-	371
Building	162,025	8,835	-	-	-	170,860
Building plant and machinery	6,918	1,433	-	6	(6)	8,351
Office/building renovation	119,013	17,662	(76)	(12)	-	136,587
Furniture, fixtures and fittings	35,761	3,591	(18)	4	(116)	39,222
Motor vehicles	3,414	851	(92)	-	(189)	3,984
Office equipment	15,440	3,909	(62)	2	(467)	18,822
Computer software and hardware	112,075	28,578	(255)	(12)	(14,490)	125,896
	455,017	64,859	(503)	(12)	(15,268)	504,093

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

7.1 GROUP (Cont'd.)

2013 COST	At 01 January (RM'000)	Additions (RM'000)	Sales (RM'000)	Adjustments/ Reclassifications (RM'000)	Write-Offs (RM'000)	As At 31 December (RM'000)
Freehold land	15,824	-	(9,607)	12,431	-	18,648
Building	431,931	336	(76,506)	-	-	355,761
Building plant and machinery	13,880	2,818	(4)	297	(29)	16,962
Office/building renovation	143,643	14,991	(145)	7,005	-	165,494
Furniture, fixtures and fittings	38,467	5,565	(882)	176	(71)	43,255
Motor vehicles	6,321	747	(1,142)	1	(121)	5,806
Office equipment	20,267	2,015	(27)	2,678	(518)	24,415
Computer software and hardware	144,902	13,947	(738)	1,197	(83)	159,225
Work in progress	11,756	15,045	-	(11,650)	-	15,151
	826,991	55,464	(89,051)	12,135	(822)	804,717

2013

ACCUMULATED DEPRECIATION

Freehold land	371	-	-	-	-	371
Building	206,792	10,930	(55,697)	-	-	162,025
Building plant and machinery	5,686	1,263	(2)	-	(29)	6,918
Office/building renovation	105,624	13,534	(145)	-	-	119,013
Furniture, fixtures and fittings	33,389	3,219	(776)	-	(71)	35,761
Motor vehicles	3,857	820	(1,142)	-	(121)	3,414
Office equipment	13,671	2,352	(69)	-	(514)	15,440
Computer software and hardware	89,179	23,735	(757)	-	(82)	112,075
	458,569	55,853	(58,588)	-	(817)	455,017

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

7.2 EPF

2014 COST	At 01 January (RM'000)	Additions (RM'000)	Sales (RM'000)	Adjustments/ Reclassifications (RM'000)	Write-Offs (RM'000)	As At 31 December (RM'000)
Freehold land	12,431	-	-	-	-	12,431
Building	252,043	1,312	-	(2)	-	253,353
Building plant and machinery	16,962	2,245	-	51	(15)	19,243
Office/building renovation	134,854	4,226	-	(25)	-	139,055
Furniture, fixtures and fittings	12,068	1,446	(18)	998	(117)	14,377
Motor vehicles	4,799	342	(92)	1	(259)	4,791
Office equipment	23,944	4,573	(58)	-	(480)	27,979
Computer software and hardware	125,700	33,439	(255)	10,199	(14,626)	154,457
Work in progress	14,594	4,845	-	(13,596)	-	5,843
	597,395	52,428	(423)	(2,374)	(15,497)	631,529
2014 ACCUMULATED DEPRECIATION						
Building	119,292	5,459	-	-	-	124,751
Building plant and machinery	6,918	1,433	-	6	(6)	8,351
Office/building renovation	99,777	13,036	-	(12)	-	112,801
Furniture, fixtures and fittings	10,629	1,270	(18)	6	(116)	11,771
Motor vehicles	2,860	656	(92)	-	(189)	3,235
Office equipment	15,176	3,639	(58)	-	(467)	18,290
Computer software and hardware	94,764	23,943	(255)	-	(14,490)	103,962
	349,416	49,436	(423)	-	(15,268)	383,161

Some portion of work in progress has been adjusted to statements of profit or loss based on type of expenses should such amount cannot be capitalised as property, plant and equipment.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

7.2 EPF (Cont'd.)

2013 COST	At 01 January (RM'000)	Additions (RM'000)	Sales (RM'000)	Adjustments/ Reclassifications (RM'000)	Write-Offs (RM'000)	As At 31 December (RM'000)
Freehold land	-	-	-	12,431	-	12,431
Building	251,707	336	-	-	-	252,043
Building plant and machinery	13,880	2,818	(4)	297	(29)	16,962
Office/building renovation	120,143	7,706	-	7,005	-	134,854
Furniture, fixtures and fittings	10,540	1,563	(133)	169	(71)	12,068
Motor vehicles	5,488	573	(1,142)	1	(121)	4,799
Office equipment	19,915	1,938	(69)	2,678	(518)	23,944
Computer software and hardware	112,459	12,368	(241)	1,197	(83)	125,700
Work in progress	11,756	14,488	-	(11,650)	-	14,594
	545,888	41,790	(1,589)	12,128	(822)	597,395

2013

ACCUMULATED DEPRECIATION

Building	111,953	7,339	-	-	-	119,292
Building plant and machinery	5,686	1,263	(2)	-	(29)	6,918
Office/building renovation	89,740	10,037	-	-	-	99,777
Furniture, fixtures and fittings	9,383	1,450	(133)	-	(71)	10,629
Motor vehicles	3,487	636	(1,142)	-	(121)	2,860
Office equipment	13,473	2,286	(69)	-	(514)	15,176
Computer software and hardware	75,823	19,264	(241)	-	(82)	94,764
	309,545	42,275	(1,587)	-	(817)	349,416

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

7.3 NET BOOK VALUE

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Freehold land	18,277	18,277
Building	146,700	193,736
Building plant and machinery	10,892	10,044
Office/building renovation	38,803	46,481
Furniture, fixtures and fittings	54,046	7,494
Motor vehicles	1,814	2,392
Office equipment	11,195	8,975
Computer software and hardware	63,450	47,150
Work in progress	48,258	15,151
	393,435	349,700

	EPF	
	2014 (RM'000)	2013 (RM'000)
Freehold land	12,431	12,431
Building	128,602	132,751
Building plant and machinery	10,892	10,044
Office/building renovation	26,254	35,077
Furniture, fixtures and fittings	2,606	1,439
Motor vehicles	1,556	1,939
Office equipment	9,689	8,768
Computer software and hardware	50,495	30,936
Work in progress	5,843	14,594
	248,368	247,979

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

8. INVESTMENT PROPERTIES

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Net book value				
At 01 January				
- As previously stated	16,353,474	12,312,683	1,300,242	1,361,292
Reclassification to assets held-for-sale	(145,250)	(20,399)	(139,650)	(20,399)
Reclassification from assets held-for-sale	17,784	-	17,784	-
Reclassification to property, plant and equipment	-	(12,431)	-	(12,431)
Reclassification to property development cost	(1,566,368)	-	-	-
Foreign currency translation differences	(38,176)	224,838	-	-
Adjustments on cost	-	(7,800)	-	-
Restated amount at cost	14,621,464	12,496,891	1,178,376	1,328,462
Additions	4,592,299	4,217,853	-	-
Sales	(6,971)	(1,729)	-	-
Current year depreciation	(523,390)	(368,593)	(36,239)	(37,272)
Adjustments on depreciation to assets held-for-sale	19,250	9,052	19,250	9,052
Adjustments on depreciation from assets held-for-sale	(7,943)	-	(7,943)	-
As At 31 December	18,694,709	16,353,474	1,153,444	1,300,242

The investment properties of the Group are measured at cost, including transaction costs. The fair value of the investment properties as at the statements of financial position date was estimated at RM20,293.56 million (2013:RM16,968.50 million), which has been determined based on valuations during the year of 2011 until 2014. While, the fair value of the EPF's investment properties as at 31 December 2014 amounted to RM1,846.61 million (2013: RM1,838.49 million). 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 and factors which can influence the value or price of the said properties.

As at financial year ended 31 December 2014, the EPF subsidiaries in Australia and United Kingdom pledged the group's investment properties amounting RM12,674.27 million (2013:RM10,988.59 million) as collateral to a bank borrowing as disclosed in note 24.1 and note 24.2.

9. INTANGIBLE ASSETS

	GROUP			EPF	
	As at 31.12.2014 (RM'000)	As at 31.12.2013 (Restated) (RM'000)	As at 01.01.2013 (Restated) (RM'000)	As at 31.12.2014 (RM'000)	As at 31.12.2013 (RM'000)
Goodwill					
At 01 January	-	-	-	-	-
Goodwill on consolidation for the financial year	-	351,450	-	-	-
As at 31 December	-	351,450	-	-	-
Reclassification of goodwill to investment in associates (Note 14)	-	(351,450)	-	-	-
As at 31 December (restated)	-	-	-	-	-
Licence And Information Technology Software					
At 01 January	48,425	53,654	13,104	5,446	6,262
Reclassification from property, plant and equipment	-	-	93	-	-
	48,425	53,654	13,197	5,446	6,262
Additions	15,544	7,847	57,625	10,083	1,271
Reclassification of amortisation to property, plant and equipment	-	-	(3)	-	-
Amortisation charges for the financial year	(15,402)	(13,076)	(17,165)	(3,091)	(2,087)
	48,567	48,425	53,654	12,438	5,446
As At 31 December	48,567	48,425	53,654	12,438	5,446

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

10. PREPAID LAND LEASE

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Cost				
At 01 January	59,016	141,770	50,588	130,052
Reclassifications (to)/from assets held for sale	11,691	(79,464)	11,691	(79,464)
Sales	-	(3,290)	-	-
As At 31 December	70,707	59,016	62,279	50,588
Accumulated Amortisation/Impairment Loss				
At 01 January	8,067	18,276	5,707	16,014
Amortisation charges for the financial year	600	873	440	708
Reclassifications (to)/from assets held for sale	2,987	(11,082)	2,987	(11,015)
As At 31 December	11,654	8,067	9,134	5,707
Net Book Value As At 31 December	59,053	50,949	53,145	44,881

11. ASSETS HELD FOR SALE

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Net book value				
At 01 January	88,763	9,510	87,322	7,527
Additions	107,513	-	-	-
Reclassification from investment property	126,000	11,347	120,400	11,347
Reclassification to investment property	(9,841)	-	(9,841)	-
Reclassification from prepaid land lease	-	68,448	-	68,448
Reclassification to prepaid land lease	(8,704)	-	(8,704)	-
Sales	(8,366)	(542)	(7,726)	-
As At 31 December	295,365	88,763	181,451	87,322

The fair value of assets held for sale of the Group as the date of statements of financial position amounting to RM342.12 million (2013: RM130.48 million) is based on valuation carried out in 2014. Inclusive, is the fair value of assets held for sale of the EPF as at 31 December 2014 amounting to RM228.20 million (2013: RM129.04 million). Valuations were performed by accredited independent valuers with recent experience on the location and category of properties being valued. The valuations were mainly based on comparison method that involves the analysis of recent sales of similar properties in the area.

Included in assets held for sale of the group is the balance of six units out of total 27 units of hostels in Kuala Lumpur, which are expected to be sold completely in 2015. For the EPF, it represents three units of building, two units of prepaid land lease and one unit of freehold land. As at the date of statements of financial position, all units are still in the process for sale and expected to be sold completely in 2015.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

12. PROPERTY DEVELOPMENT COSTS

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
At 01 January :				
Freehold land	-	11,446	-	-
Development costs	9,196	204,637	-	195,206
Cost recognised in statement of profit or loss	-	(6,442)	-	-
Development costs sold	(1,262)	-	-	-
	7,934	209,641	-	195,206
Reclassification from investment property	1,566,368	-	-	-
Costs recognised during the year:				
Development costs	64,089	13,185	-	9,432
Cost recognised in statements of profit or loss	(731)	(8,992)	-	-
Adjustments due to the settlement of project	-	(204,638)	-	(204,638)
As At 31 December	1,637,660	9,196	-	-

13. INVESTMENT IN SUBSIDIARIES

	EPF			
	2014		2013	
	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic quoted equities	2,951,082	4,225,594	1,960,681	2,492,451
Domestic unquoted equities	228,629	287,157	165,619	199,580
Allowances for impairment loss	(85)		(9,126)	
	228,544		156,493	
Global unquoted equities (Notes 13.1, 13.2, 13.3)	11,710,768	12,998,008	7,990,779	10,409,365
Allowances for impairment loss	(61,528)		(29,119)	
	11,649,240		7,961,660	
As At 31 December	14,828,866		10,078,834	

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

The list of subsidiaries are disclosed in note 46.

Details of new/additional capital injection and de-restructuring investment exercise via shares redemption or capital return which involve significant transaction in the financial year of 2014 in the investment in subsidiaries are as follows:

13.1 Additional Capital Injection in KWASA Global (Jersey) Limited

As at 31 December 2014, the EPF has injected additional capital of 2,701,835 new shares of £100 each in KWASA Global (Jersey) Limited, a wholly owned subsidiary, for a total consideration of £270.18 million or RM1,476.36 million (in Ringgit Malaysia). The purpose of capital injection is to fund the acquisition of two units of shopping complex namely Hammersmith Broadway and Fulham Broadway, London, United Kingdom.

13.2 New Capital Injection In KWASA Global 2 (Jersey) Limited

On 26 November 2014, the EPF has finalised the acquisition of KWASA Global 2 (Jersey) Limited, a wholly owned subsidiary. The EPF has injected capital of £109.11 million or RM577.47 million (in Ringgit Malaysia) via subscription of 1,091,122 ordinary shares of £100 per unit.

The purpose of providing such financial support to KWASA Global 2 (Jersey) Limited is to enable the acquisition process of two units of freehold hypermarkets namely Sainsbury's Nottingham and Sainsbury's Rugby from British Land and J Sainsbury (the joint owners).

13.3 Capital Injection In Fund-Of-Funds Subsidiaries

During the financial year ended 31 December 2014, the EPF has injected net capital of RM1,384.88 million to seven wholly owned subsidiaries as to support private equity fund in foreign countries subject to approved capital commitment. The break down of capital injection by subsidiary are as follows:

a. New Capital Injection In Fund-Of-Funds Subsidiaries

(i) Cengal Private Equity Investments II PLC - USD 78.00 million (RM261.16 million)

b. Net Capital Injection In Existing Fund-Of-Funds Subsidiaries

(i) Cengal Private Equity Investments PLC - RM259.65 million

(ii) Jati Private Equity Fund LP - RM109.73 million

(iii) Jati Private Equity Fund II LP - RM123.21 million

(iv) Merbau Investors Offshore LP - RM195.33million

(v) Merbau Investors Offshore II LP - RM175.81 million

(vi) Meranti Fund LP - RM254.61 million

14. INVESTMENT IN ASSOCIATES

14.1 GROUP

	As at 31.12.2014		As at 31.12.2013 (Restated)		As at 01.01.2013 (Restated)	
	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	7,340,918	8,859,434	7,166,419	10,474,988	6,854,089	8,661,957
Domestic unquoted equities	4,093,605	5,821,145	3,991,350	7,385,213	3,959,052	7,385,213
Allowances for impairment loss	(312,305)		(375,144)		(306,688)	
	3,781,300		3,616,206		3,652,364	
	11,122,218		10,782,625		10,506,453	
Global unquoted equities	576,707		220,145		52,340	
Reclassification from intangible assets by subsidiaries (Note 9)	-		351,450		-	
Global unquoted equities (restated)	576,707	576,707	571,595	571,595	52,340	52,340
Profit and adjustments	2,703,501		2,077,758		1,835,079	
As At 31 December	14,402,426		13,431,978		12,393,872	

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

14. INVESTMENT IN ASSOCIATES (CONT'D.)

14.1 GROUP (Cont'd.)

- a. Details of each of the Group's material associates are as follows:

No.	Name Of Entity	Principal Activity	Country Of Incorporation	Ownership Interest On Voting Rights	
				2014 %	2013 %
1	PLUS Malaysia Sdn Bhd	Infrastructure and utility	Malaysia	49.00	49.00
2	RHB Capital Berhad	Banking	Malaysia	41.49	41.34
3	Malaysian Resources Corporation Berhad	Investment holding company and conduct activities related to construction, property development and management services to its subsidiaries.	Malaysia	38.94	38.87

- b. The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies (adjusted for the purpose of equity accounting) and reconciles the information to the carrying of the Group's interest in associates.

	PLUS Malaysia Sdn Bhd		RHB Capital Berhad		Malaysian Resources Corporation Berhad	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Summarised statements of financial position						
Total assets	33,946,951	34,402,446	219,354,436	191,089,907	8,193,616	7,160,252
Total liabilities	(32,489,107)	(32,443,907)	(200,460,350)	(174,147,180)	(6,435,066)	(5,581,686)
Total net assets	1,457,844	1,958,539	18,894,086	16,942,727	1,758,550	1,578,566
Summarised statements of profit or loss						
Income	3,381,982	3,688,662	7,469,699	9,577,555	911,279	790,464
Profit/(loss) after tax for the financial year	58,558	71,645	2,063,464	1,843,538	15,063	(142,740)
Other comprehensive income for the financial year	-	-	217,928	(19,960)	-	-
Total comprehensive income for the financial year	58,558	71,645	2,281,392	1,823,578	15,063	(142,740)
Dividends received from associates during the financial year	269,500	563,500	108,842	224,046	6,854	11,701

- c. The net assets of the associates in which of the Group has material significant influence, based on the percentage of ownership interest on voting rights are as follows:

	PLUS Malaysia Sdn Bhd		RHB Capital Berhad		Malaysian Resources Corporation Berhad	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Net assets	1,457,844	1,958,539	18,894,086	16,942,727	1,758,550	1,578,566
Proportion of the group's ownership interest (%)	49.00	49.00	41.49	41.34	38.94	38.87
Proportion of the group's net assets	714,344	959,684	7,839,156	7,004,123	684,779	613,589

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

14. INVESTMENT IN ASSOCIATES (CONT'D.)

14.1 GROUP (Cont'd.)

d. Summarised of financial information of the associates in which the Group has immaterial significant influence are as follows:

	2014 (RM'000)	2013 (RM'000)
Summarised statements of financial position		
Total assets	39,278,649	38,592,918
Total liabilities	(29,549,072)	(27,831,724)
Total net assets	9,729,577	10,761,194
Summarised statements of profit or loss		
Income	6,954,870	5,945,187
Profit/(loss) after tax for the financial year	815,092	1,827,967
Total comprehensive income for the financial year	815,092	1,827,967
Dividends received from associates during the financial year	63,082	73,483

14.2 EPF

	2014		2013	
	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic quoted equities	7,340,918	8,859,434	7,166,419	10,474,988
Domestic unquoted equities	3,864,922	5,592,462	3,991,350	7,385,213
Allowances for impairment loss	(312,305)		(375,144)	
	3,552,617		3,616,206	
	10,893,535		10,782,625	

The list of associates are disclosed in note 47.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

15. INVESTMENT IN JOINT VENTURES

a. The details in respect of the Group's investment in joint ventures are as follows:

No.	Name Of Entity	Principal Activity	Country Of Incorporation	Ownership Interests And Voting Rights		
				2014 %	2013 %	2012 %
1	Battersea Project Holding Company Ltd	Investment holding	Jersey	20	20	20
2	Battersea Power Station Development Company	Development of management advisory and administration services	United Kingdom	20	20	20
3	The Arena Unit Trust	Property investment	Jersey	50	50	-
4	Battersea Power Station Estate Limited	Development of management advisory and administration services	United Kingdom	20	-	-
5	KG Finance (Lux) S.à r.l	Financial services	Luxembourg	70	70	-
6	Goodman Basil Logistics (Lux) S.à r.l	Property holding	Luxembourg	70	70	-
7	Goodman Tumbleweed Logistics (Lux) S.à r.l	Property holding	Luxembourg	70	70	-
8	Goodman Pearl Logistics (Lux) S.à r.l	Property holding	Luxembourg	70	70	-
9	GELF Korbach (Lux) S.à r.l	Property holding	Luxembourg	70	70	-
10	Goodman Cardamom Logistics (Lux) S.à r.l	Property holding	Luxembourg	70	70	-
11	Goodman Cyan Logistics (Lux) S.à r.l	Property holding	Luxembourg	70	70	-
12	Gooman Melanite Logistics (Lux) S.a.r.l	Property holding	Luxembourg	70	-	-
13	Goodmand Aqua Logistics (Lux) S.a.r.l	Property holding	Luxembourg	70	-	-
14	Melati Asia Holdings Limited	Investment holding	Cayman Island	51	51	-

b. Summarised financial information as set out below represents the amount disclosed in the financial statements of the entities classified as investment in joint ventures that have been prepared in accordance with applicable accounting standards (adjusted by the Group for the purpose of equity accounting):

	GROUP		
	As At 31.12.2014 (RM'000)	As At 31.12.2013 (Restated) (RM'000)	As At 01.01.2013 (Restated) (RM'000)
As at 31 December	1,390,905	814,485	208,216
Reclassification of capital reserve to investments in joint ventures by subsidiaries (Note 28)	-	448,261	-
Investments In Joint Ventures	1,390,905	1,262,746	208,216

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

15. INVESTMENT IN JOINT VENTURES (CONT'D.)

- b. Summarised financial information as set out below represents the amount disclosed in the financial statements of the entities classified as investment in joint ventures that have been prepared in accordance with applicable accounting standards (adjusted by the Group for the purpose of equity accounting): (Cont'd)

	GROUP		
	As At 31.12.2014 (RM'000)	As At 31.12.2013 (Restated) (RM'000)	As At 01.01.2013 (Restated) (RM'000)
The Group's proportion attributable to income, profit after tax, assets and liabilities are as follows (restated):			
Income	160,593	17,388	1,703
Profit/(loss) after tax for the financial year	805	(4,902)	376
Non-current assets	1,700,677	1,624,288	429,379
Current assets	1,599,420	1,240,259	50,156
Non-current liabilities	(282,953)	(253,965)	(8,011)
Current liabilities	(1,626,239)	(1,347,836)	(263,308)
Total Net Assets Of Joint Venture	1,390,905	1,262,746	208,216

16. HELD-TO-MATURITY INVESTMENT ASSETS

16.1 GROUP

	2014 Amortised Cost (RM'000)	2013 Amortised Cost (RM'000)
Malaysian Government Securities	87,024,809	87,884,232
Government Investment Issues	58,039,871	59,478,056
Private debt securities	37,082,786	40,758,993
Allowances for impairment loss on held-to-maturity investment assets	(669,392)	(592,774)
	36,413,394	40,166,219
Commercial papers	123,257	595,185
Cagamas Securities	3,408,962	3,992,115
Conventional bonds	293,850	470,566
Islamic bonds	11,345,174	2,646,791
Negotiable certificates	300,372	401,115
Negotiable islamic certificates	2,448,275	552,712
	199,397,964	196,186,991

The maturity structure of the held-to-maturity investment assets are as follows:

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	16,303,488	14,805,530
Maturing after 12 months	183,763,868	181,974,235
	200,067,356	196,779,765

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

16.2 EPF

	2014 Amortised Cost (RM'000)	2013 Amortised Cost (RM'000)
Malaysian Government Securities	87,024,809	87,884,232
Government Investment Issues	58,039,871	59,478,056
Private debt securities	37,082,786	40,758,993
Allowances for impairment loss on held-to-maturity investment assets	(669,392)	(592,774)
	36,413,394	40,166,219
Commercial papers	123,257	595,185
Cagamas Securities	3,408,962	3,992,115
Conventional bonds	293,850	470,566
Islamic bonds	11,345,174	2,646,791
Negotiable certificates	300,372	401,115
Negotiable islamic certificates	2,448,275	552,712
	199,397,964	196,186,991

The maturity structure of the held-to-maturity investment assets are as follows:

	EPF	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	16,303,488	14,805,530
Maturing after 12 months	183,763,868	181,974,235
	200,067,356	196,779,765

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

17.1 GROUP

	2014 Fair Value (RM'000)	2013 Fair Value (RM'000)
EQUITY INVESTMENT INSTRUMENTS		
QUOTED EQUITIES		
Domestic equities internally managed	122,830,564	126,503,589
Domestic equities managed by external fund managers	11,236,881	13,717,648
Global equities internally managed	64,636,576	55,996,278
Global equities managed by external fund managers	42,400,780	35,827,029
	241,104,801	232,044,544
UNQUOTED EQUITIES		
Domestic	1,702,461	2,686,579
Global	4,644,203	2,970,088
	6,346,664	5,656,667
FIXED INCOME INVESTMENT INSTRUMENTS INTERNALLY MANAGED		
Domestic	4,045,013	1,561,841
Global	3,793,373	1,572,323
	7,838,386	3,134,164
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS		
Domestic	13,903,764	12,297,637
Allowances for impairment loss on available-for-sale financial assets	(109,505)	(111,675)
	13,794,259	12,185,962
Global	12,752,774	9,020,652
	26,547,033	21,206,614
OTHER INVESTMENT INSTRUMENTS		
Private debt securities internally managed	16,418,208	9,072,441
	298,255,092	271,114,430

The maturity structure of the available-for-sale financial assets and fixed income investment instruments are as follows:

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	2,834,372	2,110,833
Maturing after 12 months	48,078,760	31,414,061
	50,913,132	33,524,894

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

17.2 EPF

	2014 Fair Value (RM'000)	2013 Fair Value (RM'000)
EQUITY INVESTMENT INSTRUMENTS		
QUOTED EQUITIES		
Domestic equities internally managed	122,830,564	126,503,589
Domestic equities managed by external fund managers	11,236,881	13,717,648
Global equities internally managed	64,636,576	55,996,278
Global equities managed by external fund managers	42,400,780	35,827,029
	241,104,801	232,044,544
UNQUOTED EQUITIES		
Domestic	1,702,461	2,686,579
Global	4,643,383	2,970,088
	6,345,844	5,656,667
FIXED INCOME INVESTMENT INSTRUMENTS INTERNALLY MANAGED		
Domestic	4,045,013	1,561,841
Global	3,793,373	1,572,323
	7,838,386	3,134,164
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS		
Domestic	13,903,764	12,297,637
Allowances for impairment loss on available-for-sale financial assets	(109,505)	(111,675)
	13,794,259	12,185,962
Global	12,752,774	9,020,652
	26,547,033	21,206,614
OTHER INVESTMENT INSTRUMENTS		
Private debt securities internally managed	16,418,208	9,072,441
	298,254,272	271,114,430

The maturity structure of the available-for-sale financial assets and fixed income investment instruments are as follows:

	EPF	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	2,834,372	2,110,833
Maturing after 12 months	48,078,760	31,414,061
	50,913,132	33,524,894

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

18.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

GROUP		
	2014 Fair Value (RM'000)	2013 Fair Value (RM'000)
Held for trading investment assets	4,102,499	2,330,583
Derivative financial assets	118,097	657,248
Embedded derivative financial assets	5,904	18,137
	4,226,500	3,005,968

EPF		
	2014 Fair Value (RM'000)	2013 Fair Value (RM'000)
Derivative financial assets *	118,097	597,589
Embedded derivative financial assets	5,904	18,137
	124,001	615,726

18.2 DERIVATIVE LIABILITIES

GROUP		
	2014 Fair Value (RM'000)	2013 Fair Value (RM'000)
Derivative financial liabilities	1,060,998	362,156
	1,060,998	362,156

EPF		
	2014 Fair Value (RM'000)	2013 Fair Value (RM'000)
Derivative financial liabilities *	932,931	335,910
	932,931	335,910

* Included in the EPF derivative financial assets are fair value of forward contract derivative instruments which recognised mark to market gain through the statements of profit or loss. While as for derivative items, which recorded unrealised losses were reflected as part of derivative financial liabilities in the statements of financial position. As at 31 December 2014, the notional value of global fixed income investment assets that had been economically hedged to foreign exchange risks was RM15,366.10 million (2013: RM11,052.55 million) of which the hedging contracts had not reached maturity.

Also included in the EPF's derivative financial liabilities is the fair value of cross currency swap and interest rate swap instruments that recorded unrealised losses through the statements of profit or loss. As at 31 December 2014, the notional value of global bond and loans managed internally that had been hedged economically to foreign exchange risks was RM695.85 million (2013: RM360.56 million), whereas the nominal value of interest rate swap instruments was RM3,372.55 million (2013: RM1,623.39 million).

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

19. LOANS, ADVANCES AND FINANCING

19.1 GROUP

	2014 (RM'000)	2013 (RM'000)
Guaranteed loans	76,209,788	81,272,947
End financing:		
Normal housing programme	3,562,253	3,594,313
Low cost housing programme	17,961	18,127
Islamic loans:		
Property	1,699,574	1,744,117
Personal loans	23,395,418	23,388,929
Hire purchase	280,344	206,728
Bridging and term loans	3,677,660	2,924,759
Staff loans	180,390	165,397
Conventional loans:		
Staff loans	86,769	90,825
Gross loans, advances and financing	109,110,157	113,406,142
Allowances for impairment loss	(1,603,516)	(1,682,549)
Net Loans, Advances And Financing	107,506,641	111,723,593

19.2 EPF

	2014 (RM'000)	2013 (RM'000)
Guaranteed loans	75,800,085	80,912,340
Islamic loans:		
Staff loans	135,026	126,840
Conventional loans:		
Staff loans	86,769	90,825
Loans to subsidiaries (Note (a))	150,544	250,868
Capital advances to subsidiaries (Note (b))	5,188,880	3,016,262
Gross loans, advances and financing	81,361,304	84,397,135
Allowances for impairment loss	(54,538)	(63,241)
Net Loans, Advances And Financing	81,306,766	84,333,894

- a. Represents Islamic financing granted to EPF's domestic quoted subsidiary, which are secured against the subsidiaries. Personal Islamic Financing Loan amounting to RM455.53 million (2013: RM578.64 million) for profit at a rate of 5.50% per annum and maturing after five years.
- b. Capital advances to unquoted subsidiaries which are unsecured and bear interests ranging from 4.00% to 7.00% per annum, whereas the advances to KWASA Properties Sdn Bhd, PPNK Harta Sdn Bhd, Pinggiran Ventures Sdn Bhd, Ekuiti Merdu Sdn Bhd and KWASA Invest Limited, bear no interest charges. All capital advances to subsidiaries (except for KWASA Europe S.A.R.L and KWASA Land Sdn Bhd) are repayable after the loan period, at the seventh year.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

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

The maturity structure of loans, advances and financing are as follows:

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	12,478,895	8,018,849
Maturing after 12 months	96,631,262	105,387,293
	109,110,157	113,406,142

	EPF	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	10,888,241	6,259,437
Maturing after 12 months	70,473,063	78,137,698
	81,361,304	84,397,135

Details on financial assets with regards to loans, advances and financing which assessed as impaired as at 31 December 2014 are disclosed in note 42.1a. Movement of accumulated impairment loss which has been accounted as allowance for impairment loss on loans, advances and financing is disclosed in note 42.1c.

20. INVENTORIES

	GROUP	
	2014 (RM'000)	2013 (RM'000)
At Cost		
Inventory	786	967
At Net Realisable Value:		
Land held for sale	103,063	28,621
	103,849	29,588

No cost of inventories has been recognised as expenses in the current year (2013: nil).

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

21. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Endowment fund	26,535	26,535
Prepayments and deposits	14,568	4,223
Rental deposits	48,999	51,721
Rental debtors	19,539	38,292
Unsecured advances for joint venture projects	304,799	274,543
Foreclosed properties	139,658	144,414
Trade receivables	83,503	35,223
Accruals on sale of domestic/global equities internally managed	555,925	828,982
Accruals on sale of investments managed by external fund managers	3,540,182	2,794,465
Accruals on sale of fixed income investment internally managed	23	-
Accruals on miscellaneous non-investment items and deposits	444,014	357,064
Accrued dividend income	457,372	452,764
Tax claim on dividend receivable	385,740	338,744
Service charge receivables	45,890	39,636
	6,066,747	5,386,606
Allowances for impairment loss	(345,754)	(305,041)
	5,720,993	5,081,565

	EPF	
	2014 (RM'000)	2013 (RM'000)
Endowment fund	26,535	26,535
Prepayments and deposits	4,277	4,223
Rental deposits	1,670	1,563
Rental debtors	14,036	26,162
Accruals on sale of domestic/global equities internally managed	555,925	828,982
Accruals on sale of investments managed by external fund managers	3,540,182	2,794,465
Accruals on sale of fixed income investment internally managed	23	-
Accruals on miscellaneous non-investment items and deposits	3,601	2,576
Accrued dividend income	559,753	338,628
Tax claim on dividend receivable	378,576	528,571
Service charge receivables	45,890	39,636
	5,130,468	4,591,341
Allowances for impairment loss	(4,014)	(18,587)
	5,126,454	4,572,754

The maturity structure of receivables, deposits and prepayments are as follows:

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	6,040,212	5,360,071
Maturing after 12 months	26,535	26,535
	6,066,747	5,386,606

	EPF	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	5,103,933	4,564,806
Maturing after 12 months	26,535	26,535
	5,130,468	4,591,341

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

22. DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Licensed bank/islamic bank	16,352,253	7,940,181
Licensed investment bank	4,411,320	3,608,828
Bank Negara Malaysia	162,075	106,415
Other financial institutions	15,279,842	8,428,534
	36,205,490	20,083,958

	EPF	
	2014 (RM'000)	2013 (RM'000)
Licensed bank/islamic bank	16,144,349	7,793,456
Licensed investment bank	4,411,320	3,608,828
Bank Negara Malaysia	162,075	106,415
Other financial institutions	9,905,830	4,088,828
	30,623,574	15,597,527

All deposits with financial institution matured within 12 months.

23. EMPLOYEE BENEFITS

GROUP AND EPF	2014		
	Post Retirement Medical Benefit (RM'000)	Post Retirement Gratuity (RM'000)	Total (RM'000)
At 01 January	107,675	211,684	319,359
Provisions made during the financial year recognised in the statements of profit or loss	14,425	27,403	41,828
Benefits paid	(3,681)	(862)	(4,543)
As At 31 December	118,419	238,225	356,644

GROUP AND EPF	2013		
	Post Retirement Medical Benefit (RM'000)	Post Retirement Gratuity (RM'000)	Total (RM'000)
At 01 January	138,930	-	138,930
Provisions made during the financial year recognised in the statements of profit or loss	13,761	211,684	225,445
Benefits paid	(3,769)	-	(3,769)
Actuarial gain on employee benefits plan recognised to statements of profit or loss and other comprehensive income	(41,247)	-	(41,247)
As At 31 December	107,675	211,684	319,359

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

23. EMPLOYEE BENEFITS (CONT'D.)

The maturity structure of employee benefits are as follows:

	GROUP AND EPF	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	13,070	10,759
Maturing after 12 months	343,574	308,600
	356,644	319,359

23.1 Post Retirement Medical Benefit

- a. The movements of present value in the unfunded obligations are as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
At 01 January	107,675	97,683
Current service cost	9,408	9,110
Interest cost	5,017	4,651
Benefits paid	(3,681)	(3,769)
As At 31 December	118,419	107,675

- b. The amounts recognised in the statements of financial position are analysed as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
Present value of unfunded obligations	118,419	107,675
Net Liabilities As At 31 December	118,419	107,675

- c. The amounts recognised in the statements of profit or loss and other comprehensive are analysed as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
Current service cost	9,408	9,110
Interest cost	5,017	4,651
Net actuarial (gain)/loss	-	-
Total post retirement costs recognised in the statements of profit or loss	14,425	13,761
Net actuarial (gain)/loss	-	(41,247)
Total post retirement costs recognised to other comprehensive income	-	(41,247)
Total Post Retirement Costs In The Statements Of Profit Or Loss And Other Comprehensive Income	14,425	(27,486)

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

23. EMPLOYEE BENEFITS (CONT'D.)

23.1 Post Retirement Medical Benefit (Cont'd.)

d. The amounts recognised in the statements of financial position are analysed as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
Present value of unfunded obligations	107,675	138,930
Total post retirement costs recognised in the statements of profit or loss and other comprehensive income	14,425	(27,486)
Benefits paid	(3,681)	(3,769)
Net Liabilities As At 31 December	118,419	107,675

e. The principal actuarial assumptions used in respect of defined benefit plans were as follows:

GROUP AND EPF	2014	2013
Discount rate (%)	5	5
Medical cost inflation (%)	5	5
Average life expectancy (years)		
Male	80	80
Female	89	89

f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable changes in key assumptions occurring at the end of reporting date, holding other assumptions are constant:

GROUP AND EPF	2014		
	(RM'000)	Increase (RM'000)	Decrease (RM'000)
Benefit obligations as at 31 December	118,419		
Discount rate (1% movement)		(10,732)	14,014
Average life expectancy (1 year movement)		7,186	(5,967)

GROUP AND EPF	2013		
	(RM'000)	Increase (RM'000)	Decrease (RM'000)
Benefit obligations as at 31 December	107,675		
Discount rate (1% movement)		(14,165)	17,515
Average life expectancy (1 year movement)		3,335	(3,355)

Although the analysis does not account in full distribution of cash flows expected under the plan, it does provide on approximation of the sensitivity assumptions used.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

23. EMPLOYEE BENEFITS (CONT'D.)

23.2 Post-Retirement Gratuity

- a. The movements of present value in the unfunded obligations are as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
At 01 January	211,684	-
Current service cost	18,668	203,694
Interest cost	8,735	7,990
Benefits paid	(862)	-
As At 31 December	238,225	211,684

- b. The amounts recognised in the statements of financial position are analysed as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
Present value of unfunded obligations	238,225	211,684
Unrecognised net actuarial (gain)/loss	-	-
Net Liabilities As At 31 December	238,225	211,684

- c. The amounts recognised in the statements of profit or loss and other comprehensive income are analysed as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
Current service cost	18,668	203,694
Interest cost	8,735	7,990
Total post retirement costs recognised in the statements of profit or loss	27,403	211,684
Total Post Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	27,403	211,684

- d. The amounts in the statements of financial position are analysed as follows:

GROUP AND EPF	2014 (RM'000)	2013 (RM'000)
Present value of unfunded obligations	211,684	-
Total post retirement costs recognised in the statements of profit or loss and other comprehensive income	27,403	211,684
Benefits paid	(862)	-
Net Liabilities As At 31 December	238,225	211,684

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

23. EMPLOYEE BENEFITS (CONT'D.)

23.2 Post-Retirement Gratuity (Cont'd.)

- e. The principal actuarial assumptions used in respect of defined benefit plans were as follows:

GROUP AND EPF	2014	2013
Discount rate (%)	5	5
Annual salary increment (%)	5	5

- f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable charges on key assumptions occurring at the end of reporting date, holding other assumptions are constant:

GROUP AND EPF	2014		
	(RM'000)	Increase (RM'000)	Decrease (RM'000)
Benefit obligations as at 31 December	238,225		
Discount rate (1% movement)		(991)	1,052
Annual salary increment (1% movement)		1,172	(1,111)

GROUP AND EPF	2013		
	(RM'000)	Increase (RM'000)	Decrease (RM'000)
Benefit obligations as at 31 December	211,684		
Discount rate (1% movement)		(2,550)	3,315
Annual salary increment (1% movement)		699	(711)

Although the analysis does not account full distribution of cash flows expected under the plan, it does provide approximation of sensitivity assumptions used.

24. LOANS AND OVERDRAFTS

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Bank borrowings and overdrafts	9,840,107	8,904,834
Recourse obligations on loans sold to Cagamas	2,373,039	2,267,224
Other borrowings	4,500	4,500
	12,217,646	11,176,558

The maturity structure of loans and overdrafts are as follows:

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	1,632,733	1,541,188
Maturing after 12 months	10,584,913	9,635,370
	12,217,646	11,176,558

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

24. LOANS AND OVERDRAFTS (CONT'D.)

The followings are details in respect of loans and overdrafts:

24.1 Existing Bank Borrowings

- a. On 19 March 2012, the global subsidiary entered into a loan agreement amounting to AUD135.60 million of which the loan is repayable after three years and bears interest at 1.783% plus any mandatory cost.
- b. On 30 March 2012, the global subsidiary entered into a loan agreement amounting to €300 million, which is repayable after five years and secured against the Group's investment properties. The loan bears interest at GBP 1 month LIBOR rate plus 1.23% and any other mandatory cost.
- c. On 14 January 2013, the global subsidiary entered into a Senior Term Loan Facility Agreement at maximum amount of €405 million. The loan was assigned to direct subsidiary on 15 March 2013 with a maturity date on 17 July 2018. The loan bears interest margin of 1.85% per annum, LIBOR rate plus any mandatory cost. The loan is secured against the Group's investment properties.
- d. On 27 September 2013, the global subsidiary entered into a loan agreement of which the loan is repayable after five years and secured against the Group's investment properties. The loan bears interest at GBP 1 month LIBOR rate plus 1.375% and other mandatory costs.
- e. The global subsidiary entered into a three years revolving loan facility amounting to €185.70 million (AUD322 million) of which €159.20 million (AUD276 million) has been drawdown on 31 December 2013. The loan bears interest at Bank Bill Swap Rate (BBSY) plus 1.7% margin. The loan is secured against the Group's investment properties in Australia.

24.2 Approved Bank Borrowings During The Financial Year

On 26 August 2014, the global subsidiary entered into a loan agreement amounting to AUD78.90 million. The loan bears interest of 1.15% per annum and is secured against the Group's investment properties.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

25. DEPOSITS AND ADVANCES

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Employer instalment	73,741	74,087
Remittance suspense	4,905	5,403
Deposits of office rentals	51,789	47,992
Clients deposits	27,530,858	28,193,567
Transit for late processing (remittance)	63,205	45,768
Deposit on sales of property	10,951	2,834
Miscellaneous deposits	3,233	149
	27,738,682	28,369,800

	EPF	
	2014 (RM'000)	2013 (RM'000)
Employer instalment	73,741	74,087
Remittance suspense	4,905	5,403
Deposits of office rentals	11,047	10,517
Transit for late processing (remittance)	63,205	45,768
Deposits on sales of property	10,951	2,834
Miscellaneous deposits	2,504	149
	166,353	138,758

The maturity structure of the deposits and advances are as follows:

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	23,736,560	25,843,699
Maturing after 12 months	4,002,122	2,526,101
	27,738,682	28,369,800

	EPF	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	101,691	80,088
Maturing after 12 months	64,662	58,670
	166,353	138,758

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

26. PAYABLES AND ACCRUED LIABILITIES

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Liability on invocation cost under Section 50(3)	15	906
Rent received in advance	78,861	68,375
Accruals on non-investments and miscellaneous payments	1,760,487	1,520,310
Accruals on purchase of domestic/global equities internally managed	943,204	745,360
Accruals on purchase of fixed income investments internally managed	90,882	-
Accruals on purchase of investments by external fund managers	3,587,678	2,467,655
Accruals on miscellaneous investments payments	101,693	58,638
	6,562,820	4,861,244

	EPF	
	2014 (RM'000)	2013 (RM'000)
Liability on invocation cost under Section 50(3)	15	906
Rent received in advance	5,200	4,688
Accruals on non-investments and miscellaneous payments	263,036	208,569
Accruals on purchase of domestic/global equities internally managed	943,204	745,360
Accruals on purchase of fixed income investments internally managed	90,882	-
Accruals on purchase of investments by external fund managers	3,587,678	2,467,655
Accruals on miscellaneous investments payments	101,693	86,219
Amount owing to subsidiaries	3,053	-
	4,994,761	3,513,397

The maturity structure of payables and accrued liabilities are as follows:

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	5,423,060	3,739,808
Maturing after 12 months	1,139,760	1,121,436
	6,562,820	4,861,244

	EPF	
	2014 (RM'000)	2013 (RM'000)
Maturing within 12 months	4,975,443	3,498,262
Maturing after 12 months	19,318	15,135
	4,994,761	3,513,397

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

27. CONTRIBUTIONS

	GROUP AND EPF	
	2014 (RM'000)	2013 (RM'000)
At 01 January	538,634,067	489,276,019
Contribution Received And Adjustments		
Contribution received from employers	54,930,570	50,716,611
Redemption of investment in unit trusts	2,145,019	2,933,597
Redemption/cancellation of annuity scheme	78,898	90,446
Reinstatement/adjustment	16,894	13,874
	57,171,381	53,754,528
Dividend Distributions To Members		
Dividend credited-6.75% (2013-6.35%)	36,656,463	31,200,174
Prior year adjustments	7,484	7,649
	36,663,947	31,207,823
Less:		
Withdrawal And Refund		
55 years withdrawal scheme	14,090,666	13,232,410
50 years withdrawal scheme	3,941,562	3,841,209
Incapacitation withdrawal scheme	275,351	280,057
Leaving country withdrawal scheme	303,593	241,303
Housing withdrawal scheme	2,199,308	2,154,149
Reduction/redemption of housing loan/monthly housing loan withdrawal scheme	2,900,440	2,803,588
Medical withdrawal scheme	46,057	43,126
Death withdrawal scheme	1,089,049	894,213
Periodical payment withdrawal scheme	4,231	4,716
Member investment withdrawal scheme	4,859,473	7,845,395
Pensionable employee withdrawal scheme	2,520,564	2,828,462
Education withdrawal scheme	372,938	338,140
Monthly payment withdrawal scheme	120	125
Saving exceeding RM1 million withdrawal scheme	999,278	814,566
Hajj withdrawal scheme	947	1,648
Refund to employers/members - Rule 33(1), EPF Regulations & Rules 1991	26,237	26,574
Refund of employers share to pension trust fund - Section 56, EPF Act 1991	152,097	118,066
	33,781,911	35,467,747
Other Adjustment		
Adjustments on CTML and Reject cases to statements of profit or loss and retained profit	115,205	136,556
As At 31 December	598,572,279	538,634,067

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

27. CONTRIBUTIONS (CONT'D.)

The eligible contributions to be withdrawn by members under 50 years and 55 years withdrawal schemes are as follows:

	GROUP AND EPF	
	2014 (RM'000)	2013 (RM'000)
Eligible contributions to be withdrawn within 12 months	90,433,645	79,520,056
Eligible contributions to be withdrawn after 12 months	508,138,634	459,114,011
	598,572,279	538,634,067

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 statements of financial position as the risk and reward of the investment is borne by the members.

28. RESERVES

GROUP	As At 31.12.2014 (RM'000)	As At 31.12.2013 (Restated) (RM'000)	As At 01.01.2013 (Restated) (RM'000)
Available-for-sale financial assets reserve	40,184,546	53,241,275	41,465,078
Capital reserve	-	(448,261)	-
Prior year adjustments by subsidiaries in respect to reclassifications to investment in joint ventures (Note 15)	-	448,261	-
Capital reserve (restated)	-	-	-
Cash flow hedge reserves (a)	(73,439)	-	-
Other reserves (b)	25,133	25,090	-
Foreign currency translation reserve	659,309	460,402	71,070
	40,795,549	53,726,767	41,536,148

EPF	As At 31.12.2014 (RM'000)	As At 31.12.2013 (RM'000)
Available-for-sale financial assets reserve	40,184,546	53,241,275
	40,184,546	53,241,275

- (a) This represents the movement of net accumulated gain/(loss) which is recognised from hedging derivatives.
- (b) Includes goodwill reserve which arose from the excess of acquisition of subsidiaries over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries at the date of acquisition.
- (c) Foreign currency translation reserve relates to exchange differences arising from foreign operations that have a functional currency different from the presentation currency of Ringgit Malaysia (RM) by the EPF.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

29. RETAINED PROFIT

Retained profit of the EPF group amounting of RM3,642.50 million is the balance of revenue reserve as at 31 December 2014 (2013: RM3,031.71 million) after recognition of provision for annual dividend to members for the financial year. As 31 December 2014, provision of annual dividend is recognised at the rate 6.75% amounting to RM36,656.46 million, as compared to RM31,200.17 million at rate 6.35% in 2013.

30. NON-CONTROLLING INTERESTS

a. Set out below is summarised financial information for subsidiaries that has non-controlling interests:

No	Name Of Entity	Principal Activity	Country Of Incorporated	Proportion Of Ownership Interest And Voting Rights Held	
				2014 %	2013 %
1	Malaysia Building Society Berhad	Granting of loans on the security of freehold and leasehold properties	Malaysia	35.82	35.48
2	YTR Harta Sdn Bhd	Property development and management	Malaysia	19.00	19.00
3	PPNK Sdn Bhd	Property development and management	Malaysia	15.00	15.00
4	Jati Private Equity Fund LP	Trust holding fund	USA	1.00	1.00
5	Jati Private Equity Fund II LP	Trust holding fund	Cayman Island	1.00	1.00
6	Merbau Investors Offshore LP	Trust holding fund	Cayman Island	0.50	0.50
7	Merbau Investors Offshore II LP	Trust holding fund	USA	1.00	1.00
8	Meranti Fund LP	Trust holding fund	Cayman Island	0.75	0.75
9	Cengal Private Equity Investment PLC	Trust holding fund	Dublin, Ireland	0.50	0.50
10	Cengal Private Equity Investment II PLC	Trust holding fund	Dublin, Ireland	0.66	-
11	Kwasa Development (1) Sdn Bhd	Property development	Malaysia	5.00	-

b. Set out below is the movement in accumulated non-controlling interests of the Group:

	2014 (RM'000)	2013 (RM'000)
Accumulated Non-Controlling Interests		
At 01 January	1,862,556	1,060,520
Share of profit after tax and zakat	412,249	257,461
Net assets acquired from non-controlling interests and subsidiaries	476,879	544,575
As At 31 December	2,751,684	1,862,556

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

30. NON-CONTROLLING INTERESTS (CONT'D.)

c. Summarised financial information in respect of the Group's subsidiary that has non-controlling interest before intragroup eliminations are as follows:

	2014 (RM'000)	2013 (RM'000)
Malaysia Building Society Berhad		
Summarised Statements Of Financial Position		
Total assets	37,397,351	35,245,608
Total liabilities	(32,970,548)	(33,059,398)
Total Net Assets	4,426,803	2,186,210
Summarised Statements Of Profit Or Loss		
Interest income	519,387	465,771
Interest expenses	(274,898)	(274,127)
Net interest income	244,489	191,644
Other operating income	1,119,191	1,286,303
Total income	1,363,680	1,477,947
Operating expenses	(304,949)	(270,025)
Inclusive:		
Depreciation and amortisation for the financial year	26,980	24,334
Profit before impairment loss on loans, advances and financing	1,058,731	1,207,922
Impairment loss on loans, advances and financing	(28,727)	(275,573)
Profit before tax and zakat	1,030,004	932,349
Tax and zakat	(270,585)	(334,781)
Profit after tax	759,419	597,568
Other comprehensive income	-	-
Total comprehensive income	759,419	597,568
Summarised Statements Of Cash Flows		
Net cash (outflow)/inflow from operating activities	(987,381)	1,754,084
Net cash (outflow)/inflow from investment activities	(22,028)	65,095
Net cash inflow from financing activities	2,116,637	1,478,743
Net cash inflow	1,107,228	3,297,922
Cash and cash equivalents at 01 January	4,573,353	1,275,431
Cash And Cash Equivalents As At 31 December	5,680,581	4,573,353

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

31. GROSS INVESTMENT INCOME

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Interest and profit from investments (Note 31.1):				
Internally managed	10,184,951	9,717,536	10,184,951	9,829,827
External fund managers	(73,650)	(64,590)	(73,650)	(64,590)
	10,111,301	9,652,946	10,111,301	9,765,237
Dividend from investments:				
Internally managed	5,983,596	5,457,113	7,223,551	6,797,096
External fund managers	1,263,977	1,092,006	1,242,274	1,092,006
	7,247,573	6,549,119	8,465,825	7,889,102
Capital gain from trading of investments:				
Internally managed	10,437,907	6,392,692	10,197,878	7,038,414
External fund managers	6,566,968	5,580,158	6,566,968	5,580,158
	17,004,875	11,972,850	16,764,846	12,618,572
Interest income from loans, advances and financing	4,831,956	5,096,046	3,365,575	3,445,316
Rental income	1,149,409	1,048,478	118,832	118,949
Net gain on foreign exchange				
- Realised	541,460	589,906	544,322	589,906
- Unrealised	633,356	426,349	633,356	426,349
Net unrealised profit/(loss) from financial assets at fair value through profit or loss	(589,338)	397,102	(951,045)	124,089
Profit from joint venture projects	-	18,325	-	18,325
Interest/profit from bank balances	486	484	462	484
Miscellaneous income	41,646	17,472	23,007	4,034
	40,972,724	35,769,077	39,076,481	35,000,363

31.1 Interest and profit from investments derived from fixed income investment instruments of the Group and the EPF inclusive discount/premium amortisation using the effective yield method.

32. INVESTMENT EXPENDITURES

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
External fund managers fees	251,046	198,408	251,046	198,408
Custodian fees	33,171	36,191	33,171	36,191
Investment technical services	20,442	13,597	20,442	13,597
Interest on deposits, loans and overdrafts	666,270	399,423	-	-
Tax paid on global investments	55,747	80,405	55,747	80,405
Miscellaneous	2,070	1,490	2,070	1,490
	1,028,746	729,514	362,476	330,091

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

33. NET IMPAIRMENT LOSS ON FINANCIAL INVESTMENT ASSETS

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Impairment loss on held-to-maturity investment assets	(76,618)	(103,624)	(76,618)	(103,624)
Impairment loss on available-for-sale financial assets	(863,857)	(2,052,056)	(863,857)	(2,052,056)
Impairment loss on loans, advances and financing	(29,671)	(307,790)	-	(44)
Impairment loss on rent receivables	(3,413)	(421)	(3,413)	(3,621)
	(973,559)	(2,463,891)	(943,888)	(2,159,345)
Impairment loss on held-to-maturity investment assets written back	-	28,748	-	28,748
Impairment loss on available-for-sale financial assets written back	2,166	81,308	2,166	81,308
Impairment loss on loans, advances and financing written back	9,647	37,053	8,703	4,880
Impairment loss on rent receivables written back	1,820	-	4,420	-
	13,633	147,109	15,289	114,936
	(959,926)	(2,316,782)	(928,599)	(2,044,409)

34. NET IMPAIRMENT LOSS ON INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Impairment loss on investment in subsidiaries	-	-	(40,149)	(31,081)
Impairment loss on investment in subsidiaries written back	-	-	16,780	6,393
	-	-	(23,369)	(24,688)
Impairment loss on investment in associates	-	-	-	(82,185)
Impairment loss on investment in associates written back	-	-	62,840	13,729
	-	-	62,840	(68,456)
	-	-	39,471	(93,144)

35. OTHER INCOME

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Interest/profit from staff loans	7,763	7,557	7,763	7,557
Dividend/interest from contributions paid late	57,800	57,503	57,800	57,503
Gain/(loss) on disposal:				
- Property, plant and equipment	(117)	2,372	(120)	520
- Assets held for sale	13,838	-	13,838	-
- Investment properties	246	3,379	-	-
- Inventories	4,479	15,001	-	-
Service charges	102,542	98,282	45,844	39,232
Miscellaneous income	76,932	95,280	40,692	51,815
	263,483	279,374	165,817	156,627

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

36. OPERATING EXPENDITURES

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Salaries, allowances and staff costs (Note (a))	1,027,590	876,090	817,139	705,497
Employee benefits	41,828	225,445	41,828	225,445
Honorarium/remuneration for Board Members and Investment Panel	4,466	2,715	1,605	1,463
Technical services	127,882	58,075	16,607	21,186
Fees and professional charges	130,200	99,581	22,754	21,678
Audit fees	6,076	5,847	423	386
Maintenance on property, plant and equipment	109,712	77,408	69,702	62,119
Postal and telephone charges	32,802	29,037	22,802	21,854
Rent and assessments	46,365	34,612	12,238	11,352
Travelling and transportation	10,030	12,734	9,945	8,790
Printing and stationery	4,788	6,875	4,788	4,681
Advertisements and publishing	30,313	26,115	6,338	6,111
Non-capitalised renovation	2,887	335	2,887	335
Insurance on property	1,433	2,657	1,040	989
Depreciation of property, plant and equipment	64,859	55,853	49,436	42,275
Depreciation of investment properties	523,390	368,593	36,239	37,272
Amortisation of intangible assets	15,402	13,076	3,091	2,087
Amortisation of prepaid land lease	600	873	440	708
Impairment loss on other receivables	30,453	45,524	-	-
Impairment loss on staff receivables	-	14	-	14
Write-offs/net losses	4,714	327	38	327
Miscellaneous expenses	56,616	89,214	2,987	3,371
	2,272,406	2,031,000	1,122,327	1,177,940

- a. Included in salaries, allowances and staff costs are employee benefits expenditures comprising of salary, bonus, socso and short-term accumulating compensated absences amounting RM755.70 million (2013: RM639.63 million).

37. STATUTORY CHARGES

	GROUP AND EPF	
	2014 (RM'000)	2013 (RM'000)
Death benefit - Section 58(1)	42,276	37,431
Incapacitation benefit - Section 58(2)	3,465	3,995
Invocation cost - Section 50(3)	7,782	8,379
	53,523	49,805

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

38. TAXATION AND ZAKAT

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Malaysian Income Tax	278,828	332,725	-	-
Foreign Income Tax	14,231	18,314	-	-
	293,059	351,039	-	-
(Over)/under provision of previous years:				
- Malaysian Income Tax	(8,886)	722	-	-
- Foreign Income Tax	(553)	(1,115)	-	-
	(9,439)	(393)	-	-
Deferred tax recognised during the financial year (Note 6)	5,127	5,025	-	-
Tax expenses	288,747	355,671	-	-
Zakat	4,605	3,677	-	-
	293,352	359,348	-	-

Income tax is calculated at the Malaysian statutory rate of 25% (2013: 25%) of the estimated assessable profit for the current year. As announced in 2014 Budget, there is a proposal to reduce Malaysian statutory rate to 24% for year assessment 2016 and onwards. The computation of deferred tax as at 31 December 2014 has been reflected these changes.

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

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Profit before tax	38,256,168	32,043,724	36,814,844	31,461,601
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	9,482,522	8,100,300	9,203,711	7,865,400
Different tax rates in other countries	(15,253)	60,144	-	-
Income not subject to tax	(9,203,990)	(7,876,082)	(9,203,711)	(7,865,400)
Expenses not deductible for tax purposes	37,129	164,875	-	-
Utilisation of unabsorbed tax losses and unutilised capital allowance previously not recognised	(161)	(463)	-	-
Recognition on deferred tax assets previously not recognised	(2,061)	(92,710)	-	-
(Over)/under provision in tax expenses in prior years	(9,439)	(393)	-	-
Tax Expenses For The Financial Year	288,747	355,671	-	-

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

39. CASH AND CASH EQUIVALENTS

	GROUP	
	2014 (RM'000)	2013 (RM'000)
Bank and cash balances	2,049,825	1,334,184
Fixed deposits with licensed bank	5,498,098	4,476,123
Money market account-Bank Negara Malaysia	162,075	106,415
Cash in transit held by external fund managers	3,452,975	2,366,968
	11,162,973	8,283,690

	EPF	
	2014 (RM'000)	2013 (RM'000)
Bank and cash balances	1,040,002	484,882
Money market account-Bank Negara Malaysia	162,075	106,415
Cash in transit held by external fund managers	3,452,975	2,366,968
	4,655,052	2,958,265

40. CAPITAL COMMITMENTS

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
a. Capital Commitments For Project				
Approved and contracted for	288,204	51,575	48,967	51,575
Approved but not contracted for	238,490	173,107	238,490	109,314
	526,694	224,682	287,457	160,889
b. Capital Commitments For Fund Investments				
Approved and contracted for	15,083,560	12,454,052	13,345,926	10,574,603
c. Operational Commitments				
Loan commitments not provided in the financial statements:				
End financing	314,516	309,763	-	-
Bridging and term loans	7,250,837	4,096,150	-	-
Islamic loans	63,221	66,611	-	-
	7,628,574	4,472,524	-	-
Property development:				
Approved and contracted for	421,528	421,528	-	-
d. Contingencies				
Financial guarantee to secure payments by borrower (fully secured)	85,110	20,046	-	-
	23,745,466	17,592,832	13,633,383	10,735,492

The contingent liability is fully 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 statements of financial position date, of which investment payments are released progressively based on notification received from fund managers or partners based on agreed investment term.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

41. CONTINGENT LIABILITIES

41.1 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 estimated is RM7.50 million (2013: RM10.50 million) excludes 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 the EPF's revenue 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 2014, contingent liabilities in respect of death benefits amounted to RM11.61 million (2013: RM11.73 million) whereas incapacitation benefits amounted to RM6.44 million (2013: RM6.44 million).

42. FINANCIAL RISK

42.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. 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 in which 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 a financial institution is managed by setting limits in which all deposits are to be held by parties with a financial institution rating of A3/A- or better.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 Credit Risk (Cont'd.)

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 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.

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	Sovereign	Issued by the Government
Strong	AAA and AA	Superior/high safety to meet financial obligations
Moderate	A	Adequate safety to meet financial obligations
Sub-Standard	BBB and below	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 Financial Assets

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 2014

42. FINANCIAL RISK (CONT'D.)

42.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2014 are as follows:

GROUP	2014						
	Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub- Standard (RM'000)	Non- Rated (RM'000)	Impaired (RM'000)	Total (RM'000)
Held-to-maturity investment assets	153,363,722	42,382,794	645,219	443,725	2,871,792	360,103	200,067,356
Available-for-sale financial assets	10,564,085	27,634,440	7,624,472	3,615,114	614,915	860,106	50,913,132
Loans, advances and financing	19,587,562	49,919,148	27,195,597	-	10,207,519	2,200,331	109,110,157
Financial assets at fair value through profit or loss	-	-	5,903	-	235,225	-	241,129
Deposits with financial institutions and bank balances	162,075	41,057,473	488,301	-	39	-	41,707,888
Other financial assets	-	-	99,173	-	5,621,820	345,754	6,066,747
	183,677,444	160,993,855	36,058,666	4,058,838	19,551,310	3,766,295	408,106,409

Distribution of gross financial assets by credit quality as at 31 December 2013 are as follows:

GROUP	2013						
	Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub- Standard (RM'000)	Non- Rated (RM'000)	Impaired (RM'000)	Total (RM'000)
Held-to-maturity investment assets	146,905,582	47,634,011	494,234	582,190	176,511	987,238	196,779,765
Available-for-sale financial assets	6,350,653	25,455,511	1,494,212	95,021	-	129,497	33,524,894
Loans, advances and financing	17,600,000	62,434,433	20,983,296	6,754,762	3,951,102	1,682,549	113,406,142
Financial assets at fair value through profit or loss	-	-	13,540	4,597	69,520	-	87,657
Deposits with financial institutions and bank balances	119,653	22,913,346	-	-	752,111	-	23,785,110
Other financial assets	-	-	67,172	-	5,014,393	305,041	5,386,606
	170,975,888	158,437,301	23,052,454	7,436,569	9,963,638	3,104,325	372,970,174

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2014 are as follows:

EPF	2014						
	Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub- Standard (RM'000)	Non- Rated (RM'000)	Impaired (RM'000)	Total (RM'000)
Held-to-maturity investment assets	153,363,722	42,382,794	645,220	443,725	2,871,792	360,103	200,067,356
Available-for-sale financial assets	10,564,085	27,634,440	7,624,472	3,615,114	614,915	860,106	50,913,132
Loans, advances and financing	19,587,563	54,848,868	1,459,660	-	5,410,675	54,538	81,361,304
Financial assets at fair value through profit or loss	-	-	5,904	-	9,649	-	15,553
Deposits with financial institutions and bank balances	162,075	34,954,476	-	-	-	-	35,116,551
Other financial assets	-	-	-	-	5,126,454	4,014	5,130,468
	183,677,445	159,820,578	9,735,256	4,058,839	14,033,485	1,278,761	372,604,364

Distribution of gross financial assets by credit quality as at 31 December 2013 are as follows:

EPF	2013						
	Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub- Standard (RM'000)	Non- Rated (RM'000)	Impaired (RM'000)	Total (RM'000)
Held-to-maturity investment assets	146,905,582	47,634,010	494,234	582,190	176,511	987,238	196,779,765
Available-for-sale financial assets	6,350,653	25,455,510	1,494,212	95,021	-	129,498	33,524,894
Loans, advances and financing	17,600,000	62,434,433	341,359	-	3,951,102	70,241	84,397,135
Financial assets at fair value through profit or loss	-	-	13,541	4,597	9,861	-	27,999
Deposits with financial institutions and bank balances	119,653	18,329,682	-	-	42	-	18,449,377
Other financial assets	-	-	-	-	4,572,754	18,587	4,591,341
	170,975,888	153,853,635	2,343,346	681,808	8,710,270	1,205,564	337,770,511

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 Credit Risk (Cont'd.)

b. Aging Analysis

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

GROUP	2014					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	199,707,253	-	-	-	-	199,707,253
Available-for-sale financial assets	50,053,026	-	-	-	-	50,053,026
Loans, advances and financing	104,258,775	1,496,288	1,092,219	62,544	-	106,909,826
Financial assets at fair value through profit or loss	241,129	-	-	-	-	241,129
Deposits with financial institutions and bank balances	41,707,888	-	-	-	-	41,707,888
Other financial assets	5,720,450	443	75	25	-	5,720,993
	401,688,521	1,496,731	1,092,294	62,569	-	404,340,115

GROUP	2013					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	195,792,527	-	-	-	-	195,792,527
Available-for-sale financial assets	33,395,397	-	-	-	-	33,395,397
Loans, advances and financing	108,575,998	1,203,696	1,461,177	482,722	-	111,723,593
Financial assets at fair value through profit or loss	87,657	-	-	-	-	87,657
Deposits with financial institutions and bank balances	23,785,110	-	-	-	-	23,785,110
Other financial assets	5,080,862	477	148	78	-	5,081,565
	366,717,551	1,204,173	1,461,325	482,800	-	369,865,849

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 Credit Risk (Cont'd.)

b. Aging Analysis (Cont'd.)

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

EPF	2014					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	199,707,253	-	-	-	-	199,707,253
Available-for-sale financial assets	50,053,026	-	-	-	-	50,053,026
Loans, advances and financing	81,306,766	-	-	-	-	81,306,766
Financial assets at fair value through profit or loss	15,553	-	-	-	-	15,553
Deposits with financial institutions and bank balances	35,116,551	-	-	-	-	35,116,551
Other financial assets	5,126,454	-	-	-	-	5,126,454
	371,325,603	-	-	-	-	371,325,603

EPF	2013					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	195,792,527	-	-	-	-	195,792,527
Available-for-sale financial assets	33,395,396	-	-	-	-	33,395,396
Loans, advances and financing	84,326,894	-	-	-	-	84,326,894
Financial assets at fair value through profit or loss	27,999	-	-	-	-	27,999
Deposits with financial institutions and bank balances	18,449,377	-	-	-	-	18,449,377
Other financial assets	4,572,754	-	-	-	-	4,572,754
	336,564,947	-	-	-	-	336,564,947

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 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	2014					
	Allowances At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Offs (RM'000)	Allowances As At 31 December (RM'000)
Held-to-maturity investment assets	592,774	76,618	-	-	-	669,392
Available-for-sale financial assets	111,675	-	(4)	(2,166)	-	109,505
Loans, advances and financing	1,682,549	29,671	(99,057)	(9,647)	-	1,603,516
Other financial assets	305,041	37,137	22,234	(5,091)	(13,567)	345,754
	2,692,039	143,426	(76,827)	(16,904)	(13,567)	2,728,167

GROUP	2013					
	Allowances At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Offs (RM'000)	Allowances As At 31 December (RM'000)
Held-to-maturity investment assets	543,963	103,624	-	(28,748)	(26,065)	592,774
Available-for-sale financial assets	171,710	22,167	(894)	(81,308)	-	111,675
Loans, advances and financing	2,654,766	302,776	110,711	(37,053)	(1,348,651)	1,682,549
Other financial assets	268,407	49,140	(12,506)	-	-	305,041
	3,638,846	477,707	97,311	(147,109)	(1,374,716)	2,692,039

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 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 movements on the impairment allowance during the year are as follows:

EPF	2014					
	Allowances At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Offs (RM'000)	Allowances As At 31 December (RM'000)
Held-to-maturity investment assets	592,774	76,618	-	-	-	669,392
Available-for-sale financial assets	111,675	-	(4)	(2,166)	-	109,505
Loans, advances and financing	63,241	-	-	(8,703)	-	54,538
Other financial assets	18,587	3,413	1	(4,420)	(13,567)	4,014
	786,277	80,031	(3)	(15,289)	(13,567)	837,449

EPF	2013					
	Allowances At 01 January (RM'000)	Allowances Made During The Year (RM'000)	Adjustments (RM'000)	Recoveries/ Written Back (RM'000)	Write-Offs (RM'000)	Allowances As At 31 December (RM'000)
Held-to-maturity investment assets	543,963	103,624	-	(28,748)	(26,065)	592,774
Available-for-sale financial assets	171,710	22,167	(894)	(81,308)	-	111,675
Loans, advances and financing	68,077	44	-	(4,880)	-	63,241
Other financial assets	14,966	3,621	-	-	-	18,587
	798,716	129,456	(894)	(114,936)	(26,065)	786,277

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 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	2014		
	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	153,363,722	46,703,634	25
Available-for-sale financial assets	10,564,085	40,349,047	27
Loans, advances and financing	19,587,562	89,522,595	3
Financial assets at fair value through profit or loss	-	241,129	-
Deposits with financial institutions and bank balances	162,075	41,545,813	-
Other financial assets	-	6,066,747	-
	183,677,444	224,428,965	13

GROUP	2013		
	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	146,905,582	49,874,183	30
Available-for-sale financial assets	6,350,653	27,174,241	20
Loans, advances and financing	17,600,000	95,806,142	1
Financial assets at fair value through profit or loss	-	87,657	-
Deposits with financial institutions and bank balances	119,653	23,665,457	-
Other financial assets	-	5,386,606	-
	170,975,888	201,994,286	11

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.1 Credit Risk (Cont'd.)

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

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

EPF	2014		
	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	153,363,722	46,703,634	25
Available-for-sale financial assets	10,564,085	40,349,047	27
Loans, advances and financing	19,587,563	61,773,741	3
Financial assets at fair value through profit or loss	-	15,553	-
Deposits with financial institutions and bank balances	162,075	34,954,476	-
Other financial assets	-	5,130,468	-
	183,677,445	188,926,919	13

EPF	2013		
	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	146,905,582	49,874,183	30
Available-for-sale financial assets	6,350,653	27,174,241	20
Loans, advances and financing	17,600,000	66,797,135	1
Financial assets at fair value through profit or loss	-	27,999	-
Deposits with financial institutions and bank balances	119,653	18,329,724	-
Other financial assets	-	4,591,341	-
	170,975,888	166,794,623	11

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.2 Liquidity Risk

Liquidity risk relates to the inability of the EPF to meet its financial commitments and obligations when they fall due. The EPF liquidity risk is limited as all contributions are mandated by the EPF Act 1991 through deduction of salaries and members are allowed to make withdrawal under pre-retirement and retirement schemes. (Refer to statistic on withdrawal by schemes). The EPF manages its liquidity requirements through:

- Monitoring of its daily cash flow and projecting monthly cash flow on a rolling 12 month basis;
- Allocating 3% of its asset's value for short term instruments in the form of cash and placements in financial institutions in order to meet members' withdrawals and other financial commitments and obligations; and
- Diversifying its investment portfolio by setting the concentration limits on name, sector and asset type.

Over the medium and longer term, the EPF is able to meet its liquidity requirements through its holdings of liquid investments such as publicly traded equities and available for sale fixed income securities. The maturity profile of the EPF assets and liabilities is also monitored within a stipulated level. The Group's and the EPF's financial liabilities are categorised into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.2 Liquidity Risk (Cont'd.)

- a. The table set below represent the cash flows payable by the Group and the EPF under non-derivative financial liabilities by remaining contractual maturities as at the statement of financial position date.

GROUP	2014			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
Non-Derivative Liabilities				
Loans and overdrafts	1,632,733	9,345,771	1,239,142	12,217,646
Contribution withdrawal payables	39,143	-	-	39,143
Deposits and advances	23,736,560	4,002,122	-	27,738,682
Payables and accrued liabilities	5,423,060	1,139,760	-	6,562,820
Derivative Liabilities				
Interest rate contracts	-	-	114,200	114,200
Cross currency swap	13,693	-	-	13,693
Forward exchange contracts	933,105	-	-	933,105
Total Financial Liabilities	31,778,294	14,487,653	1,353,342	47,619,289

- b. The table set below analyses the Group's and the EPF's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at statement of financial position date. The amount disclosed in the table is the contractual undiscounted cash flows:

GROUP	2014			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
Net Settled Derivatives				
Forward exchange contracts	716,222	-	-	716,222
	716,222	-	-	716,222
Gross Settled Derivatives				
Interest rate contracts				
- Outflow	-	-	815,940	815,940
Cross currency swap				
- Outflow	79,800	438,701	-	518,501
- Inflow	(74,592)	(102,760)	-	(177,352)
Forward exchange contracts				
- Outflow	196,655	-	-	196,655
	201,863	335,941	815,940	1,353,744

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.2 Liquidity Risk (Cont'd.)

GROUP	2013			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
Non-Derivative Liabilities				
Loans and overdrafts	1,541,188	3,312,266	6,323,104	11,176,558
Contribution withdrawal payables	62,208	-	-	62,208
Deposits and advances	25,843,699	2,526,101	-	28,369,800
Payables and accrued liabilities	3,739,808	1,041,524	79,912	4,861,244
Derivative Liabilities				
Interest rate contracts	-	-	18,680	18,680
Cross currency swap	3,783	-	-	3,783
Forward exchange contracts	339,693	-	-	339,693
Total Financial Liabilities	31,530,379	6,879,891	6,421,696	44,831,966

GROUP	2013			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
Net Settled Derivatives				
Forward exchange contracts	236,425	-	-	236,425
	236,425	-	-	236,425
Gross Settled Derivatives				
Interest rate contracts				
- Outflow	-	-	866,096	866,096
Cross currency swap				
- Outflow	-	360,560	-	360,560
Forward exchange contracts				
- Outflow	139,369	-	-	139,369
	139,369	360,560	866,096	1,366,025

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.2 Liquidity Risk (Cont'd.)

- a. The table set below represents the cash flows payable by the Group and the EPF under financial liabilities by remaining contractual maturities as at the statements of financial position date:

EPF	2014			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
Non-Derivative Liabilities				
Contribution withdrawal payables	39,143	-	-	39,143
Deposits and advances	101,691	64,662	-	166,353
Payables and accrued liabilities	4,975,443	19,318	-	4,994,761
Derivative Liabilities				
Cross currency swap	13,693	-	-	13,693
Forward exchange contracts	919,238	-	-	919,238
Total Financial Liabilities	6,049,208	83,980	-	6,133,188

- b. The table set below analyses the Group and the EPF derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at statement of financial position date. The amount disclosed in the contractual undiscounted cash flows:

EPF	2014			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)
Net Settled Derivatives				
Forward exchange contracts	716,222	-	-	716,222
	716,222	-	-	716,222
Gross Settled Derivatives				
Cross currency swap				
- Outflow	79,800	438,701	-	518,501
- Inflow	(74,592)	(102,760)	-	(177,352)
Forward exchange contracts				
- Outflow	196,655	-	-	196,655
	201,863	335,941	-	537,804

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.2 Liquidity Risk (Cont'd.)

- b. The table set below analyses the Group and the EPF derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at statement of financial position date. The amount disclosed in the contractual undiscounted cash flows (Cont'd):

EPF	2013			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)

Non-Derivative Liabilities

Contribution withdrawal payables	62,208	-	-	62,208
Deposits and advances	80,088	58,670	-	138,758
Payables and accrued liabilities	3,498,262	15,135	-	3,513,397

Derivative Liabilities

Cross currency swap	3,783	-	-	3,783
Forward exchange contracts	332,127	-	-	332,127
Total Financial Liabilities	3,976,468	73,805	-	4,050,273

EPF	2013			
	Contractual Cash Flows			
	On Demand Or Within One Year (RM'000)	One To Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)

Net Settled Derivatives

Forward exchange contracts	236,425	-	-	236,425
	236,425	-	-	236,425

Gross Settled Derivatives

Cross currency swap				
- Outflow	-	360,560	-	360,560
Forward exchange contracts				
- Outflow	139,369	-	-	139,369
	139,369	360,560	-	499,929

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 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 losses beyond the risk appetite.

The EPF adopts the following measurement 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 2014

42. FINANCIAL RISK (CONT'D.)

42.3 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 risk appetite.

The EPF 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 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 the statements 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		2014			
Index	Available-For-Sale Quoted Equities	Fair Value (RM'000)	Reasonable Possible Shift	Sensitivity Impact To Available-For-Sale Financial Asset Reserves Increase/ (Decrease) (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss Increase/ (Decrease) (RM'000)
FBM 100 Ethical	Domestic	134,067,445	+5%	6,676,931	20,524
			-5%	(6,674,160)	(23,054)
FTSE World Aggregate	Global	107,037,356	+10%	10,703,736	60,960
			-10%	(10,656,865)	(167,021)
		241,104,801			

GROUP AND EPF		2013			
Index	Available-For-Sale Quoted Equities	Fair Value (RM'000)	Reasonable Possible Shift	Sensitivity Impact To Available-For-Sale Financial Asset Reserves Increase/ (Decrease) (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss Increase/ (Decrease) (RM'000)
FBM 100 Ethical	Domestic	140,221,237	+5%	6,988,088	21,480
			-5%	(6,988,389)	(24,138)
FTSE World Aggregate	Global	91,823,307	+10%	9,093,711	52,295
			-10%	(9,257,149)	(143,281)
		232,044,544			

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 Market Risk (Cont'd.)

b. Interest Rate Risk

The Group and the 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 and the periods in which the financial reprice or mature, whichever is earlier.

GROUP 2014	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									
Investments in associates	-	-	-	-	-	14,402,426	-	14,402,426	5.00-5.75
Investment in joint ventures	-	-	-	-	1,390,905	-	-	1,390,905	-
Held-to-maturity investment assets	2,994,069	2,429,378	10,880,041	72,736,364	110,358,112	-	-	199,397,964	3.17-9.00
Available-for-sale financial assets	463,693	56,090	2,194,563	18,959,207	29,285,399	247,296,140	-	298,255,092	1.00-22.18
Financial asset at fair value through profit or loss	-	-	2,055	4,428	3,356,942	863,075	-	4,226,500	3.31-5.20
Loans, advances and financing	688,691	3,008,279	7,191,271	45,785,708	25,042,520	25,790,172	-	107,506,641	2.02-8.00
Deposits with financial institutions	32,748,552	3,281,518	175,420	-	-	-	-	36,205,490	0.05-4.09
Other non-interest sensitive assets	-	-	-	-	-	32,459,552	-	32,459,552	-
Total Assets	36,895,005	8,775,265	20,443,350	137,485,707	169,433,878	320,811,365	-	693,844,570	-
LIABILITIES									
Loans and overdraft	-	1,154,624	614,734	6,322,853	3,789,583	335,852	-	12,217,646	3.50-5.50
Deposits and advances	11,949,763	6,551,199	6,504,574	2,363,198	68,940	301,008	-	27,738,682	3.59
Other non-interest sensitive liabilities	-	-	-	-	-	8,126,227	-	8,126,227	-
Total Liabilities	11,949,763	7,705,823	7,119,308	8,686,051	3,858,523	8,763,087	-	48,082,555	-
Contributions	-	-	-	-	-	598,572,279	-	598,572,279	-
Reserves	-	-	-	-	-	40,795,549	-	40,795,549	-
Retained profit	-	-	-	-	-	3,642,503	-	3,642,503	-
Non-controlling interests	-	-	-	-	-	2,751,684	-	2,751,684	-
Total Liabilities And Equities	11,949,763	7,705,823	7,119,308	8,686,051	3,858,523	654,525,101	-	693,844,570	-
On statements of financial position									
Interest sensitivity gap	24,945,242	1,069,443	13,324,042	128,799,656	165,575,355	(333,713,735)	-	-	-
Total Interest Sensitivity Gap	24,945,242	1,069,443	13,324,042	128,799,656	165,575,355	(333,713,735)	-	-	-

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

GROUP 2013	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									
Investments in associates	-	-	-	10,036	10,870,089	2,551,853	-	13,431,978	5.00 - 5.75
Investments in joint ventures	-	-	-	-	1,262,746	-	-	1,262,746	-
Held-to-maturity investment assets	601,975	2,982,494	11,221,061	63,367,890	118,013,571	-	-	196,186,991	3.17 - 9.00
Available-for-sale financial assets	207,557	52,036	1,851,240	13,295,134	18,044,154	237,664,310	-	271,114,430	1.00 - 22.18
Financial asset at fair value through profit or loss	-	-	14,458	13,541	2,390,242	587,727	-	3,005,968	3.31 - 5.2
Loans, advances and financing	59,016	1,672,131	4,528,290	50,346,644	55,117,512	-	-	111,723,593	2.02 - 8.00
Deposits with financial institutions	18,959,064	924,455	200,439	-	-	-	-	20,083,958	0.05 - 4.09
Other non-interest sensitive assets	-	-	-	-	-	25,724,407	-	25,724,407	-
Total Assets	19,827,612	5,631,116	17,815,488	127,033,245	205,698,314	266,528,297	-	642,534,072	-
LIABILITIES									
Loans and overdraft	1,941,063	48,555	957,098	1,738,874	6,490,968	-	-	11,176,558	3.45 - 5.50
Deposits and advances	12,313,906	6,750,832	6,702,786	2,435,212	28,306	138,758	-	28,369,800	3.59
Other non-interest sensitive assets	-	-	-	-	-	5,732,615	-	5,732,615	-
Total Liabilities	14,254,969	6,799,387	7,659,884	4,174,086	6,519,274	5,871,373	-	45,278,973	-
Contributions	-	-	-	-	-	538,634,067	-	538,634,067	-
Reserves	-	-	-	-	-	53,726,767	-	53,726,767	-
Retained profit	-	-	-	-	-	3,031,709	-	3,031,709	-
Non-controlling interests	-	-	-	-	-	1,862,556	-	1,862,556	-
Total Liabilities And Equities	14,254,969	6,799,387	7,659,884	4,174,086	6,519,274	603,126,472	-	642,534,072	-
On statements of financial position									
Interest sensitivity gap	5,572,643	(1,168,271)	10,155,604	122,859,159	199,179,040	(336,598,175)	-	-	-
Total Interest Sensitivity Gap	5,572,643	(1,168,271)	10,155,604	122,859,159	199,179,040	(336,598,175)	-	-	-

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

EPF 2014	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	-	-	-	-	-	14,828,866	-	14,828,866	-
Investments in associates	-	-	-	-	-	10,893,535	-	10,893,535	-
Held-to-maturity investment assets	2,994,069	2,429,378	10,880,041	72,736,364	110,358,112	-	-	199,397,964	3.17-9.00
Available-for-sale financial assets	573,720	56,090	2,194,563	18,849,181	29,285,399	247,295,319	-	298,254,272	1.00-22.18
Financial asset at fair value through profit or loss	-	-	2,055	4,428	-	117,518	-	124,001	3.31-5.2
Loans, advances and financing	688,691	3,008,279	7,191,271	45,785,708	24,632,817	-	-	81,306,766	2.02-8.00
Deposits with financial institutions	27,166,636	3,281,518	175,420	-	-	-	-	30,623,574	0.05-4.09
Other non-interest sensitive assets	-	-	-	-	-	11,268,277	-	11,268,277	-
Total Assets	31,423,116	8,775,265	20,443,350	137,375,681	164,276,328	284,403,516	-	646,697,255	-
LIABILITIES									
Other non-interest sensitive liabilities	-	-	-	-	-	6,489,832	-	6,489,832	-
Total Liabilities	-	-	-	-	-	6,489,832	-	6,489,832	-
Contributions	-	-	-	-	-	598,572,279	-	598,572,279	-
Reserves	-	-	-	-	-	40,184,546	-	40,184,546	-
Retained profit	-	-	-	-	-	1,450,598	-	1,450,598	-
Total Liabilities And Equities	-	-	-	-	-	646,697,255	-	646,697,255	-
On statements of financial position									
Interest sensitivity gap	31,423,116	8,775,265	20,443,350	137,375,681	164,276,328	(362,293,739)	-	-	-
Total Interest Sensitivity Gap	31,423,116	8,775,265	20,443,350	137,375,681	164,276,328	(362,293,739)	-	-	-

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

EPF 2013	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	-	-	-	-	-	10,078,834	-	10,078,834	-
Investments in associates	-	-	-	-	-	10,782,625	-	10,782,625	-
Held-to-maturity investment assets	601,975	2,982,494	11,221,061	63,367,890	118,013,571	-	-	196,186,991	3.17-9.00
Available-for-sale financial assets	207,557	52,036	1,851,240	13,295,134	18,044,155	237,664,309	-	271,114,430	1.00-22.18
Financial asset at fair value through profit or loss	-	-	14,458	13,541	-	587,727	-	615,726	3.31-5.2
Loans, advances and financing	59,016	1,672,131	4,528,290	50,346,644	27,727,813	-	-	84,333,894	2.02-8.00
Deposits with financial institutions	14,472,633	924,455	200,439	-	-	-	-	15,597,527	0.05-4.09
Other non-interest sensitive assets	-	-	-	-	-	9,110,474	-	9,110,474	-
Total Assets	15,341,181	5,631,116	17,815,488	127,023,209	163,785,539	268,223,969	-	597,820,501	-
LIABILITIES									
Other non-interest sensitive liabilities	-	-	-	-	-	4,369,632	-	4,369,632	-
Total Liabilities	-	-	-	-	-	4,369,632	-	4,369,632	-
Contributions	-	-	-	-	-	538,634,067	-	538,634,067	-
Reserves	-	-	-	-	-	53,241,275	-	53,241,275	-
Retained profit	-	-	-	-	-	1,575,527	-	1,575,527	-
Total Liabilities And Equities	-	-	-	-	-	597,820,501	-	597,820,501	-
On statements of financial position									
Interest sensitivity gap	15,341,181	5,631,116	17,815,488	127,023,209	163,785,539	(329,596,532)	-	-	-
Total Interest Sensitivity Gap	15,341,181	5,631,116	17,815,488	127,023,209	163,785,539	(329,596,532)	-	-	-

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 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 below summarises the impact on the interest income from fixed income investment instruments as statements of financial position date should interest rates change by 100 basis points:

2014				
GROUP	Impact To Income Statement When Interest Rates Change ± 100 Basis Points		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change ± 100 Basis Points	
	Increase/(Decrease) (RM'000)		Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	729,924	(729,924)	(2,762,111)	2,762,111

2013				
GROUP	Impact To Income Statement When Interest Rates Change ± 100 Basis Points		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change ± 100 Basis Points	
	Increase/(Decrease) (RM'000)		Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	409,090	(409,090)	(1,824,757)	1,822,916

2014				
EPF	Impact To Income Statement When Interest Rates Change ± 100 Basis Points		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change ± 100 Basis Points	
	Increase/(Decrease) (RM'000)		Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	261,941	(261,941)	(2,762,111)	2,762,111

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

2013				
EPF	Impact To Income Statement When Interest Rates Change ± 100 Basis Points		Impact On The Balance Of Available-For-Sale Financial Asset Reserves When Interest Rates Change ± 100 Basis Points	
	Increase/(Decrease) (RM'000)		Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	272,827	(272,827)	(1,824,757)	1,822,916

c. Foreign Currency 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 investments in global equities is done in various currencies which helps to mitigate the effects of foreign currency risk. As for the global bond/sukuk, the exposures are hedged to a significant extent to protect against the adverse movement in foreign 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 statements of financial position date:

GROUP AND EPF	2014		2013	
	Global Investments (RM'000)	%	Global Investments (RM'000)	%
Currency:				
United States Dollars	32,931,264	26	30,243,769	28
Singapore Dollars	13,687,463	11	11,736,730	11
Hong Kong Dollars	12,211,026	10	10,730,163	10
Euro	9,306,652	7	6,798,464	6
Thai Baht	8,476,565	7	5,132,826	5
Great Britain Pound	8,202,556	6	9,325,815	9
Australian Dollar	7,034,972	6	4,438,734	4
South Korean Won	6,414,989	5	5,076,228	5
Indonesian Rupiah	6,922,590	5	4,662,057	4
Japanese Yen	4,813,582	4	6,622,263	6
Taiwan Dollars	5,692,097	4	4,015,918	4
Others	11,535,558	9	8,793,389	8
	127,229,314	100	107,576,356	100

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 Market Risk (Cont'd.)

c. Foreign Currency Risk (Cont'd.)

Foreign exchange risk arises from the reasonably possible shifts in exchange rates that adversely affect the revaluation of the Group and of the EPF global financial instruments. Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and the EPF on their unhedged position are as follows:

GROUP/EPF	2014			
	Impact To Statement Of Profit Or Loss When The Movement In Exchange Rates		Impact To The Available-For-Sale Financial Asset Reserves When The Movement In Exchange Rates	
	Strengthening/(Weakening) (RM'000)		Strengthening/(Weakening) (RM'000)	
	+3%	-3%	+3%	-3%
United States Dollars	37,872	(37,872)	967,061	(967,061)
Singapore Dollars	16,418	(16,418)	394,983	(394,983)
Hong Kong Dollars	4,043	(4,043)	362,288	(362,288)
Great Britain Pound	9,632	(9,632)	268,931	(268,931)
Japanese Yen	9,801	(9,801)	134,607	(134,607)
Euro	32,334	(32,334)	278,565	(278,565)
Thai Baht	-	-	254,297	(254,297)
South Korean Won	900	(900)	191,550	(191,550)
Indonesian Rupiah	-	-	207,678	(207,678)
Australian Dollars	131,504	(131,504)	88,988	(88,988)
Taiwan Dollars	-	-	164,255	(164,255)
Others	54,911	(54,911)	288,721	(288,721)
	297,415	(297,415)	3,601,924	(3,601,924)

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

42.3 Market Risk (Cont'd.)

c. Foreign Currency Risk (Cont'd.)

GROUP/EPF	2013			
	Impact To Statement Of Profit Or Loss When The Movement In Exchange Rates Strengthening/(Weakening) (RM'000)		Impact To The Available-For-Sale Financial Asset Reserves When The Movement In Exchange Rates Strengthening/(Weakening) (RM'000)	
	+3%	-3%	+3%	-3%
United States Dollars	22,876	(22,876)	743,567	(743,567)
Singapore Dollars	8,464	(8,464)	344,695	(344,695)
Hong Kong Dollars	2,865	(2,865)	319,273	(319,273)
Great Britain Pound	4,754	(4,754)	286,559	(286,559)
Japanese Yen	10,344	(10,344)	188,461	(188,461)
Euro	23,995	(23,995)	180,826	(180,826)
Thai Baht	-	-	154,541	(154,541)
South Korean Won	549	(549)	151,494	(151,494)
Indonesian Rupiah	-	-	161,958	(161,958)
Australian Dollars	68,128	(68,128)	69,450	(69,450)
Taiwan Dollars	-	-	122,959	(122,959)
Others	19,299	(19,299)	225,425	(225,425)
	161,274	(161,274)	2,949,208	(2,949,208)

Interpretation of Impact

The Group and the EPF measure the foreign exchange sensitivity based on the foreign exchange net open positions (including foreign exchange structural position) under an adverse movement in all foreign currencies against the functional currency - Ringgit Malaysia (RM). The result implies that the Group and the EPF may be subject to additional translation (losses)/gain if RM strengthen/weaken against other currencies and vice versa.

42.4 Fair Value Of Financial Instruments

From 1 January 2013, the Group and EPF adopted MFRS 13, Fair Value Measurement which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair Value Hierarchy

- i. **Level 1**
Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- ii. **Level 2**
Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- iii. **Level 3**
Level 3 fair value is estimated using unobservable inputs for the assets and liabilities.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

GROUP	2014									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
Assets:										
Recurring Fair Value Measurement										
Available-for-sale financial assets	241,104,801	50,803,627	6,346,664	298,255,092	-	-	-	-	298,255,092	298,255,092
Financial assets at fair value through profit or loss	-	-	4,102,499	4,102,499	-	-	-	-	4,102,499	4,102,499
Derivative financial assets	114,145	9,856	-	124,001	-	-	-	-	124,001	124,001
Non-Recurring Fair Value Measurement										
Investment property	-	-	-	-	-	20,293,563	-	20,293,563	20,293,563	20,293,563
Assets held for sale	-	-	-	-	-	342,116	-	342,116	342,116	342,116
Held-to-maturity investment assets	-	-	-	-	199,888,269	187,958	-	200,076,227	200,076,227	199,397,964
Loans, advances and financing	-	-	-	-	-	107,239,482	267,159	107,506,641	107,506,641	107,506,641
Deposits with financial institutions	-	-	-	-	-	-	36,205,490	36,205,490	36,205,490	36,205,490
Receivables, deposits and prepayments	-	-	-	-	-	-	5,720,993	5,720,993	5,720,993	5,720,993
Liabilities:										
Recurring Fair Value Measurement										
Derivative liabilities	-	(1,060,998)	-	(1,060,998)	-	-	-	-	(1,060,998)	(1,060,998)
Non-Recurring Fair Value Measurement										
Deposits and advances	-	-	-	-	-	-	(27,738,682)	(27,738,682)	(27,738,682)	(27,738,682)
Payables and accrued liabilities	-	-	-	-	-	-	(6,562,820)	(6,562,820)	(6,562,820)	(6,562,820)
	241,218,946	49,752,485	10,449,163	301,420,594	199,888,269	128,063,119	7,892,140	335,843,528	637,264,122	636,585,859

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

GROUP	2013									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	(RM'000)	(RM'000)
Assets:										
Recurring Fair Value Measurement										
Available-for-sale financial assets	232,044,544	33,413,219	5,656,667	271,114,430	-	-	-	-	271,114,430	271,114,430
Financial assets at fair value through profit or loss	-	-	2,330,583	2,330,583	-	-	-	-	2,330,583	2,330,583
Derivative financial assets	587,727	87,658	-	675,385	-	-	-	-	675,385	675,385
Non-Recurring Fair Value Measurement										
Investment property	-	-	-	-	-	16,968,498	-	16,968,498	16,968,498	16,353,474
Assets held for sale	-	-	-	-	-	130,483	-	130,483	130,483	88,763
Held-to-maturity investment assets	-	-	-	-	195,823,026	364,796	-	196,187,822	196,187,822	196,186,991
Loans, advances and financing	-	-	-	-	-	111,467,371	256,222	111,723,593	111,723,593	111,723,593
Deposits with financial institutions	-	-	-	-	-	-	20,083,958	20,083,958	20,083,958	20,083,958
Receivables, deposits and prepayments	-	-	-	-	-	-	5,081,566	5,081,566	5,081,566	5,081,566
Liabilities:										
Recurring Fair Value Measurement										
Derivative liabilities	-	(362,156)	-	(362,156)	-	-	-	-	(362,156)	(362,156)
Non-Recurring Fair Value Measurement										
Deposits and advances	-	-	-	-	-	-	(28,369,800)	(28,369,800)	(28,369,800)	(28,369,800)
Payables and accrued liabilities	-	-	-	-	-	-	(4,861,244)	(4,861,244)	(4,861,244)	(4,861,244)
	232,632,271	33,138,721	7,987,250	273,758,242	195,823,026	128,931,148	(7,809,298)	316,944,876	590,703,118	590,045,543

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

EPF	2014									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
Assets:										
Recurring Fair Value Measurement										
Available-for-sale financial assets	241,104,801	50,803,627	6,345,844	298,254,272	-	-	-	-	298,254,272	298,254,272
Derivative financial assets	114,145	9,856	-	124,001	-	-	-	-	124,001	124,001
Non-Recurring Fair Value Measurement										
Investment property	-	-	-	-	-	1,846,610	-	1,846,610	1,846,610	1,153,444
Assets held for sale	-	-	-	-	-	228,200	-	228,200	228,200	181,451
Held-to-maturity investment assets	-	-	-	-	199,888,269	187,958	-	200,076,227	200,076,227	199,397,964
Loans, advances and financing	-	-	-	-	-	76,746,547	5,561,219	81,306,766	81,306,766	81,306,766
Deposits with financial institutions	-	-	-	-	-	-	30,623,574	30,623,574	30,623,574	30,623,574
Receivables, deposits and prepayments	-	-	-	-	-	-	5,126,454	5,126,454	5,126,454	5,126,454
Liabilities:										
Recurring Fair Value Measurement										
Derivative liabilities	-	(932,931)	-	(932,931)	-	-	-	-	(932,931)	(932,931)
Non-Recurring Fair Value Measurement										
Deposits and advances	-	-	-	-	-	-	(166,353)	(166,353)	(166,353)	(166,353)
Payables and accrued liabilities	-	-	-	-	-	-	(4,994,761)	(4,994,761)	(4,994,761)	(4,994,761)
	241,218,946	49,880,552	6,345,844	297,445,342	199,888,269	78,008,315	36,150,133	314,046,717	611,492,059	610,073,881

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- a. The following table summarises the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

EPF	2013									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value	Carrying Amount
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
Assets:										
Recurring Fair Value Measurement										
Held-to-maturity investment assets	232,044,544	33,413,219	5,656,667	271,114,430	-	-	-	-	271,114,430	271,114,430
Derivative financial assets	587,728	27,998	-	615,726	-	-	-	-	615,726	615,726
Non-Recurring Fair Value Measurement										
Investment property	-	-	-	-	-	1,838,494	-	1,838,494	1,838,494	1,300,242
Assets held for sale	-	-	-	-	-	129,042	-	129,042	129,042	87,322
Held-to-maturity investment assets	-	-	-	-	195,823,026	364,796	-	196,187,822	196,187,822	196,186,991
Loans, advances and financing	-	-	-	-	-	80,849,099	3,484,795	84,333,894	84,333,894	84,333,894
Deposits with financial institutions	-	-	-	-	-	-	15,597,527	15,597,527	15,597,527	15,597,527
Receivables, deposits and prepayments	-	-	-	-	-	-	4,572,754	4,572,754	4,572,754	4,572,754
Liabilities:										
Recurring Fair Value Measurement										
Derivative liabilities	-	(335,910)	-	(335,910)	-	-	-	-	(335,910)	(335,910)
Non-Recurring Fair Value Measurement										
Deposits and advances	-	-	-	-	-	-	(138,758)	(138,758)	(138,758)	(138,758)
Payables and accrued liabilities	-	-	-	-	-	-	(3,513,397)	(3,513,397)	(3,513,397)	(3,513,397)
	232,632,272	33,105,307	5,656,667	271,394,246	195,823,026	83,181,431	20,029,921	299,007,378	570,401,624	569,820,821

- b. **Policy of Transfer Between Levels**

The fair value of an asset to be transferred between levels is determined by the Group and EPF as of the date of the event or change in circumstances that caused the transfer. There has been no transfer between Level 1 and 2 fair values during the financial year (2013: No transfer in either direction).

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities:

Fair Value Of Financial Instruments Carried Out At Fair Value

GROUP	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2014 (RM'000)	2013 (RM'000)		
Financial Assets:				
Available-For-Sale Financial Assets				
Listed equities	241,104,801	232,044,544	Level 1	Quoted bid prices in an active market.
Bonds	24,751,983	17,475,868	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Sukuk	9,683,607	6,864,910	Level 2	
Private debt securities	16,368,037	9,072,441	Level 2	
Unquoted equities	6,346,664	5,656,667	Level 3	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Financial Assets At Fair Value Through Profit Or Loss				
Held for trade investment asset	4,102,499	2,330,583	Level 3	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Derivative Financial Assets:				
Warrants	32,265	482,828	Level 1	Quoted bid prices in an active market.
Rights	1,215	435	Level 1	Quoted bid prices in an active market.
Irredeemable convertible preference share	80,666	104,464	Level 1	Quoted bid prices in an active market.
Forward contracts	579	9,862	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross currency swaps	3,372	-	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Interest rate swaps	-	59,659	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Embedded derivatives	5,904	18,137	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets.
Total Financial Assets	302,481,592	274,120,398		
Financial Liabilities:				
Derivative Financial Liabilities:				
Forward contracts	(919,237)	(329,894)	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross currency swaps	(13,694)	(6,016)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Interest rate swaps	(128,067)	(26,246)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicity available quoted rates.
Total Financial Liabilities	(1,060,998)	(362,156)		
Total	301,420,594	273,758,242		

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

Fair Value Of Financial Instruments Not Measured At Fair Value

GROUP	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2014 (RM'000)	2013 (RM'000)		
Financial Assets:				
Investment property	20,293,563	16,968,498	Level 2	Frequency of revaluation performed in accordance with the accounting policy adopted by the Group, and by accredited independent valuers with experience in property valuation.
Assets Held For Sale	342,116	130,483	Level 2	Frequency of revaluation performed in accordance with the accounting policy adopted by the Group, and by accredited independent valuers with experience in property valuation.
Held-To-Maturity Investment Assets				
Malaysian Government Securities	87,222,962	87,884,232	Level 1	Quoted bid prices in an active market.
Government investment issues	57,511,321	59,478,056	Level 1	Quoted bid prices in an active market.
Private debt securities	37,422,467	40,166,220	Level 2	Valued by referring to observable quoted prices other than quoted prices which included in Level 1 for assets and liabilities directly or indirectly.
Commercial papers	123,257	595,185	Level 1	Quoted bid prices in an active market.
Cagamas securities	3,416,312	3,992,115	Level 1	Quoted bid prices in an active market.
Conventional bonds	105,892	106,598	Level 1	Quoted bid prices in an active market.
Islamic bonds	11,337,410	2,646,791	Level 1	Quoted bid prices in an active market.
Negotiable certificates	300,372	401,115	Level 1	Quoted bid prices in an active market.
Negotiable islamic certificates	2,448,276	552,712	Level 1	Quoted bid prices in an active market.
Bond swaps	187,959	364,799	Level 2	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Loans, Advances And Financing				
Guaranteed loan	75,745,547	80,849,099	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Corporate loan	31,493,935	30,618,272	Level 2	Fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at prevailing rates offered for similar loans to new borrowers with similar credit profiles as at the reporting date.
Loans to staff	267,159	256,222	Level 3	Unavailability of observable comparison as benchmark.
Deposits With Financial Institutions	36,205,490	20,083,957	Level 3	Unavailability of observable comparison as benchmark.
Receivables, Deposits And Prepayments	5,720,993	5,081,566	Level 3	Unavailability of observable comparison as benchmark.
Total Financial Assets	370,145,030	350,175,920		
Financial Liabilities:				
Deposits and advances	(27,738,682)	(28,369,800)	Level 3	Unavailability of observable comparison as benchmark.
Payables and accrued liabilities	(6,562,820)	(4,861,244)	Level 3	Unavailability of observable comparison as benchmark.
Total Financial Liabilities	(34,301,502)	(33,231,044)		
Total	335,843,528	316,944,876		

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

Fair Value Of Financial Instruments Carried Out At Fair Value

EPF	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2014 (RM'000)	2013 (RM'000)		
Financial Assets:				
Available-For-Sale				
Financial Assets				
Listed equities	241,104,801	232,044,544	Level 1	Quoted bid prices in an active market.
Bonds	24,751,983	17,475,868	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets.
Sukuk	9,683,607	6,864,910	Level 2	
Private debt securities	16,368,037	9,072,441	Level 2	Nets Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Unquoted equities	6,345,844	5,656,667	Level 3	
Derivative Financial Assets:				
Warrants	32,265	482,828	Level 1	Quoted bid prices in an active market.
Rights	1,215	435	Level 1	Quoted bid prices in an active market.
Irredeemable convertible preference share	80,666	104,464	Level 1	Quoted bid prices in an active market.
Forward contracts	579	9,862	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross currency swaps	3,372	-	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
Embedded deravative	5,904	18,137	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Total Financial Assets	298,378,273	271,730,156		
Financial Liabilities:				
Derivative Financial Liabilities:				
Forward contracts	(919,238)	(329,894)	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross currency swaps	(13,693)	(6,016)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
Total Financial Liabilities	(932,931)	(335,910)		
Total	297,445,342	271,394,246		

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

- c. This note provides information on how the Group and EPF determine fair values of various financial assets and financial liabilities: (Cont'd.)

Fair Value Of Financial Instruments Not Measured At Fair Value

EPF	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2014 (RM'000)	2013 (RM'000)		
Financial Assets:				
Investment Property	1,846,610	1,838,494	Level 2	Frequency of revaluation performed in accordance with the accounting policy adopted by the Group, and by accredited independent valuers with experience in property valuation.
Assets Held For Sale	228,200	129,042	Level 2	Frequency of revaluation is performed in accordance with the accounting policy adopted by the Group and by accredited independent valuers with experience in property valuation.
Held-To-Maturity Investment Assets				
Malaysian Government Securities	87,222,962	87,884,232	Level 1	Quoted bid prices in an active market.
Government investment issues	57,511,321	59,478,056	Level 1	Quoted bid prices in an active market.
Private debt securities	37,422,467	40,166,219	Level 2	Valued by referring to observable quoted prices other than quoted prices which included in Level 1 for assets and liabilities directly or indirectly.
Commercial papers	123,257	595,185	Level 1	Quoted bid prices in an active market.
Cagamas securities	3,416,312	3,992,115	Level 1	Quoted bid prices in an active market.
Conventional bonds	105,892	106,598	Level 1	Quoted bid prices in an active market.
Islamic bonds	11,337,410	2,646,791	Level 1	Quoted bid prices in an active market.
Negotiable certificates	300,372	401,115	Level 1	Quoted bid prices in an active market.
Negotiable islamic certificates	2,448,275	552,712	Level 1	Quoted bid prices in an active market.
Bond swaps	187,959	364,799	Level 2	Net Assets Value (NAV) of the investments where the prorated underlying investment equity portion is being utilised as the fair value due to unavailability of observable comparison as benchmark.
Loans, Advances And Financing				
Guaranteed loan	75,745,547	80,849,099	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Loans to subsidiaries and staff	5,561,219	3,484,795	Level 3	Unavailability of observable comparison as benchmark.
Deposits With Financial Institutions	30,623,574	15,597,527	Level 3	Unavailability of observable comparison as benchmark.
Receivables, Deposits And Prepayments	5,126,454	4,572,754	Level 3	Unavailability of observable comparison as benchmark.
Total Financial Assets	319,207,831	302,659,533		
Financial Liabilities:				
Deposits and advances	(166,353)	(138,758)	Level 3	Unavailability of observable comparison as benchmark.
Payables and accrued liabilities	(4,994,761)	(3,513,397)	Level 3	Unavailability of observable comparison as benchmark.
Total Financial Liabilities	(5,161,114)	(3,652,155)		
Total	314,046,717	299,007,378		

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

d. The following table provides a reconciliation of Level 3 fair valuation:

GROUP	2014	
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets At Fair Value Through profit Or Loss (RM'000)
At 01 January	5,656,667	2,330,583
Gain/(loss) recognised in statements of profit or loss	(622,777)	113,062
Gain/(loss) recognised in other comprehensive income	305,847	154,133
Purchase	1,467,992	2,033,143
Sale	(461,065)	(528,422)
As At 31 December	6,346,664	4,102,499

GROUP	2013	
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets At Fair Value Through profit Or Loss (RM'000)
At 01 January	2,880,954	1,385,704
Gain/(loss) recognised in statements of profit or loss	(421,948)	274,744
Gain/(loss) recognised in other comprehensive income	1,966,896	-
Purchase	1,366,292	1,021,466
Sale	(135,527)	(351,331)
As At 31 December	5,656,667	2,330,583

EPF	2014	
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets At Fair Value Through profit Or Loss (RM'000)
At 01 January	5,656,667	-
Gain/(loss) recognised in statements of profit or loss	(622,777)	-
Gain/(loss) recognised in other comprehensive income	305,847	-
Purchase	1,467,172	-
Sale	(461,065)	-
As At 31 December	6,345,844	-

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

42. FINANCIAL RISK (CONT'D.)

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

d. The following table provides a reconciliation of Level 3 fair valuation (Cont'd.):

EPF	2013	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets At Fair Value Through profit Or Loss (RM'000)
At 01 January	2,880,954	-
Gain/(loss) recognised in statements of profit or loss	(421,948)	-
Gain/(loss) recognised in other comprehensive income	1,966,896	-
Purchase	1,366,292	-
Sale	(135,527)	-
As At 31 December	5,656,667	-

e. Sensitivity analysis of the Level 3 fair valuation is as follows:

GROUP AND EPF	2014			
	Fair Value (RM'000)	Reasonable Possible Shift	Sensitivity Impact To AFS Reserves (RM'000)	Sensitivity Impact To Income Statement (RM'000)
Available-for-sale unquoted equities	6,346,664	+5%	600,861	122
		-5%	(18,191)	(25,083)

GROUP AND EPF	2013			
	Fair Value (RM'000)	Reasonable Possible Shift	Sensitivity Impact To AFS Reserves (RM'000)	Sensitivity Impact To Income Statement (RM'000)
Available-for-sale unquoted equities	5,656,667	+5%	248,311	31,007
		-5%	(290,361)	(72,575)

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

43. 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
Cengal Private Equity Investments II (Plc)	Subsidiary
Jati Private Equity Fund LP	Subsidiary
Jati Private Equity Fund II LP	Subsidiary
Merbau Investors Offshore LP	Subsidiary
Merbau Investors Offshore II LP	Subsidiary
Meranti Fund LP	Subsidiary
KWASA Properties Sdn Bhd	Subsidiary
KWASA Land Sdn Bhd	Subsidiary
KWASA Global (Jersey) Limited	Subsidiary
KWASA Global 2 (Jersey) Limited	Subsidiary
KWASA Invest Ltd	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
KWASA Europe S.A.R.L	Subsidiary
KWASA Infrastructure I	Subsidiary
KWASA Development (1) Sdn Bhd	Subsidiary
Pinggiran Ventures Sdn Bhd	Subsidiary
Symphony Insight Sdn Bhd	Subsidiary
Ekuiti Merdu Sdn Bhd	Subsidiary
RHB Capital Berhad	Associate
Malaysian Resources Corporation Bhd	Associate
Bandar Eco-Setia Sdn Bhd	Associate
Iskandar Investment Berhad	Associate
HSBC Amanah Takaful (M) Sdn Bhd	Associate
Sunway South Quay Sdn Bhd	Associate
Panca Pesona Sdn Bhd	Associate
Malakoff Corporation Berhad	Associate
Columbia Asia Sdn Bhd	Associate
Nusa Gapurna Development Sdn Bhd	Associate
PLUS Malaysia Sdn Bhd	Associate
Jelas Puri Sdn Bhd	Associate

The above company is in the process of voluntary winding up as at 31 December 2014.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

43. RELATED PARTY TRANSACTIONS (CONT'D.)

a. Related Parties And Relationships (Cont'd.)

Subsidiaries And Associates A subsidiary of subsidiaries and associates consistency of the above is part of the EPF subsidiaries and associates, as disclosed in notes 46 and 47.

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

- Close family members and dependents of key management personnels.
- Entities of which significant voting power in such entity resides with the key management personnels or its close family members.

b. Significant Related Party Balances And Transactions

	EPF					
	Subsidiaries		Associates		Key Management Personnels	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
As At 31 December						
Income						
Interest on loans and advances	160,907	142,029	-	-	-	-
Rental income	12,275	13,109	-	-	-	-
Other non-operational income	792,560	496,393	449,302	872,730	-	-
	965,742	651,531	449,302	872,730	-	-
Amount Due From						
Loans, advances and financing	5,339,424	3,267,130	8,569,787	8,615,952	-	-
	5,339,424	3,267,130	8,569,787	8,615,952	-	-
Amount Due To						
Other liabilities	4,201	365	-	-	-	-
EPF contributions *	-	-	-	-	45,285	47,166
	4,201	365	-	-	45,285	47,166

* The EPF contribution balances are for key management personnels, which has a significant balance.

Key Management Personnels

	GROUP		EPF	
	2014 (RM'000)	2013 (RM'000)	2014 (RM'000)	2013 (RM'000)
Short term employee benefits:				
Salary/allowances/honorarium/remuneration for board members and investment panel	10,858	9,493	6,942	5,577
Benefit in kind	4,870	4,753	101	100
Share-based payment schemes	135	135	-	-
	15,863	14,381	7,043	5,677

c. Between The EPF And The Government Of Malaysia And Entities Related To The 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 for entities controlled by the Government are as follows:

	2014 (RM'000)	2013 (RM'000)
Interest income and profit on investment	11,858,760	6,420,711
Purchase and subscription of Malaysian Government Securities and bonds	59,659,161	38,265,361
Drawdown of loans	21,588,563	19,562,078
Sales, maturities and early redemption of the Malaysian Government Securities and bonds	48,228,846	34,780,342
Repayment of loans	30,440,832	16,957,338

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

44. OPERATING LEASES

44.1 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 leases include contingent rentals. The future minimum lease payments under these non-cancellable operating leases are as follows:

	GROUP AND EPF	
	2014 (RM'000)	2013 (RM'000)
Within 1 year	6,851	6,307
Between 1 to 5 years	9,426	7,397
	16,277	13,704

44.2 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	
	2014 (RM'000)	2013 (RM'000)
Within 1 year	122,863	115,045
Between 1 to 5 years	449,463	264,111
	572,326	379,156

45. COMPARATIVE FIGURES

45.1 Adjustment Relates To Comparative Figures In Prior Years

Share of movement in reserves in joint ventures is recognised in the statement of changes in equity for the year ended 31 December 2013 by KWASA Capital Limited (KCL), a subsidiary of the EPF. The transaction refers to the acquisition of QSR Brands Bhd (QSR) by Massive Equity Sdn Bhd (MESB), an indirect joint venture company of KWASA Capital Limited.

KWASA Capital Limited has adjusted the transaction records to account QSR Brands Bhd as a subsidiary of Massive Equity Sdn Bhd and not categorised as a joint venture company. The business combinations of Massive Equity Sdn Bhd over QSR Brands Bhd are accounted for using the consolidation method and not the equity accounting basis. Prior year adjustments were made to reclassify QSR Brands Bhd from the Group's capital reserve to investments in joint ventures amounting to RM448.26 million.

45.2 For the financial year ended 31 December 2013, goodwill on consolidation was recognised in the financial statements of KWASA Infrastructure 1, the EPF's subsidiary recognising the acquisition of Helios Terminal Corporation Pte Ltd and Chemoil Storage Limited amounting to RM351.45 million.

Adjustments has been made by KWASA Infrastructure 1 to reclassify goodwill on consolidation as investment in associates as KWASA Infrastructure 1 ceases to have controls over the acquisitions made.

45.3 The table below indicate the comparative figures for 2013 (inclusive notes 45.1 and 45.2) which have been restated in order to conform with the current year presentation of financial statements. The effects of these reinstatements are disclosed as below:

	GROUP		EPF	
	Restated (RM'000)	Restated Previous Year (RM'000)	Restated (RM'000)	Restated Previous Year (RM'000)
Statement Of Financial Position				
Assets				
Intangible assets	48,425	399,875	-	-
Investments in subsidiaries	-	-	10,078,834	13,316,841
Investments in associates	13,431,978	21,696,480	10,782,625	19,398,577
Investments in joint ventures	1,262,746	814,485	-	-
Held-to-maturity investment assets	196,186,991	186,335,863	196,186,991	186,335,863
Available-for-sale financial assets	271,114,430	269,856,654	271,114,430	269,856,654
Loans, advances and financing	111,723,593	111,049,914	84,333,894	80,393,084
Receivables, deposits and prepayments	5,081,565	4,290,057	4,572,754	3,705,555
Tax receivable	-	452,764	-	528,571
Interest and accrued dividend	-	3,518,611	-	3,547,619
Deposits with financial institutions	20,083,958	20,070,722	15,597,527	15,584,291
Liabilities				
Employee benefits	(319,359)	(338,502)	(319,359)	(338,502)
Payables and accrued liabilities	(4,861,244)	(4,842,101)	(3,513,397)	(3,494,254)
Member's Fund				
Capital Reserve	-	448,261	-	-
	613,753,083	613,753,083	588,834,299	588,834,299

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

46. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2014

Details of the subsidiaries are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Direct Holding-EPF				
Malaysia Building Society Berhad	Malaysia	64.18	64.52	Operating of loans on the security of freehold and leasehold properties
YTR Harta Sdn Bhd	Malaysia	81	81	Property development and management
Affordable Homes Sdn Bhd	Malaysia	100	100	Property development
PPNK-Harta Sdn Bhd	Malaysia	85	85	Property development and management
Rashid Hussian Berhad #	Malaysia	98.33	98.33	Trust holding company
Cengal Private Equity Investments (PLC)	Dublin, Ireland	99.50	99.50	Investment holding fund
Cengal Private Equity Investments (PLC) II	Dublin, Ireland	99.34	-	Investment holding fund
Jati Private Equity Fund LP	USA	99	99	Investment holding fund
Jati Private Equity Fund II LP	Cayman Island	99	99	Investment holding fund
Merbau Investors Offshore LP	USA	99.50	99.50	Investment holding fund
Merbau Investors Offshore II LP	Cayman Island	99	99	Investment holding fund
Meranti Fund LP	Cayman Island	99.25	99.25	Investment holding fund
KWASA Properties Sdn Bhd	Malaysia	100	100	Property investment
KWASA Land Sdn Bhd	Malaysia	100	100	Master developer engaged in the business of property development and investment holding
KWASA Global (Jersey) Limited	Jersey	100	100	Investment holding
KWASA Global 2 (Jersey) Limited	Jersey	100	-	Investment holding
KWASA Invest Ltd	United Kingdom	100	-	Property development and management
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	100	Trust holding company
KWASA Australia Trust	Australia	100	100	Trust company
KWASA Capital Limited	Cayman Island	100	100	Investment holding
KWASA Europe S.A.R.L	Luxembourg	100	100	Investment holding
KWASA Infrastructure 1	Cayman Island	100	100	Investment holding
KWASA Development (1) Sdn Bhd	Malaysia	95	-	Property development
Pinggiran Ventures Sdn Bhd	Malaysia	100	-	Investment holding
Symphony Insight Sdn Bhd	Malaysia	100	-	Investment holding
Ekuiti Merdu Sdn Bhd	Malaysia	100	-	Investment holding
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
Ganesh 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
Raynergy Sdn Bhd	Malaysia	100	100	Dormant
Idaman Usahamas Sdn Bhd	Malaysia	100	100	Dormant
Ombak Pesaka Sdn Bhd	Malaysia	100	100	Hotel operation
MBSB Tower Sdn Bhd (Formerly known as Ambang Hartamas Sdn Bhd)	Malaysia	100	100	Property development
Home Approach Sdn Bhd	Malaysia	100	100	Property investment
Jana Kapital Sdn Bhd	Malaysia	100	100	Investment holding
88 Legacy Sdn Bhd	Malaysia	100	-	Property development

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

46. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through KWASA Global (Jersey) Limited				
KWASA UK Limited	Jersey	100	100	Property investment
KWASA Global Development Limited	Jersey	100	100	Investment holding
KWASA Australia II Trust	Australia	99.8	99.8	Trust company
KWASA Global Link Limited	Jersey	100	100	Property investment
Subsidiaries Held Through KWASA Australia Trust				
Everest Property Trust	Australia	80	80	Trust company
Gotham Trust	Australia	70	70	Trust company
Subsidiaries Held Through KWASA UK Limited				
KWASA UK Solo Limited	Jersey	100	100	Property investment
KWASA Arena Limited	Jersey	100	100	Property investment
KWASA Super Limited	Jersey	100	100	Property investment
KWASA UK Duo Limited	Jersey	100	100	Property investment
Associates Held Through KWASA Global Development Limited				
Battersea Project Holding Company Ltd	Jersey	20	20	Investment holding
Battersea Project Land Company Ltd	Jersey	20	20	Property development
Battersea Power Station Development Company Limited	United Kingdom	20	20	Development of management advice & services relating to administration.
BPS Malaysia Sdn Bhd	Malaysia	20	20	Marketing Battersea development project in Malaysia and South-East Asia
Subsidiaries Held Through KWASA Australia II Trust				
KWASA Goodman Industrial Trust	Australia	60	60	Trust company
Subsidiaries Held Through KWASA Global Links Limited				
KWASA Links Malaysia One Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Two Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Three Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Four Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Five Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Six Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Seven Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Eight Sdn Bhd	Malaysia	100	100	Property investment
KWASA Links Malaysia Nine Sdn Bhd	Malaysia	100	100	Property investment
Subsidiaries Held Through KWASA UK Solo Limited				
One Sheldon Square Limited	Jersey	100	100	Property investment
Portman Square (No. 1) Limited	Jersey	100	100	Investment holding
Portman Square (No. 2) Limited	Jersey	100	100	Investment holding
Whitefriars Limited	Jersey	100	100	Property investment
Subsidiaries Held Through KWASA UK Duo Limited				
Knightlights Property International S.A	Luxembourg	100	100	Property investment
Bridge Unit Limited #	Jersey	100	100	Property investment
Bridge Unit 2 Limited	Jersey	100	100	Property investment
K2 Tower Bridge Limited	Jersey	100	100	Property investment
Reading No. 1 Limited	Jersey	100	100	Investment holding
Reading No. 2 Limited	Jersey	100	100	Investment holding
Reading Management (Jersey) Limited	Jersey	100	100	Management services
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 2014

46. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through Bridge Unit Limited				
The Bridge LP Limited #	Isle of Man	100	100	Property investment
Subsidiaries Held Through The Bridge LP Limited				
The Bridge GP Limited #	Isle of Man	100	100	Property investment
The Bridge Nominee Limited #	Isle of Man	100	100	Property investment
Subsidiaries Held Through The Bridge GP Limited And The Bridge LP Limited				
The Bridge LP #	Isle of Man	-	-	Property investment
Subsidiaries Held Through Portman Square (No. 1) Limited				
Portman Investment Unit Trust	Jersey	99	99	Property investment
Subsidiaries Held Through Portman Square (No. 2) Limited				
Portman Investments Unit Trust	Jersey	1	1	Property investment
Subsidiaries Held Through Portman Investments Unit Trust				
Portman Investments Nominee 1 Limited	Jersey	100	100	Property investment
Portman Investments Nominee 2 Limited	Jersey	100	100	Property investment
Subsidiaries Held Through Reading No 1 Limited				
Reading (Jersey) Unit Trust	Jersey	99.2	99.2	Property investment
Subsidiaries Held Through Reading No 2 Limited				
Reading (Jersey) Unit Trust	Jersey	0.08	0.08	Property investment
Subsidiaries Held Through Reading (Jersey) Unit Trust				
Reading Nominee 1 Limited	Jersey	100	100	Property investment
Reading Nominee 2 Limited	Jersey	100	100	Property investment
Subsidiaries Held Through KWASA Arena Limited				
The Arena Unit Trust	Jersey	50	50	Property investment
Subsidiaries Held Through KWASA Goodman Industrial Trust				
KWASA Sub-Trust (Australia)	Australia	60	60	Trust holding company
Sub-Trust 1A	Australia	60	60	Property investment
Sub-Trust 1B	Australia	60	60	Property investment
Sub-Trust 1C	Australia	60	60	Property investment
Sub-Trust 2A	Australia	60	60	Property investment
Sub-Trust 2B	Australia	60	60	Property investment
Sub-Trust 2C	Australia	60	60	Property investment
Sub-Trust 1D	Australia	60	60	Property investment
Sub-Trust 1E	Australia	60	60	Property investment
Sub-Trust 2D	Australia	60	60	Property investment
Sub-Trust 2E	Australia	60	60	Property investment
Sub-Trust 2F	Australia	60	60	Property investment

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

46. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through KWASA Europe S.a.r.l.				
KG Finance (Lux) S.a.r.l.	Luxembourg	70	70	Financial services
Goodman Basil Logistic (Lux) S.a.r.l.	Luxembourg	70	70	Property investment
Goodman Tumbleweed Logistic (Lux) S.a.r.l.	Luxembourg	70	70	Property investment
Goodman Pearl (Lux) Logistic S.a.r.l.	Luxembourg	70	70	Property investment
Goodman Cardamom Logistic (Lux) S.a.r.l.	Luxembourg	70	70	Property investment
Goodman Cyan Logistic (Lux) S.a.r.l.	Luxembourg	70	70	Property investment
GELF Korbach (Lux) S.a.r.l.	Luxembourg	70	70	Property investment
Subsidiaries Held Through KWASA Capital Limited				
Melati Asia Holdings Limited	Cayman Island	51	51	Property investment
Associates Held Through Melati Asia Holdings Limited				
Massive Equity Sdn Bhd	Malaysia	49	49	Investment holding
Subsidiaries Held Through Massive Equity Sdn. Bhd.				
QSR Brands (M) Sdn Bhd	Malaysia	100	100	Investment holding
Associates Held Through KWASA Singapore (Solo) Pte Ltd				
Perfect Eagle Pte Ltd	Singapore	20	20	Property development
Associates Held Through KWASA Singapore (Duo) Pte Ltd				
Guston Pte Ltd	Singapore	20	20	Hotel development
Associates Held Through KWASA Singapore (Trio) Pte Ltd				
Belmeth Pte Ltd	Singapore	20	20	Office development and retailers
Subsidiaries Held Through KWASA Infrastructure 1				
Macquarie Hyperion Ltd	Cayman Island	60.01	60.01	Investment holding
Subsidiaries Held Through Macquarie Hyperion Ltd				
Macquarie Helios Holding Ltd	Cayman Island	100	100	Investment holding
Associates Held Through Macquarie Helios Holding Ltd				
Chemoil Storage Limited	Singapore	45	45	Investment holding
Subsidiaries Held Through Chemoil Storage Limited				
Helios Terminal Corporation Pte Ltd	Singapore	100	100	Petroleum industrial company

All the EPF subsidiaries are not audited by the Auditor General.

The above company is in the process of voluntary winding up as at 31 December 2014.

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014

Details of the associates are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Direct Holding-EPF				
RHB Capital Berhad	Malaysia	41.49	41.34	Banking
Malaysian Resources Corporation Bhd	Malaysia	38.94	38.87	Investment holding company and conduct activities related to construction, property development and management services to its subsidiaries
Bandar Eco-Setia Sdn Bhd	Malaysia	34	34	Property development
Iskandar Investment Berhad	Malaysia	20	20	Development of Wilayah Pembangunan Iskandar
HSBC Amanah Takaful (M) Sdn Bhd	Malaysia	20	20	Insurance
Sunway South Quay Sdn Bhd	Malaysia	20	20	Property development
Panca Pesona Sdn Bhd	Malaysia	30	30	Developer of Industrial project and housing
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
Jelas Puri Sdn Bhd	Malaysia	30	30	Property development
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
RHB OSK Rupiah Liquid Fund	Indonesia	72.01	-	Investment in financial and equity market instrument
RHBF Sdn Bhd	Malaysia	100	100	Dormant
RHB Venture Capital Sdn Bhd	Malaysia	100	100	Dormant
OSK Investment Bank (Labuan) Limited	Singapore	100	100	Investment banking
OSKIB Sdn Bhd	Malaysia	100	100	Stock broker and investment banking
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 to Hong Kong beneficiary
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
RHB Indochina Bank Limited (Formerly known as OSK Indochina Bank Limited)	Cambodia	100	100	Commercial banking
RHB Bank Lao Limited	Lao PDR	100	-	Commercial banking

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
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 Nominees (Tempatan) Sdn Bhd				
RHB Capital Nominees (Asing) Sdn Bhd	Malaysia	100	100	Nomination services for foreign beneficiary shareholders
Subsidiaries Held Through RHB Indochina Bank Limited				
RHB OSK Indochina Securities Limited (Formerly known as OSK Indochina Securities Limited)	Cambodia	100	100	Securities and margin securities financing provider
Subsidiaries Held Through RHB Investment Bank Berhad				
RHB Merchant Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Nomination services for Malaysian beneficiary shareholders
RHB Nominees Sdn Bhd	Malaysia	100	100	Nomination and custodian services
RHB Nominees (Asing) Sdn Bhd	Malaysia	100	100	Nomination shareholders and custodian services for foreign beneficiary
RHB Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Nomination and custodian services for Malaysian beneficiary shareholders
RHB Asset Management Sdn Bhd (Formerly known as RHB Investment Management Sdn Bhd)	Malaysia	100	100	Property management services and unit trust
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	49	Banking
RHB OSK International Investment Pte Ltd (Formerly known as OSK International Investment Pte Ltd)	Malaysia	100	100	Investment holding
RHB Holdings Hong Kong Limited (Formerly known as OSK Holdings Hong Kong Limited)	Hong Kong	100	100	Investment holding
PT RHB OSK Nusadana Securities Indonesia (Formerly known as PT OSK Nusadana Securities Indonesia)	Indonesia	99	99	Stock allocation and stock brokerage services
DMG & Partners Securities Pte Ltd	Singapore	100	51	Stock allocation, stock brokerage and corporate finance advisory services
RHB OSK Securities (Thailand) Public Company Limited (Formerly known as OSK Securities (Thailand) Public Company Limited)	Thailand	99.95	99.95	Stock allocation and stock brokerage services
OSK Futures and Options Sdn Bhd	Malaysia	100	100	Dormant
OSK Research Sdn Bhd	Malaysia	100	100	Investment research services
RHB OSK International Asset Management Sdn Bhd (Formerly known as OSK International Asset Management Sdn Bhd)	Malaysia	100	100	Dormant
OSK Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Act as attorneys, nominees, agents, trustees and related activities for local shareholders
OSK Nominees (Asing) Sdn Bhd	Malaysia	100	100	Act as attorneys, nominees, agents, trustees and related activities for foreign shareholders
OSK Investment Management Sdn Bhd	Malaysia	100	100	Dormant

Notes To The Financial Statements (Cont'd.)

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47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through RHB Investment Bank Berhad (Cont'd.)				
TCL Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Dormant
TCL Nominees (Asing) Sdn Bhd	Malaysia	100	100	Dormant
KE-ZAN Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Dormant
KE-ZAN Nominees (Asing) Sdn Bhd	Malaysia	100	100	Dormant
RHB Trustees Berhad (Formerly known as OSK - Trustees Berhad)	Malaysia	100	100	Trust services (writing a will, estate planning and private trusts) and corporate trustee services
Malaysia Trustees Berhad	Malaysia	100	100	Agents of trustees, executors and estate administrators
RHB OSK Nominees Hong Kong Limited (Formerly known as OSK - UOB Investment Management Bhd)	Malaysia	100	100	Management of unit trust funds
RHB Finexasia.com Sdn Bhd	Malaysia	100	100	Development and servicing of internet solution and financial related services
iFast-OSK Sdn Bhd	Malaysia	-	38.88	Investment holding
Subsidiaries Held Through RHB OSK International Investment Pte Ltd				
RHB OSK Asset Management Pte Ltd (Formerly known as OSK International Asset Management Pte Ltd)	Singapore	100	100	Fund management
Joint Ventures Held Through RHB OSK Asset Management Pte Ltd				
RHB OSK GC-Milenium Capital Pte Ltd (Formerly known as OSK GC-Milenium Capital Pte Ltd)	Singapore	40	40	Business operations and administrative management of funds approved
Subsidiaries Held Through RHB Holdings Hong Kong Limited				
RHB OSK Securities Hong Kong Limited (Formerly known as OSK Securities Hong Kong Limited)	Hong Kong	100	100	Securities business and margin securities financing provider
RHB OSK Futures Hong Kong Limited (Formerly known as OSK Futures Hong Kong Limited)	Hong Kong	100	100	Dealing in future contracts
RHB OSK Finance Hong Kong Limited (Formerly known as OSK Finance Hong Kong Limited)	Hong Kong	100	100	Money lender
RHB OSK Capital Hong Kong Limited (Formerly known as OSK Capital Hong Kong Limited)	Hong Kong	100	100	Corporate finance advisory services
RHB Fundamental Capital Hong Kong Limited (Formerly known as RHB OSK Precious Metals Hong Kong Limited)	Hong Kong	100	100	Precious metal trading
OSK International Investment Hong Kong Limited	Hong Kong	100	100	Business advisory services in securities and asset management services
RHB OSK Wealth Management Hong Kong Limited (Formerly known as OSK Wealth Management Hong Kong Limited)	Hong Kong	100	100	Negotiating or arranging contracts or insurance
RHB OSK (China) Investment Advisory Co Ltd	China	100	100	Investment and business related advisory services
Subsidiaries Held Through				
PT RHB OSK Nusadana Securities Indonesia				
PT RHB OSK Asset Management (Formerly known as PT OSK Nusadana Asset Management)	Indonesia	98.62	98.62	Investment manager

Notes To The Financial Statements (Cont'd.)

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47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through DMG & Partners Securities Pte Ltd				
DMG & Partners Nominees Pte Ltd	Singapore	100	51	Nomination services
Summit Nominees Pte Ltd	Singapore	100	51	Nomination services
DMG & Partners Research Pte Ltd	Singapore	100	51	Financial advisory services
Subsidiaries Held Through OSK-UOB Investment Management Bhd				
RHB Islamic International Asset Management Bhd (Formerly known as OSK-UOB Islamic Fund Management Berhad)	Malaysia	100	100	Islamic fund management services
Subsidiaries Held Through RHB Asset 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 Merchant Nominees (Tempatan) Sdn Bhd				
RHB Merchant Nominees (Asing) Sdn Bhd	Malaysia	100	100	Nomination services and custodian for foreign beneficiary shareholders
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
Subsidiaries Held Through Finexasia.com Sdn Bhd				
RHB OSK Stock 188.com Sdn Bhd	Malaysia	100	100	Support holding company as application services provider in accessing online equity trading, information and other financial services
Subsidiaries Held Through RHB OSK Securities Hong Kong Limited				
RHB OSK Nominees Hong Kong Limited (Formerly known as OSK Nominees Hong Kong Limited)	Hong Kong	100	100	Act as attorney, nominees, agent, trustees and activities related to beneficial shareholders
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 iFast Capital Sdn Bhd				
iFast Nominees Sdn Bhd	Malaysia	-	100	Banking
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 development
RHB Property Management Sdn Bhd	Malaysia	100	100	Property development
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

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through RHBF Sdn Bhd				
KYF Sdn Bhd	Malaysia	100	100	Dormant
Subsidiaries Held Through RHB Private Equity Holdings Sdn Bhd				
RHB Private Equity Fund Ltd	Caymand Islands Britain	100	100	Investment
RHB Private Equity Management Ltd	Malaysia	100	100	Investment advisor and personal investment services
Subsidiaries Held Through Malaysian Resources Corporation Berhad				
Cosy Bonanza Sdn Bhd	Malaysia	65.70	65.70	Property development
Excellent Bonanza Sdn Bhd	Malaysia	100	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	100	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	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
Penang Sentral Sdn Bhd	Malaysia	100	49	Property development
Paradigma Berkat Sdn Bhd	Malaysia	70	70	Property development
MRCB Putra Sdn Bhd	Malaysia	70	70	Investment, trading and financial advisory
Gapurna Builder Sdn. Bhd.	Malaysia	100	100	Trading properties
Gapurna Global Solutions Sdn Bhd	Malaysa	100	100	Property development
Gapurna Land Sdn Bhd	Malaysia	100	100	Trading properties
Gelanggang Harapan Construction Sdn Bhd	Malaysia	100	100	Property development
Puncak Wangi Sdn. Bhd.	Malaysia	100	100	Trading properties
Lotus Terrain Sdn. Bhd.	Malaysia	100	100	Pre-operation
Semasa Sentral Sdn Bhd	Malaysia	100	100	Operational work, management and maintenance of KL Sentral railway station
Sooka Sentral Sdn Bhd	Malaysia	100	100	Operational work, management and maintenance of KL Sentral railway station
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

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through Malaysian Resources Corporation Berhad (Cont'd.)				
MR Construction Sdn Bhd	Malaysia	50.8	50.8	Construction
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	Maintenance services, application systems and other technology applications
Semasa District Cooling Sdn Bhd	Malaysia	100	100	One-stop card technology service provider
Seleksi Untung Sdn Bhd	Malaysia	100	-	Modular building design system
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	Trading in building materials
MRCB DMIA JV Sdn Bhd	Malaysia	100	100	Pre-operation
Region Resources Sdn Bhd	Malaysia	100	100	Quarry operations
Sibexlink Sdn Bhd	Malaysia	100	100	Sale of business information and website development
Semasa Sentral (Penang) Sdn Bhd	Malaysia	100	100	Operational work, management and maintenance of Penang Sentral
MRCB Green Energy Sdn Bhd	Malaysia	100	100	Pre-operation
348 Central Sdn Bhd	Malaysia	100	100	Lease office and residential space
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
Subsidiaries Held Through Malaysian Resources Development Sdn Bhd				
MRCB International Sdn. Bhd.	Malaysia	100	100	Property investment and investment holding
Golden East Corporation Sdn Bhd	Malaysia	100	100	Property management and development
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
Seri Iskandar Development Corporation Sdn Bhd	Malaysia	70	70	Property development

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through Bitar Enterprises Sdn Bhd				
MRCB Land (Australia) Pty Ltd	Australia	100	70	Property investment
Subsidiaries Held Through MRCB Land (Australia) Pty Ltd				
MRCB Project Incorporated Pty Ltd	Australia	70	70	Property investment
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
Subsidiaries Held Through MRCB Land Sdn Bhd				
Efficient Class Sdn Bhd	Malaysia	100	-	Property development
Esquire Moments Sdn Bhd	Malaysia	100	-	Pre-operation
Crystal Hallmark Sdn Bhd	Malaysia	100	-	Property development
Legasi Azam Sdn Bhd	Malaysia	100	-	Pre-operation
Pinnacle Paradise Sdn Bhd	Malaysia	100	-	Property development
Rukun Juang Sdn Bhd	Malaysia	100	-	Pre-operation
Stigma Tiara Sdn Bhd	Malaysia	100	-	Pre-operation
Subang Sentral Sdn Bhd (Formerly known as Aroma Sakti Sdn Bhd)	Malaysia	100	-	Pre-operation
Subsidiaries Held Through Region Resources Sdn Bhd				
Syarikat Gemilang Quarry Sdn Bhd #	Malaysia	-	100	Quarry operations
Subsidiaries Held Through 348 Sentral Sdn Bhd				
348 Sentral Office Sdn Bhd	Malaysia	100	100	Pre-operation
348 Sentral Service Residence	Malaysia	100	100	Pre-operation
Subsidiaries Held Through Gelanggang Harapan Construction Sdn Bhd				
Sanjung Sepang Sdn Bhd	Malaysia	100	100	Pre-operation
Associates Held Through Malaysian Resources Corporation Berhad				
Nuzen Corporation Sdn Bhd	Malaysia	-	30	Investment holding
One IFC Sdn Bhd	Malaysia	30	30	Investment holding
Suasana Sentral Two Sdn Bhd	Malaysia	30	30	Property development
Kota Francais (M) Sdn Bhd	Malaysia	20	20	Franchise property management and advisory services
Ekovest-MRCB JV Sdn Bhd	Malaysia	40	40	Property development
UEMB-MRCB JV Sdn Bhd	Malaysia	49	49	Project management
Ekovest-MRCB Construction Sdn Bhd	Malaysia	40	40	Pre-operation
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

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through Iskandar Investment Berhad				
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
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 (IIPL)	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	Malaysia	100	100	Investment holding
Jasmine Acres Sdn Bhd	Malaysia	33.3	100	Dormant
Iskandar Ventures Sdn Bhd	Malaysia	-	100	Investment holding
Iskandar Capital Sdn Bhd	Malaysia	100	100	Dormant
Subsidiaries Held Through ICSB				
Nodedua Sdn Bhd	Malaysia	100	100	Property investment
River Retreat Sdn Bhd	Malaysia	100	100	Dormant
Subsidiaries Held Through IDMS				
Iskandar Management Services Sdn Bhd	Malaysia	100	100	Service management
Subsidiaries Held Through Iskandar Harta Holding Sdn Bhd				
Ujung Medini Sdn Bhd	Malaysia	100	100	Property development
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
Associates Held Through Iskandar Investment Berhad				
Iskandar Waterfront Sdn Bhd	Malaysia	28.50	28.50	Investment holding and property development
Joint Ventures Held Through Iskandar Investment Berhad				
Medini Iskandar Malaysia Sdn Bhd	Malaysia	-	60	Investment holding and construction services
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
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	20	Property development
Sunway Iskandar Development Sdn Bhd	Malaysia	40	40	Property development
Nusajaya Premier Sdn Bhd	Malaysia	20	20	Property development
Cosmolane Development Sdn Bhd	Malaysia	40	40	Property development

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through Medini Iskandar Malaysia Sdn Bhd				
Medini Development Sdn Bhd	Malaysia	-	60	Trading properties
Menara Burj Sdn Bhd	Malaysia	-	60	Trading properties
Medini Central Sdn Bhd (MCBS)	Malaysia	-	60	Property investment
Subsidiaries Held Through Medini Central Sdn Bhd (MCBS)				
Medini Central Heritage Sdn Bhd	Malaysia	60	60	Dormant
Joint Ventures Held Through Medini Iskandar Malaysia Sdn Bhd				
Global Capital And Development Sdn Bhd	Malaysia	-	24	Investment holding and property development
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	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 MW 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
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 MW coal fired electricity generating facilities and sales of electrical energy and generating capacity of the power plant

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through Malakoff Corporation Berhad (Cont'd)				
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
Malakoff R&D Sdn Bhd	Malaysia	100	100	Research and development activities
Subsidiaries Held Through Tanjung Bin Energy Sdn Bhd				
Tanjung Bin Energy Isuer Berhad	Malaysia	100	100	Manage the development of electricity facilities using coal 1,000 MW
Subsidiaries Held Through Teknik Janakuasa Sdn Bhd				
Natural Analysis Sdn Bhd	Malaysia	100	100	Dormant
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	100	Exercise and maintain power plant
PT Teknik Janakuasa	Indonesia	95	95	Exercise and maintain power plant
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
Subsidiaries Held Through Malakoff Engineering Sdn Bhd				
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 ALDjazair Desal Sdn Bhd	Malaysia	100	100	Investment holding
Malakoff Hidd Holding Company Limited	Guernsey	100	100	Assets, property, investment, intellectual property and other holding companies
Malakoff Oman Desalination Company Limited	British Virgin Islands	100	100	Dormant
Pacific Goldtree Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiaries Held Through Malakoff ALDjazair 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	Guernsey	57.14	57.14	Assets, property, investment, intellectual property and other holding companies
Subsidiaries Held Through Malakoff Power Berhad				
Tanjung Bin O & M Berhad	Malaysia	100	100	Exercise and maintain power plant
PDP O & M Sdn Bhd (Formerly known as Sime Darby Biofuels Sdn Bhd)	Malaysia	100	-	Exercise and maintain power plant

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through Hypergantic Sdn Bhd Port Dickson Power Berhad	Malaysia	100	-	Government licensed electricity supplier for Tenaga Nasional Berhad
Subsidiaries Held Through Pacific Goldtree Sdn Bhd Skyfirst Power Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiaries Held Through Skyfirst Power Sdn Bhd Malakoff Australia Pty Ltd Wind Macarthur Holdings (T) Pty Limited	Australia Australia	100 100	100 100	Investment holding Trustee
Subsidiaries Held Through Malakoff Australia Pty Ltd Malakoff Holdings Pty Ltd	Australia	100	100	Investment holding
Subsidiaries Held Through Malakoff Holdings Pty Ltd Malakoff Wind Macarthur Holdings Pty Ltd	Australia	100	100	Investment holding
Subsidiaries Held Through Malakoff Wind Macarthur Holdings Pty Ltd Malakoff Wind Macarthur Pty Ltd	Australia	100	100	Company transaction
Subsidiaries Held Through Malakoff Wind Macarthur Pty Ltd Wind Macarthur (T) Pty Limited	Australia	100	100	Asset trustee
Subsidiaries Held Through Wind Macarthur (T) Pty Limited Wind Macarthur Finco Pty Limited	Australia	100	100	Group finance company
Associates Held Through Malakoff Corporation Berhad Port Dickson Power Berhad Kapar Energy Ventures Sdn Bhd Lekir Bulk Terminal Sdn Bhd Malaysian Shoaiba Consortium Sdn Bhd Saudi-Malaysia Water & Electricity Company Limited Shuaibah Water & Electricity Company Limited	Malaysia Malaysia Malaysia Malaysia Saudi Arabia Saudi Arabia	- 40 20 40 20 12	25 40 20 40 20 12	Generate and sell electricity Generate and sell electricity Terminal handling services and coal Investment holding Offshore investment holding Design, build, test, running and maintenance of fuel power plants and minerals
Shuaibah Expansion Holding Company Limited Shuaibah Expansion Project Company Limited	Saudi Arabia Saudi Arabia	12 11.90	12 11.90	Production of drinking water Development, construction, maintenance, water-based products
Oman Technical Partners Limited Salalah Power Holdings Limited Al-Imtiaz Operation And Maintenance Company Limited Saudi Malaysia Operation And Maintenance Services Company Limited	British Virgin Islands Bermuda Saudi Arabia Saudi Arabia	43.40 43.40 20 20	43.40 43.40 20 20	Offshore investment holding Offshore investment holding Handling power station and mineral processings Operation and maintenance of power and mineral plant
Hyflux-TJSB Algeria SPA	Algeria	49	49	Operation and maintenance of power and mineral plant
Hidd Power Company B.S.C	Bahrain	39.97	39.97	Building, operations and maintenance of electrical power systems for special purposes

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for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Associates Held Through Malakoff Corporation Berhad (Cont'd)				
Muscat City Desalination Operation and Maintenance Company LLC	Oman	31.5	31.5	Operate and maintaining pump, pipe, electric and telecommunication station
Muscat City Desalination Company S.A.O.C	Oman	45	45	Operate and maintaining power and mineral plant
Joint Ventures Held Through Malakoff Corporation Berhad				
Almyiah Attilemcania SPA	Algeria	35.70	35.70	Construction, operation and management of sea water and desalination plants
Subsidiaries Held Through Columbia Asia Sdn Bhd				
Columbia Capital Berhad	Malaysia	-	100	Dormant
Grafik Gelombang Sdn Bhd	Malaysia	-	100	Dormant
Universal Medicare Pte Ltd	Singapore	100	100	Investment holding
CPH Sarawak Sdn Bhd	Malaysia	72.70	72.70	Investment holding
Columbia Asia Binh Dong Ltd	Vietnam	100	100	Hospital
Subsidiaries Held Through Universal Medicare Pte Ltd				
PT Nusautama Medanlindo	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	Dormant
Subsidiaries Held Through Sunway South Quay Sdn Bhd				
Sunway Monash-U Residence Sdn Bhd	Malaysia	100	100	Investment property
Prosper Revenue Sdn Bhd	Malaysia	67	67	Dormant
Subsidiaries Held Through Nusa Gapurna Development Sdn Bhd				
PJ Sentral Development Sdn Bhd	Malaysia	70	70	Property development
Projekmaju Sdn Bhd	Malaysia	100	100	Property development
Usahatanah Jaya Sdn Bhd	Malaysia	100	100	Property development
Nilaitera Sdn Bhd	Malaysia	100	100	Property development
Success Pact Development Sdn Bhd	Malaysia	100	100	Property development
Such Success Sdn Bhd	Malaysia	100	100	Property development
My Views Sdn Bhd	Malaysia	100	100	Property development
Subsidiaries Held Through PLUS Malaysia Sdn Bhd				
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

Notes To The Financial Statements (Cont'd.)

for the year ended 31 December 2014

47. LIST OF ASSOCIATES AS AT 31 DECEMBER 2014 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2014 %	2013 %	
Subsidiaries Held Through PLUS Malaysia Sdn Bhd (Cont'd)				
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 ControlSystems Sdn Bhd	Malaysia	100	100	Installation and maintenance of systems and equipments for the toll road projects
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 2014.