

The Financials

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**“ We must never compromise on areas
such as breach of trust. ”**

Datuk Seri Haji Saripuddin Haji Kasim
Chairman, Disciplinary Committee

GROUP CORPORATE STRUCTURE AS AT 31 DECEMBER 2015



EMPLOYEES PROVIDENT FUND BOARD



REAL ESTATE

- 100%** KWASA Properties Sdn. Bhd.
- 100%** KWASA Land Sdn. Bhd.
- 100%** Affordable Homes Sdn. Bhd.
- 100%** Naungan Sentosa Sdn. Bhd.
- 100%** KWASA Logistics Sdn. Bhd.
- 100%** Symphony Insight Sdn. Bhd.
- 100%** Common Icon Sdn. Bhd.
- 95%** KWASA Utama Sdn. Bhd.
- 85%** PPNK - Harta Sdn. Bhd.
- 81%** YTR Harta Sdn. Bhd.
- 40%** Nusa Gapurna Development Sdn. Bhd.
- 34%** Bandar Eco-Setia Sdn. Bhd.
- 30%** Jelas Puri Sdn. Bhd.
- 30%** Panca Pesona Sdn. Bhd.
- 20%** Iskandar Investment Berhad
- 20%** Sunway South Quay Sdn. Bhd.

FINANCIAL INSTITUTIONS

- 65.10%** Malaysia Building Society Berhad
- 42.18%** RHB Capital Berhad
- 20%** HSBC Amanah Takaful (M) Berhad

INFRASTRUCTURE/INDUSTRIAL PRODUCT

- 100%** Pinggiran Ventures Sdn. Bhd.
- 100%** Ekuiti Merdu Sdn. Bhd.
- 49%** PLUS Malaysia Berhad

CONSTRUCTION

- 38.37%** Malaysian Resources Corporation Berhad

HEALTHCARE

- 29.72%** Columbia Asia Sdn. Bhd.

GROUP CORPORATE STRUCTURE AS AT 31 DECEMBER 2015



Note:

1. Companies not disclosed are dormant company and under liquidation process.
2. Refer to Note 44 and 45 to the EPF Financial Statement 2015 for the complete list of EPF subsidiaries and associates.

GLOBAL

100%	KWASA Global (Jersey) Limited	100%	KWASA Australia Pty Ltd.	99.5%	Cengal Private Equity Investments (PLC)
100%	KWASA Global 2 (Jersey) Limited	100%	KWASA Europe S.A.R.L	99.34%	Cengal Private Equity Investments II (PLC)
100%	KWASA Invest Limited	100%	KWASA Infrastructure 1	99.25%	Meranti Fund L.P.
100%	KWASA Singapore (Solo) Pte. Ltd.	100%	KWASA Capital Limited	99%	Merbau Investors Offshore II L.P.
100%	KWASA Singapore (Duo) Pte. Ltd.	100%	KWASA Asia	99%	Jati Private Equity Fund L.P.
100%	KWASA Singapore (Trio) Pte. Ltd.	100%	KWASA Capital Partners Limited	99%	Jati Private Equity Fund II L.P.
100%	KWASA Australia Trust	99.5%	Merbau Investors Offshore L.P.		

FINANCIAL OVERVIEW AND ANALYSIS

FINANCIAL RESULTS

Gross Investment Income

The EPF recorded gross investment income of RM44.23 billion, RM5.15 billion or 13.2% higher than RM39.08 billion posted in 2014. Out of this amount, Capital Gain from Trading of Investment contributed RM11.39 billion or 25.8%, a decrease of almost one-third compared to the amount recorded in 2014. The amount attributed to the Internal Managers were RM6.94 billion while the External Managers realised RM4.46 billion during the year, and both managers shared the same year-on-year percentage drop of approximately 32.1%. The decrease in realised capital gain, which mostly contributed by listed equity instruments, was reflective of both domestic and global equity market conditions during the year. The worsening uncertainty and volatility in the market was heightened in 2015 due to the drop in oil price and also slower growth of China's economy.

Dividend on Investments on the other hand showed a decent growth year-on-year; increased by 5.1% or RM434.15 million to RM8.90 billion in 2015. Internal Managers showed an increase of 2.5% to RM7.40 billion while External Managers dividend income grew by 20.5% to RM1.50 billion in 2015. In total, Dividend on Investments contributed 20.1% to the total gross investment income.

Returns from Interest and Profit from Investments recorded RM11.14 billion, a growth of 10.2% compared to the previous year, in line with EPF's growth in asset size. This amount is equivalent to 25.2% of the total income, and is an important source for the EPF as a retirement savings fund that prioritises the capital preservation of members' savings.

During the year under review, the USD strengthened against major foreign currencies, including Malaysia, and this had a significant impact to the Gross Investment Income through the Net Gain on Foreign Exchange, both realised and unrealised. The realised gain grew by over tenfold or equivalent to an amount of RM8.27 billion to RM8.82 billion from the previous RM0.54 billion. The unrealised gain amount also grew by 290.0% or RM1.84 billion to RM2.47 billion in 2015. Combined, the total amount was RM11.29 billion and this represented 25.5% out of the total Gross Investment Income recorded in 2015, compared with just RM1.18 billion in 2014.

Other Income

Other Income increased by 39.7% to RM231.71 million from RM165.82 million in 2014. Such increase was mainly due to higher Gain on Disposal of EPF's properties as well as Interest and Dividend collected from employers on Contributions late payment of RM59.11 million and RM4.26 million respectively. In addition, service fees imposed on the Fund Manager Institutions (FMIs) also contributed to a higher income of RM2.28 million in line with the growth of RM3.29 billion on the investment size managed by FMIs.

Operating Expenditure

In 2015, EPF's Operating Expenditure increased 6.3% to RM1,193.11 million, compared with RM1,122.33 million in 2014. The increase was primarily contributed by Staff Costs, which rose by RM98.63 million mainly due to payment for the Career Transition Plan (CTP) totalling RM74.02 million. Meanwhile, the

drop in Employee Benefits of RM33.73 million was a result of the revision made on provision for medical and gratuity to retirees for CTP which partially offset such increase.

Salaries, Allowances and Staff Costs

Staff costs increased 12.1% to RM915.77 million, compared with RM817.14 million in 2014. This was due to the Career Transition Plan (CTP) payment made to 176 employees in 2015. The increase was also contributed by the annual salary increment, training cost as well as medical expenses.

Depreciation and Amortisation Charges

Depreciation and amortisation charges comprise depreciation on property, plant and equipment, investment properties as well as amortisation of intangible assets and prepaid land lease. For the financial year ended 31 December 2015, depreciation and amortisation charges decreased 2.6% to RM86.91 million, compared with RM89.21 million in the previous year. This was attributed to the decrease in clearance of Work-In-Progress account by RM4.44 million which partially offset against the rise in depreciation charge by RM1.89 million.

Maintenance Costs

Maintenance costs include maintenance on computer equipment and building, cleaning costs as well as utility charges. For the financial year ended 31 December 2015, maintenance charges increased 4.5% to RM72.84 million, compared with RM69.70 million in 2014. The increase was primarily due to higher maintenance cost on computer equipment by RM4.25 million, which partially offset by the drop in electricity bills for owned premises by RM1.36 million.

Statutory Charges

Statutory charges consist of payment of Death Benefits and Incapacitation Benefits to beneficiaries and members under Sections 58(1) and 58(2) respectively as well as Invocation Cost under Section 50(3) of the EPF Act, 1991, which was recognised during the year.

FINANCIAL POSITION

Investment Assets

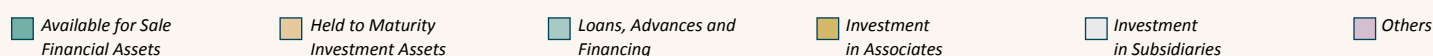
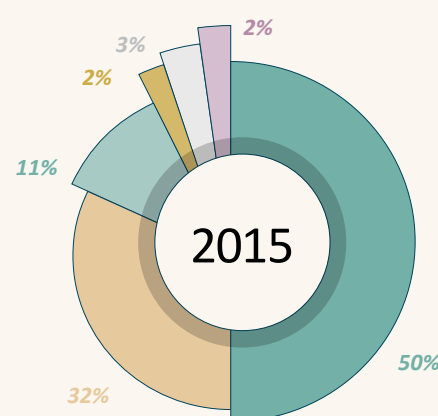
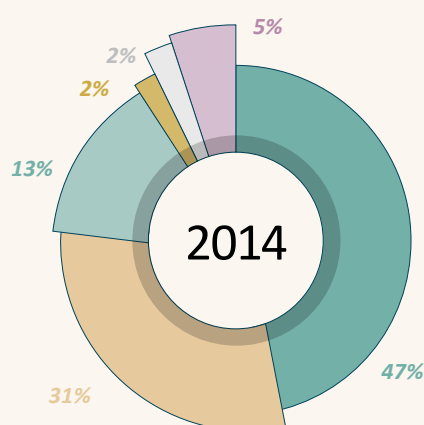
Total investment assets grew by RM48.00 billion or 7.5% from RM636.53 billion as at end 2014 to RM684.53 billion. The growth was mainly contributed by the increase in Available-For-Sale (AFS) financial assets, which grew by RM43.78 billion or 14.7% year-on-year. During the year, the relatively bearish equity market provides an opportunity for the managers to progressively increase their exposure within the tolerable limits through new injection and also reinvestment of proceeds. As at 31 December 2015, the values of AFS assets were RM341.35 billion or 49.9% of the total investment assets.

On the EPF's exposure to low-risk and steady stream of income investment assets, assets in Held To Maturity (HTM) and Loans, Advances and Financing stood at RM220.42 billion (32.2%) and RM75.25 billion (11.0%) respectively.

FINANCIAL OVERVIEW AND ANALYSIS

There was a 7.5% or RM6.06 billion decline in investments for Loans, Advance and Financing while HTM assets increased of RM20.70 billion or 10.4%. Combined, these investment assets increased RM14.64 billion or 5.2% compared to the previous year.

In 2015, additional investments were also made in our subsidiaries and associated companies, particularly in the foreign inflation-linked asset class. Cumulatively, the holdings in both subsidiaries and associated companies stood at RM29.13 billion or 4.3% of the total investments, an increase of RM3.07 billion or 11.8% from RM26.06 billion in 2014.



Liabilities

Total liabilities grew by 20.4% to RM7.82 billion from RM6.49 billion in 2014, primarily due to higher accruals on the purchase of investment instruments at close to year end for which settlements were made in the following month.

Payables and Accrued Liabilities

As at 31 December 2015, the EPF's payables and accrued liabilities of RM5.51 billion was up 10.3% compared with RM4.99 billion as of 31 December 2014. The increase was a result of higher purchases of global bond and equities close to year end.

Contributions

Cumulative contributions stood at RM652.47 billion as at 31 December 2015, indicating a growth of 9.0%, or RM53.90 billion, from the closing balance of RM598.57 billion in 2014. Members' cumulative savings in the Contribution Account, as reflected in the Statement of Financial Position, grew as employers' contributions exceeded the total paid in withdrawals to members and beneficiaries, resulting in a consistent net cash inflow throughout the year.

Collection During the Year

In 2015, a total of RM59.98 billion was collected from employees and employers, as opposed to RM57.17 billion in the preceding year. This represented an increase of RM2.81 billion, or 4.9%, consistent with higher wages as well as growth in the number of active members. On average, approximately RM5.00 billion was collected per month in 2015.

Withdrawals and Refunds During the Year

Total withdrawals and refunds in 2015 amounted to RM44.25 billion, compared with RM33.78 billion in the previous year. This was an increase of RM10.47 billion, or 40.0% mainly from Age 55 withdrawals (details of withdrawals are provided in the Statistics section of this Annual Report). On average, approximately RM3.69 billion was paid to members and beneficiaries per month in the current year.

Other Members' Fund

Other Members' Fund stood at RM35.82 billion as at 31 December 2015, comprising RM2.51 billion in Accumulated Surplus (distributable reserves) and RM33.31 billion in Available-For-Sale (AFS) Financial Asset Reserves (non-distributable reserves). This marked a decline of RM5.82 billion, or 14.0%, from the Other Members' Fund of RM41.64 billion in 2014, in line with the declining balance in respect of AFS Reserves as at 31 December 2015 due to the downtrend in the stock market performance.

EPF PROPERTIES IN MALAYSIA

No.	Location	Freehold Land		Leasehold Land		Net Book Value of Land (RM Million)	Net Book Value of Buildings (RM Million)
		Acreage	Square Feet	Acreage	Square Feet		
1.	Federal Territory						
	a. Kuala Lumpur	14.97	652,043.80	3.53	153,766.80	61,032,443.66	549,918,816.53
	b. Labuan	-	-	0.59	25,700.40	2,191,536.84	4,302,032.36
	c. Putrajaya	-	-	-	-	-	-
2.	Selangor	15.45	673,470.00	32.98	1,436,956.60	3,339,476.57	174,413,749.22
3.	Perlis	0.07	3,208.00	1.01	43,995.60	4,644,602.91	10,179,529.52
4.	Perak	0.23	10,128.00	1.66	72,951.60	1,903,534.07	28,136,591.70
5.	Penang	1.34	58,405.00	8.50	370,152.50	17,066,163.55	177,797,361.73
6.	Kedah	0.15	6,286.00	-	-	-	2,414,505.54
7.	Johor	0.18	7,804.00	5.83	254,088.00	5,711,840.00	52,432,389.41
8.	Malacca	0.51	22,094.00	2.17	94,430.60	2,054,125.08	12,496,343.54
9.	Negeri Sembilan	0.12	5,295.00	5.51	239,979.97	6,302,709.25	64,013,122.08
10.	Terengganu	0.18	8,000.00	2.90	126,324.00	2,488,007.91	14,595,445.45
11.	Kelantan	0.36	15,763.00	-	-	123,101.20	13,768,665.38
12.	Pahang	-	-	10.30	454,080.61	8,389,032.93	15,731,388.03
13.	Sabah	-	-	6.80	299,787.60	10,496,902.27	44,788,780.65
14.	Sarawak	-	-	4.37	190,310.60	1,699,137.74	19,210,592.08
	Grand Total	33.56	1,462,496.80	86.15	3,762,524.88	127,442,613.98	1,184,199,313.22

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For The Year Ended 31 December 2015



**REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
EMPLOYEES PROVIDENT FUND
FOR THE YEAR ENDED 31 DECEMBER 2015**

Report on the Financial Statements

I have audited the accompanying financial statements of Employees Provident Fund and the Group, which comprise the Statements of Financial Position as at 31 December 2015 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, 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 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 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

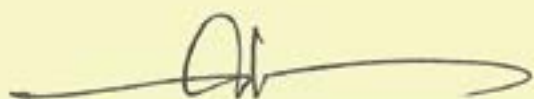
appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as 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 Employees Provident Fund and the Group as at 31 December 2015 and their financial performance as well as cash flows for the year then ended in accordance with 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 the financial statements of the subsidiary companies that have been consolidated with Employees Provident Fund's financial statements are in appropriate form and content for the purposes in the preparation of the financial statements. I have received satisfactory information and explanations required for those purposes. The auditors' reports on the financial statements of the subsidiary companies were not subjected to any observations that could affect the financial statements.



(TAN SRI HAJI AMBRIN BIN BUANG)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
11 MARCH 2016



STATEMENT BY CHAIRMAN AND A BOARD MEMBER AS TRUSTEES

We, **TAN SRI SAMSUDIN BIN OSMAN** and **DATUK THOMAS GEORGE A/L M.S. GEORGE** 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 Comprehensive Income, Statements 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 2015, the results of its operations and its cash flows for the year ended on that date.

On behalf of the Board,



NAME : TAN SRI SAMSUDIN BIN OSMAN
TITLE : CHAIRMAN OF EPF
DATE : 1 MARCH 2016
PLACE : KUALA LUMPUR

On behalf of the Board,



NAME : DATUK THOMAS GEORGE A/L M.S. GEORGE
TITLE : A BOARD MEMBER OF EPF
DATE : 1 MARCH 2016
PLACE : KUALA LUMPUR

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

I, **NOR AZIAN BINTI MOHD NOOR**, 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 Comprehensive Income, Statements 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 1 March 2016]



Nor Azian
NOR AZIAN BINTI MOHD NOOR
Before me,

COMMISSIONER FOR OATHS
Lot 1.08, Tingkat 1,
Bangunan KWSP,
Jalan Raja Laut,
50350 Kuala Lumpur.

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	GROUP			EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)
UTILISATION OF MEMBERS FUND						
ASSETS						
Deferred Tax Assets	4	532,585	3,523	11,596	-	-
Property, Plant And Equipment	5	399,206	410,168	371,048	243,158	248,368
Investment Properties	6	22,276,698	19,039,757	16,703,242	1,070,980	1,153,444
Intangible Assets	7	38,877	48,567	48,425	10,198	12,438
Prepaid Land Lease	8	56,651	59,053	50,949	50,905	53,145
Assets Held For Sale	9	904,567	295,365	88,763	53,078	181,451
Property Development Costs	10	1,586,213	1,637,660	9,196	-	-
Investment In Subsidiaries	11	-	-	-	18,114,177	15,167,532
Investment In Associates	12	14,513,517	14,402,426	13,431,978	11,013,041	10,893,535
Investment In Joint Ventures	13	2,310,632	1,390,905	1,262,746	-	-
Held-To-Maturity Investment Assets	14	220,415,350	199,717,425	195,924,673	220,415,350	199,717,425
Available-For-Sale Financial Assets	15	342,599,812	297,569,480	270,959,105	341,352,504	297,568,660
Financial Assets At Fair Value Through Profit Or Loss	16	6,814,815	4,226,500	3,005,968	185,223	124,001
Loans, Advances And Financing	17	100,838,678	107,506,641	111,723,593	75,245,438	81,306,766
Inventories	18	103,396	103,849	29,588	-	-
Receivables, Deposits And Prepayments	19	7,166,950	5,723,028	5,082,647	6,092,800	5,153,939
Deposits With Financial Institutions	20	17,795,374	36,220,311	20,096,291	17,296,539	30,623,574
Bank And Cash Balances		14,309,104	5,503,314	3,701,435	4,970,094	4,492,977
Total Assets		752,662,425	693,857,972	642,501,243	696,113,485	646,697,255
LIABILITIES						
Deferred Tax Liabilities	4	22,554	32,968	35,914	-	-
Employee Benefits	21	293,495	356,644	319,359	293,495	356,644
Provision For Taxation		30,237	73,653	91,734	-	-
Loans And Overdrafts	22	17,560,225	12,217,646	11,176,558	-	-
Contribution Withdrawal Payables		27,661	39,143	62,208	27,661	39,143
Financial Liabilities At Fair Value Through Profit Or Loss	16	1,925,967	1,060,998	362,156	1,794,058	932,931
Deposits And Advances	23	28,829,456	27,738,682	28,369,800	195,806	166,353
Payables And Accrued Liabilities	24	7,635,312	6,572,581	4,870,395	5,507,916	4,994,761
Total Liabilities		56,324,907	48,092,315	45,288,124	7,818,936	6,489,832
NET ASSETS		696,337,518	645,765,657	597,213,119	688,294,549	640,207,423
MEMBERS FUND						
Contributions	25	652,469,572	598,572,279	538,634,067	652,469,572	598,572,279
Reserves	26	36,346,867	40,795,549	53,726,767	33,313,721	40,184,546
Retained Profit	27	4,996,070	3,646,145	2,989,729	2,511,256	1,450,598
		693,812,509	643,013,973	595,350,563	688,294,549	640,207,423
Non-Controlling Interests	28	2,525,009	2,751,684	1,862,556	-	-
		696,337,518	645,765,657	597,213,119	688,294,549	640,207,423

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 2015

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RESTATED) (RM'000)
INCOME					
Gross Investment Income	29	46,224,997	41,028,674	44,234,034	39,076,481
Investment Expenditures	30	(1,038,451)	(1,028,746)	(460,265)	(362,476)
Net Impairment Loss On Financial Investment Assets	31	(3,970,111)	(896,992)	(3,393,729)	(865,665)
Reversal Of Impairment Loss/(Impairment) On Investment In Subsidiaries And Associates	32	-	-	321,208	(23,463)
Net Investment Income		41,216,435	39,102,936	40,701,248	37,824,877
Other Income	33	631,576	263,879	231,709	165,817
		41,848,011	39,366,815	40,932,957	37,990,694
Operating Expenditures	34	(2,579,243)	(2,346,064)	(1,193,110)	(1,122,327)
Statutory Charges	35	(52,773)	(53,523)	(52,773)	(53,523)
Total Expenditures		(2,632,016)	(2,399,587)	(1,245,883)	(1,175,850)
Net Profit		39,215,995	36,967,228	39,687,074	36,814,844
Share Of Results From Associates		1,203,666	1,334,562	-	-
Net Profit Before Tax And Zakat		40,419,661	38,301,790	39,687,074	36,814,844
Taxation And Zakat	36	(121,229)	(293,352)	-	-
Net Profit After Tax And Zakat		40,298,432	38,008,438	39,687,074	36,814,844
Attributable To:					
Contributors Of EPF		39,827,879	37,596,189		
Non-Controlling Interests	28	470,553	412,249		
		40,298,432	38,008,438		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RESTATED) (RM'000)
Net Profit After Tax And Zakat		40,298,432	38,008,438	39,687,074	36,814,844
Other Comprehensive Income/(Loss):					
<u>Items That Will Not Be Reclassified Subsequently To Profit Or Loss</u>					
Gain From Actuarial Valuation On Employee Benefits Plan	21	65,249	-	65,249	-
		65,249	-	65,249	-
<u>Items That May Be Reclassified Subsequently To Profit Or Loss</u>					
Net Unrealised Loss On Fair Value Revaluation On Available-For-Sale Financial Assets		(6,872,565)	(13,056,729)	(6,870,825)	(13,056,729)
Foreign Currency Translation		2,359,361	198,907	-	-
Net Changes On Cash Flow Hedging Derivatives		20,680	(73,439)	-	-
		(4,492,524)	(12,931,261)	(6,870,825)	(13,056,729)
Total Other Comprehensive Loss		(4,427,275)	(12,931,261)	(6,805,576)	(13,056,729)
Total Comprehensive Income		35,871,157	25,077,177	32,881,498	23,758,115
Attributable To:					
Contributors Of EPF		35,449,193	24,664,928	-	-
Non-Controlling Interests		421,964	412,249	-	-
Total Comprehensive Income		35,871,157	25,077,177	32,881,498	23,758,115

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 2015

GROUP	Note	Non-Distributable				Distributable			Total	
		Contribution (Note 25) (RM'000)	Available- For-Sale Financial Assets Reserve (Note 26) (RM'000)	Cash Flow Hedging Reserve (Note 26) (RM'000)	Other Reserves (Note 26) (RM'000)	Foreign Exchange Reserve (Note 26) (RM'000)	Retained Profit (Note 27) (RM'000)	Total (RM'000)		Non- Controlling Interests (Note 28) (RM'000)
At 31 December 2013		538,634,067	53,241,275	-	25,090	460,402	3,031,709	595,392,543	1,862,556	597,255,099
Adjustments For Previous Year		-	-	-	-	-	(41,980)	(41,980)	-	(41,980)
At 31 December 2013 (Restated)		538,634,067	53,241,275	-	25,090	460,402	2,989,729	595,350,563	1,862,556	597,213,119
Add:										
Net Profit For The Financial Year		-	-	-	-	-	37,596,189	37,596,189	412,249	38,008,438
Net Unrealised Loss On Revaluation During The Financial Year		-	(2,112,656)	-	-	-	-	(2,112,656)	-	(2,112,656)
Reclassification Adjustments For Gain Recognised In Statement Of Profit Or Loss		-	(10,944,073)	-	-	-	-	(10,944,073)	-	(10,944,073)
Unrealised Loss On Cash Flow Hedging Derivatives		-	-	(73,439)	-	-	-	(73,439)	-	(73,439)
Foreign Currency Translation		-	-	-	-	198,907	-	198,907	-	198,907
Total Comprehensive Income		-	(13,056,729)	(73,439)	-	198,907	37,596,189	24,664,928	412,249	25,077,177
Net Acquisition Of Non-Controlling Interests By Subsidiaries		-	-	-	-	-	-	-	476,879	476,879
Contributions Received And Adjustments 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
Adjustments On Dividend For Previous Year		7,484	-	-	-	-	-	7,484	-	7,484
		632,469,395	40,184,546	(73,439)	25,090	659,309	40,585,918	713,850,819	2,751,684	716,602,503
Less:										
Share Of Capital Contributions In Subsidiaries		-	-	-	43	-	-	43	-	43
Contribution Withdrawals And Refunds		(33,781,911)	-	-	-	-	-	(33,781,911)	-	(33,781,911)
2014 Dividend Credited To Members Account - 6.75%		-	-	-	-	-	(36,656,463)	(36,656,463)	-	(36,656,463)
Dividend On Contribution Withdrawals		-	-	-	-	-	(275,826)	(275,826)	-	(275,826)
Adjustments Of Contributions With Incomplete Information (CTMI) And Reject Cases To Statements Of Profit Or Loss And Retained Profit		(115,205)	-	-	-	-	-	(115,205)	-	(115,205)
Adjustments On Dividend For Previous Year		-	-	-	-	-	(7,484)	(7,484)	-	(7,484)
As At 31 December 2014		598,572,279	40,184,546	(73,439)	25,133	659,309	3,646,145	643,013,973	2,751,684	645,765,657

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 2015

GROUP	Non-Distributable					Distributable		Total
	Contribution (Note 25) (RM'000)	Available- For-Sale Financial Assets Reserve (Note 26) (RM'000)	Cash Flow Hedging Reserve (Note 26) (RM'000)	Other Reserves (Note 26) (RM'000)	Foreign Exchange Reserve (Note 26) (RM'000)	Retained Profit (Note 27) (RM'000)	Total Controlling Interests (Note 28) (RM'000)	
At 31 December 2014 (Restated)	598,572,279	40,184,546	(73,439)	25,133	659,309	3,646,145	2,751,684	645,765,657
As Previously Stated By Subsidiaries	-	-	-	(7,909)	(42)	148,462	(267,323)	(126,812)
At 31 December 2014 (Restated)	598,572,279	40,184,546	(73,439)	17,224	659,267	3,794,607	2,484,361	645,638,845
Add:	-	-	-	-	-	39,827,879	470,553	40,298,432
Net Profit For The Financial Year	-	-	-	-	-	65,249	-	65,249
Adjustment On Employee Benefit (MFRS 119) During The Financial Year	-	-	-	-	-	-	-	-
Net Unrealised Loss On Revaluation During The Financial Year	-	(676,690)	-	-	-	-	-	(676,690)
Reclassification Adjustments For Gain Recognised In Statements Of Profit Or Loss	-	(6,195,875)	-	-	-	-	-	(6,195,875)
Unrealised Gain On Cash Flow Hedging Derivatives	-	-	20,680	-	-	-	-	20,680
Foreign Currency Translation	-	-	-	-	2,407,950	-	(48,589)	2,359,361
Total Comprehensive Income	-	(6,872,565)	20,680	-	2,407,950	39,893,128	421,964	35,871,157
Share Of Capital Contributions In Joint Venture By Subsidiaries	-	-	-	3,204	-	-	-	3,204
Net Acquisition Of Non-Controlling Interests By Subsidiaries	-	-	-	-	-	-	(302,597)	(302,597)
Contributions Received And Adjustments During The Financial Year	59,977,632	-	-	-	-	-	-	59,977,632
2015 Dividend Credited To Members	38,243,403	-	-	-	-	-	-	38,243,403
Accounts - 6.40%	6,135	-	-	-	-	-	-	6,135
Adjustments On Dividend For Previous Year	696,799,449	33,311,981	(52,759)	20,428	3,067,217	43,687,735	2,603,728	779,437,779
Less:	(44,248,107)	-	-	-	-	(44,248,107)	-	(44,248,107)
Contribution Withdrawals And Refunds	-	-	-	-	-	-	-	-
2015 Dividend Credited To Members	-	-	-	-	-	(38,243,403)	-	(38,243,403)
Account - 6.40%	-	-	-	-	-	-	(78,719)	(78,719)
2015 Dividend Credited To Non-Controlling Interest	-	-	-	-	-	(442,127)	-	(442,127)
Dividend On Contribution Withdrawals	-	-	-	-	-	-	-	-
Adjustments Of Contributions With Incomplete Information (CTML) And Reject Cases To Statements Of Profit Or Loss And Retained Profit	(81,770)	-	-	-	-	-	-	(81,770)
Adjustments On Dividend For Previous Year	-	-	-	-	-	(6,135)	-	(6,135)
As At 31 December 2015	652,469,572	33,311,981	(52,759)	20,428	3,067,217	4,996,070	2,525,009	696,337,518

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 2015

EPF	Note	Non-Distributable		Distributable	Total
		Contribution (Note 25) (RM'000)	Available- For-Sale Financial Assets Reserve (Note 26) (RM'000)	Retained Profit (Note 27) (RM'000)	
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 Loss On Revaluation During The Financial Year		-	(2,112,656)	-	(2,112,656)
Reclassification Adjustments For Gain Recognised In Statement Of Profit Or Loss		-	(10,944,073)	-	(10,944,073)
Total Comprehensive Income		-	(13,056,729)	36,814,844	23,758,115
Contributions Received And Adjustments During The Financial Year		57,171,381	-	-	57,171,381
2014 Dividend Credited To Members Accounts - 6.75%		36,656,463	-	-	36,656,463
Adjustments 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%		-	-	(36,656,463)	(36,656,463)
Dividend On Contribution Withdrawals		-	-	(275,826)	(275,826)
Adjustments Of Contributions With Incomplete Information (CTML) And Reject Cases To Statements Of Profit Or Loss And Retained Profit		(115,205)	-	-	(115,205)
Adjustments 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
At 31 December 2014		598,572,279	40,184,546	1,450,598	640,207,423
Add:					
Net Profit For The Financial Year		-	-	39,687,074	39,687,074
Net Unrealised Loss On Revaluation During The Financial Year		-	(674,950)	-	(674,950)
Reclassification Adjustments For Gain Recognised In Statements Of Profit Or Loss		-	(6,195,875)	-	(6,195,875)
Adjustments On Employee Benefit (MFRS 119) During The Financial Year	21	-	-	65,249	65,249
Total Comprehensive Income		-	(6,870,825)	39,752,323	32,881,498
Contributions Received And Adjustments During The Financial Year		59,977,632	-	-	59,977,632
2015 Dividend Credited To Members Accounts - 6.40%		38,243,403	-	-	38,243,403
Adjustments On Dividend For Previous Year		6,135	-	-	6,135
		696,799,449	33,313,721	41,202,921	771,316,091
Less:					
Contribution Withdrawals And Refunds		(44,248,107)	-	-	(44,248,107)
2015 Dividend Credited To Members Accounts - 6.40%		-	-	(38,243,403)	(38,243,403)
Dividend On Contribution Withdrawal		-	-	(442,127)	(442,127)
Adjustments Of Contribution With Incomplete Information (CTML) And Reject Cases To Statements Of Profit Or Loss And Retained Profit		(81,770)	-	-	(81,770)
Adjustments On Dividend For Previous Year		-	-	(6,135)	(6,135)
As At 31 December 2015		652,469,572	33,313,721	2,511,256	688,294,549

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 2015

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RESTATED) (RM'000)
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Taxation And Zakat		40,419,661	38,301,790	39,687,074	36,814,844
<i>Adjustments For:</i>					
Share Of Results From Associates		(205,302)	(1,334,562)	-	-
Unrealised Gain On Foreign Currency Exchange	29	(2,470,256)	(633,356)	(2,470,223)	(633,356)
Net Unrealised Loss On Financial Assets At Fair Value Through Profit Or Loss	29	1,621,224	589,338	1,703,763	951,045
Net Impairment Loss On Held-To-Maturity Investment Assets	31	(3,133)	13,684	(3,133)	13,684
Net Impairment Loss On Available-For-Sale Financial Assets	31	3,364,740	861,691	3,364,740	861,691
Net Impairment Loss On Loans, Advances And Financing	31	605,318	20,024	(11,601)	(8,703)
Net Impairment Loss On Rent Receivables	31	3,186	1,593	3,186	(1,007)
Net Impairment Loss On Investments In Subsidiaries And Associates	32	-	-	(321,208)	23,463
(Gain)/Loss On Disposal Of Property, Plant And Equipment *	33	(43)	2,491	8	2,494
Gain On Disposal Of Assets Held For Sale	33	(72,951)	(13,838)	(72,951)	(13,838)
Gain On Disposal Of Investment Property	33	(220)	(246)	-	-
Gain On Disposal Of Inventories	33	-	(4,479)	-	-
Employee Benefits	21, 34	8,100	41,828	8,100	41,828
Depreciation Of Property, Plant And Equipment	5, 34	67,575	69,489	47,076	49,436
Depreciation Of Investment Properties	6, 34	587,741	528,109	34,556	36,239
Amortisation Of Intangible Assets	7, 34	18,124	15,402	4,713	3,091
Amortisation Of Prepaid Land Lease	8, 34	728	600	566	440
Impairment Loss On Receivables From Subsidiaries	31	-	-	40,537	-
Impairment Loss On Other Receivables	34	34,654	30,453	6	-
Write-Offs/Net Losses	34	18	4,714	18	38
		43,979,164	38,494,725	42,015,227	38,141,389

* 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 current financial year ended 31 December 2014 amounting to RM2.37 million. No reclassification of Assets Under Work In Progress which is recognised as expenses in current financial year.

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

STATEMENTS OF CASH FLOWS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RESTATED) (RM'000)
<u>(Increase)/Decrease In Operating Assets:</u>					
Purchase Of Held-To-Maturity Investment Assets		(52,307,165)	(47,922,493)	(52,307,165)	(48,241,953)
Sales Of Held-To-Maturity Investment Assets		31,612,375	44,634,902	31,612,375	44,634,902
Purchase Of Available-For-Sale Financial Assets		(503,037,280)	(241,083,880)	(501,500,375)	(241,083,880)
Sales Of Available-For-Sale Financial Assets		449,951,188	200,673,331	449,951,188	201,358,943
Financial Assets At Fair Value Through Profit Or Loss		(2,444,222)	(1,820,411)	(1,764,985)	(752,550)
Deposits With Financial Institutions		14,013,992	(15,046,813)	13,277,143	(14,970,387)
Loans, Advances And Financing		11,882,047	4,854,929	6,072,929	3,021,472
Inventories		453	(74,261)	-	-
Proceeds On Disposal Of Inventories		-	32,200	-	-
Receivables, Deposits And Prepayments		1,131,131	(343,430)	(982,608)	(581,125)
Interest Received On Loans		54,214	79,324	-	-
Tax Receivable		(12)	-	-	-
Accrued Interest/Dividend		38,684	-	-	-
Other Receivables		(73,990)	-	-	-
		(49,178,585)	(56,016,602)	(55,641,498)	(56,614,578)
<u>Increase/(Decrease) In Operating Liabilities:</u>					
Employee Benefits		(6,000)	(4,543)	(6,000)	(4,543)
Contribution Withdrawal Payables		(11,475)	(23,065)	(11,482)	(23,065)
Financial Liabilities At Fair Value Through Profit Or Loss		861,127	603,746	861,127	597,021
Deposits And Advances		29,359	(634,216)	29,453	27,595
Payables And Accrued Liabilities		(6,330,012)	1,577,569	513,155	1,482,273
		(5,457,001)	1,519,491	1,386,253	2,079,281
Tax And Zakat Paid		(299,453)	(431,887)	-	-
Tax Received		(3,564)	103	-	-
Net Cash Used In Operating Activities		(10,959,439)	(16,434,170)	(12,240,018)	(16,393,908)

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 2015

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RESTATED) (RM'000)
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase Of Property, Plant And Equipment	5	(57,708)	(110,320)	(42,048)	(52,428)
Purchase Of Investment Properties	6	(4,197,753)	(4,586,226)	(3,496)	-
Purchase Of Intangible Assets	7	(8,434)	(15,544)	(2,473)	(10,083)
Property Development Costs		56,639	(53,137)	-	-
Proceeds From Disposal Of Property, Plant And Equipment		328	7	174	109
Proceeds From Disposal Of Investment Properties		25,023	136,067	-	-
Proceeds From Disposal Of Asset Held For Sale		254,402	22,204	254,402	21,565
Investments In Subsidiaries		(3,700,942)	(116,641)	(7,630,666)	(5,311,800)
Capital Return From Investment In Subsidiaries		5,613,751	492,964	4,741,859	492,964
Investment In Associates		(3,989,859)	(447,537)	(3,290,902)	(300,801)
Capital Return From Investment In Associates		3,434,765	147,351	3,434,765	252,731
Disposal Of Subsidiaries		(332,199)	-	-	-
Purchase Of Investments		(128,829)	-	-	-
Net Cash Used In Investing Activities		(3,030,816)	(4,530,812)	(2,538,385)	(4,907,743)
CASH FLOW FROM FINANCING ACTIVITIES					
Net Contribution		15,647,755	23,389,473	15,647,755	23,389,470
Share Capital		(1,882,841)	173,120	-	-
Proceeds From Issuance Of Shares		1,867,236	1,609,434	-	-
Other Loans		1,256,300	521,351	-	-
Recourse Obligations On Loans Sold To Cagamas		2,072,034	105,815	-	-
Dividend Paid To Ordinary Shares		(852,678)	(1,655,770)	-	-
Dividend Paid To Non-Controlling Interests		(102,711)	-	-	-
Dividend On Withdrawals/Dividend Adjustments		(785,246)	(391,032)	(442,127)	(391,032)
Net Cash Generated From Financing Activities		17,219,849	23,752,391	15,205,628	22,998,438
Net Increase In Cash And Cash Equivalents		3,229,594	2,787,409	427,225	1,696,787
Adjustments Of Foreign Currency Translation		106,062	92,507	-	-
Cash And Cash Equivalents At 1 January	37	11,163,889	8,283,973	4,655,052	2,958,265
Cash And Cash Equivalents As At 31 December	37	14,499,545	11,163,889	5,082,277	4,655,052

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 2015

1. CORPORATE INFORMATION

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

The principal activities of the EPF 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 benefits of its members. The principal activities of the subsidiaries and associates are as stated in Notes 44 and 45 to the Financial Statements.

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

The EPF headquarters is situated in EPF Building, Jalan Raja Laut 50350 Kuala Lumpur. As at 31 December 2015, the EPF operates 68 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 2015 have been accepted and approved by the EPF Board on 1 March 2016.

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 ten (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 (3) years period.
- iii. The EPF will not tolerate a greater than 10% chance of there being a negative value of 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 failure 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 2015

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.

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 (3) types of financial risks faced by the EPF as follows:

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

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

3. 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.

3.1 Basis Of Preparation

a. Statement Of Compliance

The Financial Statements of the Group and EPF have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), EPF Act 1991 and the requirements of the Companies Act 1965 in Malaysia.

b. Changes In Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and EPF adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.1 Basis Of Preparation (Cont'd.)

b. Changes In Accounting Policies (Cont'd.)

The nature and impact of the new and amended MFRSs and IC Interpretation are described below: (Cont'd.)

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's financial statements.

Followings are the MFRSs accounting standards, amendments and interpretations which have been issued by Malaysian Accounting Standard Board ("MASB") but not yet effective and have not been adopted by the Group and EPF:

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below.

Standards	Descriptions
<i>MFRS 2 Share-based Payment</i>	This improvement is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. The Group does not have any share based payment thus, this amendment did not impact the Group.
<i>MFRS 3 Business Combinations</i>	The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014. This is consistent with the Group's current accounting policy and thus, this amendment did not impact the Group.
<i>MFRS 8 Operating Segments</i>	<p>The amendments are to be applied retrospectively and clarify that:</p> <ul style="list-style-type: none"> - An entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. <p>The Group has not applied the aggregation criteria as mentioned above. The Group continues to present the reconciliation of segment assets to total assets.</p>
<i>MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets</i>	The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. This amendment did not have any impact on the Group.
<i>MFRS 124 Related Party Disclosures</i>	The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. This amendment is not applicable to the Group as the Group does not receive any management services from other entities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.1 Basis Of Preparation (Cont'd.)

b. Changes In Accounting Policies (Cont'd.)

Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs, which are summarised below. The Group has applied the amendments for the first time in the current year.

Standards	Descriptions
<i>MFRS 3 Business Combinations</i>	The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively. The Group is not a joint arrangement and thus this arrangement is not relevant to the Group.
<i>MFRS 13 Fair Value Measurement</i>	The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable). The Group does not apply the portfolio exception.
<i>MFRS 140 Investment Property</i>	The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether: <ul style="list-style-type: none"> - The property meets the definition of investment property in terms of MFRS 140; and - The transaction meets the definition of a business combination under MFRS 3, to determine if the transaction is a purchase of an asset or is a business combination. <p>In previous financial years, the Group has applied MFRS 3 and not MFRS 140 in determining whether an acquisition is of an asset or is a business combination. Accordingly, this amendment did not have any impact to the Group.</p>

c. Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and EPF's financial statements are disclosed below. The Group and EPF intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.1 Basis Of Preparation (Cont'd.)

c. Standards Issued But Not Yet Effective (Cont'd.)

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and EPF except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a new five (5) step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and EPF's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9, Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

The Group is currently assessing the financial impact of adopting MFRS 9.

d. Basis Of Measurement

The financial statements of the Group and EPF have been prepared on the historical cost basis other than as disclosed in Note 3.

e. Functional And Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the EPF's functional currency. All financial information is presented in "RM" and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.1 Basis Of Preparation (Cont'd.)

f. Significant Accounting Judgements, Estimates And Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

i. Impairment Of Investment In Subsidiaries, Interest In Associates And Investment In Joint Ventures

The Group and EPF assess whether there is any indication that an investment in subsidiaries and interest in associates and joint ventures may be impaired at each reporting date.

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

ii. Impairment Of Held-To-Maturity Investment Assets And Available-For-Sale Financial Assets

The Group and 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 investments are subjected to impairment review. In carrying out the impairment review, the following Group and EPF's judgements 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.

iii. Impairment Loss On Loans, Advance And Financing

The Group and EPF review their investment in Loans, Advances and Financing individually at each reporting date to assess whether an impairment loss should be recorded in the Statements of Profit or Loss. The judgment required include considerations of factors such as credit quality, level of arrears, credit utilisation, loans to collateral ratios etc.

iv. Recognition Of Deferred Tax Assets

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 on the likely timing and extent of future taxable profits, together with future tax planning strategies.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.1 Basis Of Preparation (Cont'd.)

f. Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

Estimates and Assumption (Cont'd.)

i. Impairment Of Investment In Subsidiaries, Interest In Associates And Investment In Joint Ventures

Should impairment indicators exist, these investments are subjected to impairment review. The impairment review comprises a comparison between the carrying amount of the investment and the investment's estimated recoverable amounts.

Depending on their nature and the location in which the investments relate to, the Group and EPF will select suitable valuation technique 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 valuation technique is selected, the Group and EPF will make certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other uncertain key sources of estimation at the reporting date, may have a significant risk of causing a material adjustment to the carrying amount of the investments within the next financial year. Depending on the specific individual investments, assumptions made by the Group and EPF may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purpose of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trend. The Group and EPF believe that no reasonably expected possible changes in the key assumptions described above would cause the carrying amount of the investments to materially exceed their recoverable amounts.

ii. Impairment Of Held-To-Maturity Investment Assets And Available-For-Sale Financial Assets

Impairment Of Held-To-Maturity Investment Assets

In estimating the impairment loss on Held-To-Maturity Investment Assets, the Group and EPF assess whether objective evidence of impairment exist as a result of one or more events that occurred and that loss event has an impact on the estimated future cash flows of the financial investments.

When there is objective evidence of impairment, an impairment loss is recognised as the difference between the acquisition cost and the present value of the estimated future cash flows, less any impairment loss previously recognised.

Impairment Of Available-For-Sale Financial Assets

Impairment Of Debt

A debt security is impaired if there is an indication that a loss event has occurred since the initial recognition. This normally has a negative impact on the estimated future cash flows in relation to the repayment of the securities.

Impairment Of Equity Securities

For equity investment, impairment is not identified based on analysis of projected cash flows similar to debt instrument above. It rises due to establishment of significant decline in fair value of the securities below original cost or prolonged decline in fair value of the securities below original cost.

iii. Impairment Loss On Loans, Advance And Financing

In estimating the Impairment Loss on Loans, Advances And Financing, the Group and EPF are required to estimate the amount and timing of future cash flows. In estimating these cash flows, the Group and EPF make judgement about the borrower's or the customer's financial situation and the net realisable value of collateral.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.1 Basis Of Preparation (Cont'd.)

f. Significant Accounting Judgements, Estimates And Assumptions (Cont'd.)

Estimates and assumption (Cont'd.)

iv. 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.

v. 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 sometime 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 provisions in the period in which the estimate is revised or the final liability is established.

vi. 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 Obligations.

The Group determines appropriate discount rate at every three (3) years when the actuarial valuation is performed. The recent actuarial valuation was done in year 2015. This interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the Post-Retirement Medical Benefit Obligations.

In determining 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.

vii. Post-Retirement Gratuity Benefit Obligation

The present value of Post-Retirement Gratuity Benefit Obligation depends 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 Benefit Obligation.

The Group determines appropriate discount rate at every three (3) years when the actuarial valuation is performed. The recent actuarial valuation was done in year 2015. This interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the Post-Retirement Gratuity Benefit Obligation.

In determining 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 2015

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

3.2 Basis Of Consolidation

The Consolidated Financial Statements comprise of the Financial Statements of the EPF and its subsidiaries which have been prepared as at the 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 intragroup 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.

3.3 Investment 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 investment in subsidiaries are stated at cost and thereafter adjusted to its recoverable value which take 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 3.15.

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 Interests. 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 3.10(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.

Non-Controlling Interests 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 Interests 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 share on changes in equity of the subsidiaries from this 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 loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any foreign exchange differences that relate 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 difference to the carrying amount is recognised in the Statements of Profit or Loss. This fair value is the initial fair value 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.4 Investment In Associates

Associates are entities in which Group has significant influence in the financial and operating policy decisions. Significant influence is the power to participate in the financial and operation of the associates 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.

Investment in associates is 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 investment in associates are stated at cost and thereafter adjusted to its recoverable value which take 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 3.15.

3.5 Investment In Joint Ventures

Joint Arrangement under is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure and legal form. There are two (2) types of joint arrangements:

i. Joint Operations

Joint Operations arise when the 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 when the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportionate 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 3.15.

3.6 Foreign Currency

i. Foreign Currency 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 exchange rates at the date when the fair value was determined. Exchange differences arising from 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 Statement of Financial Position. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the Statements of Profit or Loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in the Statements of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.6 Foreign Currency (Cont'd.)

ii. 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. Assets 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 the 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 Statements of Profit or Loss and Other Comprehensive Income through the Foreign Currency and Translation Reserve.

3.7 Financial Instruments

i. Initial Recognition And Measurement

A financial asset or financial liability is recognised in the Statement of Financial Position when, and only when, the Group or EPF becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through Statement Profit or Loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit and loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii. Financial Instruments Categories And Subsequent Measurements

The Group and EPF categorise financial instruments as follows:

Financial Assets

The classification of financial assets based on MFRS 139 depends on the intention of each financial asset is invested by the Group and EPF. The Group and EPF determines the classification of financial assets at initial recognition. Financial assets besides from the category of Loans, Advances and Financing and Deposits with Financial Institution are shown separately in the Statements of Financial Position.

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

- i. Purchase and sales of financial assets are recognised on the trade date, the date of which the Group and 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 2015

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

3.7 Financial Instruments (Cont'd.)

ii. Financial Instruments Categories And Subsequent Measurements (Cont'd.)

Financial Assets (Cont'd.)

The 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 Group and EPF have the positive intention and ability to hold these investment assets to maturity. If the instruments of investment assets were sold other than insignificant amount, the whole category of this financial assets would be tainted and reclassified as Available-For-Sale Financial Assets.

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.

Financial assets categorised as Held To Maturity Investments are subsequently measured at amortised cost using the effective interest method.

b. Available-For-Sale Financial Assets

Available-For-Sale Financial Assets are non-derivative financial assets in which the Group 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.

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 regardless whether they are managed internally or through external fund managers and domestic as well as global Fixed Income Investment Instruments which are managed internally or by external fund managers.

Available-For-Sale Financial Assets are subsequently measured 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 Assets reserve except for impairment loss.

However, the foreign exchange gain or losses arising upon revaluation of global fixed income investment instruments are recognized in the Statements of Profit or Loss.

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 purposes or repurchasing in the near term. Derivative financial assets are also classified as Financial Assets at Fair Value Through Profit or Loss.

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 Group has entered into as at the Statements of Financial Position.

d. Loans, Advances And Financing

Loans, Advances and Financing are non-derivative financial assets 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 Group commits to give out loans plus related transaction costs, if any. The subsequent measurement of this financial asset is at amortised cost using the effective yield method.

Included in Loans, Advances and Financing are Staff Loans Financial Assets and Capital Advances to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.7 Financial Instruments (Cont'd.)

ii. Financial Instruments Categories And Subsequent Measurements (Cont'd.)

Financial Assets (Cont'd.)

The accounting policies in respect of investment financial assets are as follows: (Cont'd.)

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

Staff Loans

There is no significant impact to state Staff Loan financial assets at fair value in the subsequent measurement. There are three (3) types of loan schemes offered to the EPF's staffs at the interest rate approved by the Board based on the terms and conditions of service as follows:

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

The fund used to finance staff loans for the above mentioned three (3) schemes is considered as EPF investments of which the fund allocation usage is subject to the limit approved by the Board.

e. Receivables

Receivable financial assets are carried at invoice amount less allowance for impairment loss. There is no significant impact to state receivable financial assets at fair value in the subsequent measurement. Allowance for impairment loss is made when there is a objective evidence that the Group will not be able to collect all amount due according to the original terms of Receivables as disclosed in Note 3.15.

All financial assets, except for those measured at fair value through Profit or Loss, are subject to review for impairment as stated at Note 3.15.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through Profit or Loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for derivative that is a financial guarantee contract, contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have quoted price in an active market for identical instrument whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through Profit or Loss are subsequently measured at fair values with the gain or loss recognised in the Statements of Profit or Loss.

Hedge Instruments

Fair Value Hedge

A Fair Value Hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a Fair Value Hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as Available-For-Sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in Statements of Profit & Loss. For a hedge item categorised as Available-For-Sale, the fair value gain or loss attributable to the hedge risk is recognised in the Statements of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.7 Financial Instruments (Cont'd.)

ii. Financial Instruments Categories And Subsequent Measurements (Cont'd.)

Hedge Instruments (Cont'd.)

Cash Flow Hedge

A Cash Flow Hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss.

The effective portion of gain and losses on derivatives used to manage cash flow interest rate risk are recognised in Statements of Other Comprehensive Income and accumulated for in the Cash Flow Hedge Reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the Cash Flow Hedging Reserves to the Statements of Profit or Loss using the effective interest method. The ineffective portion of gain and loss on derivatives used to manage cash flow interest rate risk are recognised in the Statements of Profit or Loss.

iii. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in the Statements of Financial Position is recognised in the Statements of Profit or Loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statements of Profit or Loss.

3.8 Property, Plant And Equipment And Depreciation

Property, Plant and Equipment are stated at cost after deducting 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

Buildings	30 years - 50 years
Building Plant And Machinery	5 years - 10 years
Office/Building Renovation	5 years - 10 years
Furniture, Fixtures And Fittings	5 years
Motor Vehicles	5 years
Office Equipment	5 years
Computer Software And Hardware	3 years - 5 years

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

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each 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 (5) 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 3.15.

The depreciation 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 method based on estimated useful life of a building which is 30 to 50 years.

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.

3.9 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 fully or insignificantly 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 to 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 30 - 50 years as stated in Note 3.8. 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 (5) 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 3.15.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.10 Intangible Assets

a. Licence And Information Technology Software

The expenditure arising from the specific Licence And Information Technology Software is measured at cost. Subsequent costs are included in the intangible asset's carrying amount 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 (5) 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 the Statements 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. Impairment loss on Goodwill will not be written back. Policy associated with recognition and measurement of impairment loss is in accordance with Note 3.15.

3.11 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 method 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 (5) years, to assess for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment loss is provided if the carrying amount exceeds the recoverable amount as disclosed in Note 3.15.

3.12 Assets Held For Sale

Non-current assets or disposal of Group comprising of assets and liabilities are classified as Assets Held For Sale, are measured at the lower of their carrying amount and fair value less cost to sell, thereafter, if their carrying amounts are expected to be recovered primarily through sale rather than continuing use.

Once classified as assets held for sale, non-current assets 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 are 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 as 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.

3.13 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 are stated at the cost or net realisable value which ever is lower.

3.14 Cash And Cash Equivalent

Cash And Cash Equivalents consist of cash on hand, balances with banks (including those managed by External Fund Managers), deposits with financial institutions and highly liquid investment which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and EPF in the management of their short term commitments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.15 Impairment

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 exceed 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.

Financial Assets

All financial assets (except for financial assets categorised as fair value through Statement of Profit or Loss) assessed at each reporting date for any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial assets is estimated.

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 Group assesses whether there is any 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 Group 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 acceptable investment grade 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 invested has been classified as PN17;
- f. Material fraud with publicised news/upon appointment of financial advisor; and
- g. Company invested received a Qualified Audit Certificate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.15 Impairment (Cont'd.)

Financial Assets (Cont'd.)

i. Held-To-Maturity Investment Assets (Cont'd.)

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 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 Assets 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.

ii. Available-For-Sale Financial Assets

The Group 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 Group 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 Assets Reserve 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 per the following triggers:

- i. Decline in investment grade rating below the acceptable investment grade 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 invested has been classified as PN17;
- v. Material fraud with publicised news/upon appointment of financial advisor; and
- vi. Company 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 Assets 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.15 Impairment (Cont'd.)

Financial Assets (Cont'd.)

ii. Available-For-Sale Financial Assets (Cont'd.)

c. Loans, Advances And Financing

The Group and 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.

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

- i. Decline in investment grade rating below the acceptable investment grade 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 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.

Allowance for impairment loss on Staff Loan is made when there is an objective evidence that the Group is unable to collect all outstanding debts pursuant to the term and conditions of Staff Loan in accordance to impairment policy.

If the revaluation made in the subsequent period reveals that the amount of impairment loss decreases and the decrease can be related objectively, the impairment loss on Staff Loan is write back in the Statement of Profit or Loss.

d. Receivables

Impairment loss on Receivables is recognised when there is an objective evidence that the Group is unable to collect all outstanding debts pursuant to the approved procedures.

If the revaluation made in the subsequent period reveals that the amount of impairment loss decreases and the decrease can be related objectively, the impairment loss on Receivables is write back in the Statements of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.16 Inventories

Inventories of the Group comprise of completed properties and hotel inventories which are measured at the lower of cost and net realisable value.

The cost of inventories of completed properties is determined on specific identification basis. The cost included costs associated with the acquisition of land, direct cost and appropriate development overheads.

The cost of hotel inventories is calculated using the "First-In First-Out" method and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.17 Taxation And Zakat

a. 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 between the tax base of assets and liabilities and their carrying amounts in the Statement of Financial Position. 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 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 the Statements of Financial Position, in which case the deferred tax is also charged or credited directly in the Statements of Financial Position, 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.

b. Zakat

This represent business Zakat payable by a subsidiary in compliance with Shariah principles and as approved by the Shariah Advisory Committee. The Zakat is computed based on working capital method at a rate of 2.5%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.18 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. Short term non-accumulating compensated absences such as sick leave are recognised when the 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 Group adopted MFRS 119 (Revised) - Employee Benefits with effect from 1 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.

Payment 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 an employee benefits expenses, whereas in the Statements of Financial Position, such amount is recognised as liability known as 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 of post retirement medical benefits and gratuity liability to retirees are determined by an actuarial valuation is made once every three (3) years.

The computation of gratuity liability to contract staffs and cash award in lieu of annual leave to retirees is based on 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 terminate the employment of current employees according to a detailed formal plan without the intention to withdraw the plan.

e. Equity Compensation Benefits

Employee Share Option Scheme (ESOS) for the Group allows the staffs (including executive directors) other than employees 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.

3.19 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 collectable 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 2015

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

3.20 Provision For Liabilities

Provision For Liabilities are recognised when the Group 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.

3.21 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's Statements of Profit or Loss and under Payables And Accrued Liabilities in the Statements of Financial Position.

3.22 Contingent Assets And Liabilities

Contingent Asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence of one (1) 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.

The Group does not recognise Contingent Liability but discloses its existence in the Financial Statements. 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 outflow of resources will be required to settle the obligation.

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

3.23 Members Contribution Account

Contributions are credited to members account following the contribution month based on cash received basis except for cases of which crediting is based on Invocation of Section 50(3), EPF Act, 1991 is in accordance with Note 3.21.

3.24 Dividend Credited/Paid To Members

Annual dividend is calculated on the opening balance as at 1 January (less withdrawals) and plus contribution following contribution 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.

3.25 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.26 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods 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 in 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. 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 Financial Assets and Financial Assets at Fair Value through Profit or Loss is recognised as "interest income" and "interest expenditure" in Statements of Profit or Loss using the effective interest rate.

Interest income on granting of loans and financing 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 cash basis. Customer account is classified as non-performing where repayments are in arrears for six (6) months or more.

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

ii. Dividend Income

Dividend Income is recognised in Statements of Profit or Loss on accrual basis when the Group's right to receive the payment is established. Dividend from quoted equity the recognition is on the ex-dividend date.

iii. 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.

iv. Rental Income

Rental Income from investment property is recognised on accrual basis.

v. 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.

vi. Interest And Dividend On Contributions Paid Late

Interest And Dividend On Contributions Paid Late are accounted in the Statements of Profit or Loss on cash received basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

3.27 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 lease (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 expenses in the period when termination takes place.

b. Leases – Where The Group Is A Lessor (Operating Lease)

When assets are leased out under operating lease, the asset are included in the Statements of Financial Position based on the nature of the assets. 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 2015

4. DEFERRED TAX

	Note	GROUP	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
At 1 January		29,445	24,318
Adjustments As At 1 January		(371,256)	-
Amount Recognised In The Statements Of Profit Or Loss	36	(168,220)	5,127
As At 31 December		(510,031)	29,445
After Appropriate Offsetting As Follows:			
Deferred Tax Assets		(532,585)	(3,523)
Deferred Tax Liabilities		22,554	32,968
		(510,031)	29,445
Deferred Tax Assets:			
- Settled Within 12 Months		-	-
- Settled More Than 12 Months		(532,585)	(3,523)
		(532,585)	(3,523)
Deferred Tax Liabilities:			
- Settled Within 12 Months		-	13
- Settled More Than 12 Months		22,554	32,955
		22,554	32,968

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:

4.1 TAX (ASSETS)/LIABILITIES

	2015				
	Unutilised Tax Losses (RM'000)	Fair Value Adjustments From Business Combination (RM'000)	Property, Plant And Equipment (RM'000)	Others (RM'000)	Total (RM'000)
At 1 January	(3,523)	23,604	2,507	6,857	29,445
Adjustments As At 1 January	(330)	(11,247)	11,247	(370,926)	(371,256)
Amount Recognised In Statements Of Profit Or Loss	3,441	-	(3,557)	(168,104)	(168,220)
As At 31 December	(412)	12,357	10,197	(532,173)	(510,031)
	2014				
	Unutilised Tax Losses (RM'000)	Fair Value Adjustments From Business Combination (RM'000)	Property, Plant And Equipment (RM'000)	Others (RM'000)	Total (RM'000)
At 1 January	(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	(3,523)	23,604	2,507	6,857	29,445

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Cost And Accumulated Depreciation

2015 COST	GROUP					
	At 1 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	361,172	806	-	-	-	361,978
Building Plant And Machinery	19,243	866	-	58	(39)	20,128
Office/Building Renovation	175,390	5,092	(340)	2,365	(104)	182,403
Furniture, Fixtures And Fittings	85,422	1,339	(678)	227	(133)	86,177
Motor Vehicles	5,798	670	(227)	(1)	(198)	6,042
Office Equipment	30,045	2,763	(527)	69	(1,178)	31,172
Computer Software And Hardware	189,355	12,639	(940)	676	(2,351)	199,379
Work In Progress	48,258	33,533	-	(3,488)	-	78,303
	933,331	57,708	(2,712)	(94)	(4,003)	984,230
ACCUMULATED DEPRECIATION						
Freehold Land	371	-	-	-	-	371
Building	170,860	8,258	-	-	-	179,118
Building Plant And Machinery	8,351	6,409	-	-	(25)	14,735
Office/Building Renovation	136,587	15,852	(288)	-	(16)	152,135
Furniture, Fixtures And Fittings	58,281	3,540	(39)	(10)	(56)	61,716
Motor Vehicles	3,984	807	(175)	-	(198)	4,418
Office Equipment	18,830	3,384	(350)	(57)	(1,126)	20,681
Computer Software And Hardware	125,899	29,325	(787)	(336)	(2,251)	151,850
	523,163	67,575	(1,639)	(403)	(3,672)	585,024

Note 34

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

5.1 Cost And Accumulated Depreciation (Cont'd.)

2014 COST	GROUP							
	At 1 January (RM'000)	Adjustments (RM'000)	(Restated) 1 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	-	-	-	-	18,648
Building	355,761	-	355,761	1,313	-	4,098	-	361,172
Building Plant And Machinery	16,962	-	16,962	2,245	-	51	(15)	19,243
Office/Building Renovation	165,494	-	165,494	10,175	(254)	(25)	-	175,390
Furniture, Fixtures And Fittings	43,255	35,760	79,015	5,551	(24)	997	(117)	85,422
Motor Vehicles	5,806	-	5,806	342	(92)	1	(259)	5,798
Office Equipment	24,415	28	24,443	6,146	(64)	-	(480)	30,045
Computer Software And Hardware	159,225	-	159,225	33,744	(255)	11,267	(14,626)	189,355
Work In Progress	15,151	-	15,151	50,804	-	(17,697)	-	48,258
	804,717	35,788	840,505	110,320	(689)	(1,308)	(15,497)	933,331

ACCUMULATED DEPRECIATION

Freehold Land	371	-	371	-	-	-	-	371
Building	162,025	-	162,025	8,835	-	-	-	170,860
Building Plant And Machinery	6,918	-	6,918	1,433	-	6	(6)	8,351
Office/Building Renovation	119,013	-	119,013	17,662	(76)	(12)	-	136,587
Furniture, Fixtures And Fittings	35,761	14,432	50,193	8,218	(18)	4	(116)	58,281
Motor Vehicles	3,414	-	3,414	851	(92)	-	(189)	3,984
Office Equipment	15,440	8	15,448	3,909	(62)	2	(467)	18,830
Computer Software And Hardware	112,075	-	112,075	28,581	(255)	(12)	(14,490)	125,899
	455,017	14,440	469,457	69,489	(503)	(12)	(15,268)	523,163

Note 34

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

5.1 Cost And Accumulated Depreciation (Cont'd.)

2015 COST	EPF					
	At 1 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	253,353	408	-	-	-	253,761
Building Plant And Machinery	19,243	842	-	58	(39)	20,104
Office/Building Renovation	139,055	4,533	-	2,365	(104)	145,849
Furniture, Fixtures And Fittings	14,377	922	(34)	55	(78)	15,242
Motor Vehicles	4,791	414	-	(1)	(198)	5,006
Office Equipment	27,979	2,671	(362)	-	(1,156)	29,132
Computer Software And Hardware	154,457	12,443	(603)	1,011	(2,263)	165,045
Work In Progress	5,843	19,815	-	(3,488)	-	22,170
	631,529	42,048	(999)	-	(3,838)	668,740
ACCUMULATED DEPRECIATION						
Building	124,751	4,762	-	-	-	129,513
Building Plant And Machinery	8,351	1,574	-	-	(25)	9,900
Office/Building Renovation	112,801	11,061	-	-	(16)	123,846
Furniture, Fixtures And Fittings	11,771	1,202	(32)	-	(56)	12,885
Motor Vehicles	3,235	700	-	-	(198)	3,737
Office Equipment	18,290	3,051	(350)	-	(1,126)	19,865
Computer Software And Hardware	103,962	24,726	(601)	-	(2,251)	125,836
	383,161	47,076	(983)	-	(3,672)	425,582

Note 34

Certain portion of Work In Progress is adjusted to Statements of Profit or Loss as expenses accordingly, if such amount is de-recognised as Property, Plant and Equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

5.1 Cost And Accumulated Depreciation (Cont'd.)

2014 COST	EPF					
	At 1 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

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

Note 34

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

5.2 Net Book Value

	GROUP		
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Freehold Land	18,277	18,277	18,277
Building	182,860	190,312	193,736
Building Plant And Machinery	22,101	10,892	10,044
Office/Building Renovation	30,268	38,803	46,481
Furniture, Fixtures And Fittings	7,754	27,141	28,822
Motor Vehicles	1,624	1,814	2,392
Office Equipment	10,488	11,215	8,995
Computer Software And Hardware	47,531	63,456	47,150
Work In Progress	78,303	48,258	15,151
	399,206	410,168	371,048

	EPF	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Freehold Land	12,431	12,431
Building	124,248	128,602
Building Plant And Machinery	10,204	10,892
Office/Building Renovation	22,003	26,254
Furniture, Fixtures And Fittings	2,357	2,606
Motor Vehicles	1,269	1,556
Office Equipment	9,267	9,689
Computer Software And Hardware	39,209	50,495
Work In Progress	22,170	5,843
	243,158	248,368

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

6. INVESTMENT PROPERTIES

	Note	GROUP			EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Cost						
At 1 January		20,435,063	17,570,548	13,387,354	1,516,447	1,638,313
Additions		4,197,753	4,586,226	4,217,853	3,496	-
Sales		(966,307)	(6,971)	(1,729)	-	-
Reclassification To Assets Held-For-Sale	9	(804,457)	(145,250)	(20,399)	(61,282)	(139,650)
Reclassification From Assets Held-For-Sale	9	-	17,784	-	-	17,784
Reclassification To Property Development Cost	10	9,313	(1,566,368)	(12,431)	-	-
Foreign Currency Translation Differences		2,409,622	(59,606)	-	-	-
Adjustment On Costs		(1,031,120)	38,700	(100)	-	-
As At 31 December		24,249,867	20,435,063	17,570,548	1,458,661	1,516,447
Accumulated Depreciation:						
At 1 January		(1,384,108)	(867,306)	(502,952)	(351,805)	(326,873)
Current Year Depreciation	34	(587,741)	(528,109)	(373,406)	(34,556)	(36,239)
Adjustments Of Depreciation To Assets Held-For-Sale	9	9,878	19,250	9,052	9,878	19,250
Adjustments Of Depreciation From Assets Held-For-Sale	9	-	(7,943)	-	-	(7,943)
As At 31 December		(1,961,971)	(1,384,108)	(867,306)	(376,483)	(351,805)
Accumulated Impairment Loss:						
At 1 January		(11,198)	(11,198)	-	(11,198)	(11,198)
As At 31 December		(11,198)	(11,198)	-	(11,198)	(11,198)
Net Book Value As At 31 December		22,276,698	19,039,757	16,703,242	1,070,980	1,153,444

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 is amounted at RM26,642.86 million (2014: RM20,293.56 million), which has been determined based on valuations during the year of 2011 to 2015. While, the fair value of the EPF's Investment Properties as at 31 December 2015 amounted to RM1,802.68 million (2014: RM1,846.61 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 2015, the EPF subsidiaries in United Kingdom pledged the Group's Investment Properties amounting RM14,514.91 million (2014: RM12,674.27 million) as collateral to a bank borrowing as disclosed in Note 22.1 and Note 22.2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

7. INTANGIBLE ASSETS

	Note	GROUP		EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Licence And Information Technology Software					
Cost					
At 1 January		168,060	152,516	96,217	86,134
Additions		8,434	15,544	2,473	10,083
As At 31 December		176,494	168,060	98,690	96,217
Accumulated Amortisation:					
At 1 January		(119,493)	(104,091)	(83,779)	(80,688)
Amortisation For Financial Year	34	(18,124)	(15,402)	(4,713)	(3,091)
As At 31 December		(137,617)	(119,493)	(88,492)	(83,779)
Net Book Value As At 31 December		38,877	48,567	10,198	12,438

8. PREPAID LAND LEASE

	Note	GROUP		EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Cost					
At 1 January		70,707	59,016	62,279	50,588
Reclassification (To)/From Assets Held For Sale	9	(3,080)	11,691	(3,080)	11,691
As At 31 December		67,627	70,707	59,199	62,279
Accumulated Amortisation					
At 1 January		11,654	8,067	9,134	5,707
Amortisation For Financial Year	34	728	600	566	440
Reclassification (To)/From Assets Held For Sale	9	(1,406)	2,987	(1,406)	2,987
As At 31 December		10,976	11,654	8,294	9,134
Net Book Value As At 31 December		56,651	59,053	50,905	53,145

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

9. ASSETS HELD FOR SALE

	Note	GROUP		EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Net Book Value					
At 1 January		295,365	88,763	181,451	87,322
Additions		-	107,513	-	-
Reclassification From Investment Properties	6	794,579	126,000	51,404	120,400
Reclassification To Investment Properties	6	-	(9,841)	-	(9,841)
Reclassification From Prepaid Land Lease	8	1,674	-	1,674	-
Reclassification To Prepaid Land Lease	8	-	(8,704)	-	(8,704)
Sales		(187,051)	(8,366)	(181,451)	(7,726)
As At 31 December		904,567	295,365	53,078	181,451

The fair value of Assets Held For Sale of the Group as the date of Statements of Financial Position amounting to RM926.56 million (2014: RM342.12 million) is based on valuation carried out in 2015. Inclusive is the fair value of Assets Held For Sale of the EPF as at 31 December 2015 amounting to RM75.07 million (2014: RM228.20 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.

Meanwhile in Assets Held For Sale of EPF, it represents one (1) unit of building and one (1) 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 2016.

10. PROPERTY DEVELOPMENT COSTS

	Note	GROUP	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
At 1 January:			
Freehold Land		1,637,660	9,196
Development Costs Sold		-	(1,262)
Adjustments On Development Costs		(81,493)	-
		1,556,167	7,934
Reclassification From Investment Property	6	9,313	1,566,368
Costs Recognised During The Year:			
Development Costs		20,733	64,089
Cost Recognised In Statements Of Profit Or Loss		-	(731)
As At 31 December		1,586,213	1,637,660

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

11. INVESTMENT IN SUBSIDIARIES

	Note	EPF			
		31 DECEMBER 2015		31 DECEMBER 2014 (RESTATED)	
		Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic Quoted Equities		3,159,455	7,975,112	2,951,082	4,225,594
Domestic Unquoted Equities		748,092	796,933	630,229	625,823
Allowances For Impairment Loss		(62,358)		(63,019)	
		685,734		567,210	
Global Unquoted Equities	11a, 11b	14,273,337	17,252,479	11,710,768	12,998,008
Allowances For Impairment Loss		(4,349)		(61,528)	
		14,268,988		11,649,240	
As At 31 December		18,114,177		15,167,532	

List of subsidiaries are disclosed in Note 44.

Disclosure on the recoverable amount for investment in subsidiaries is based on the valuation technique stated in EPF's accounting policy which was approved by the Board.

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 2015 in the Investment In Subsidiaries are as follows:

a. **Additional Capital Injection in KWASA Global (Jersey) Limited**

As at 31 December 2015, the EPF has injected additional capital of 3,742,271 new shares of £100 each in KWASA Global (Jersey) Limited, a wholly owned subsidiary, for a total consideration of £374.23 million or RM2,302.03 million. The purpose of capital injection is to fund the acquisition of five (5) units of shopping complex which are Sainsbury's Voyager Drive in Cannock, Morrisons Supermarket in Newcastle Upon Tyne, Leeds and Grantham and Tesco Extra in Bursledon.

b. **Capital Injection In "Fund-Of-Funds" Subsidiaries**

During the financial year 2015, the EPF has injected net capital of RM1,899.02 million to seven (7) wholly owned subsidiaries as to support private equity fund in foreign countries subject to approved capital commitment. The proportions of capital injection by subsidiary are as follows:

Net Capital Injection In Available "Fund-Of-Funds" Subsidiaries

- (i) Cengal Private Equity Investments PLC - RM272.99 million
- (ii) Cengal Private Equity Investments II PLC - RM380.60 million
- (iii) Jati Private Equity Fund L.P. - RM63.12 million
- (iv) Jati Private Equity Fund II L.P. - RM335.05 million
- (v) Merbau Investors Offshore L.P. - RM262.77 million
- (vi) Merbau Investors Offshore II L.P. - RM305.79 million
- (vii) Meranti Fund L.P. - RM278.70 million

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

12. INVESTMENT IN ASSOCIATES

12.1 GROUP

	31 DECEMBER 2015		31 DECEMBER 2014	
	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic Quoted Equities	8,471,120	31,311,276	7,340,918	8,859,434
Domestic Unquoted Equities	3,118,164	4,716,869	4,093,605	5,821,145
Allowances For Impairment Loss	(48,937)		(312,305)	
	3,069,227		3,781,300	
Global Unquoted Equities	417,864	417,864	576,707	576,707
Profit And Adjustments	2,555,306		2,703,501	
As At 31 December	14,513,517		14,402,426	

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	
				2015 %	2014 %
1	PLUS Malaysia Berhad	Infrastructure and utility	Malaysia	49.00	49.00
2	RHB Capital Berhad	Banking	Malaysia	42.18	41.49
3	Malaysian Resources Corporation Berhad	Investment holding and conduct activities related to construction, property development and management services to its subsidiaries.	Malaysia	38.37	38.94

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

12. INVESTMENT IN ASSOCIATES (CONT'D.)

12.1 GROUP (Cont'd.)

- b. The following table summarises the information of the Group's material significant influence 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 Berhad		RHB Capital Berhad		Malaysian Resources Corporation Berhad	
	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
Summarised Statements Of Financial Position						
Total Assets	33,481,147	33,946,951	230,717,667	219,354,436	10,011,149	8,193,616
Total Liabilities	(32,833,685)	(32,489,107)	(207,608,256)	(200,460,350)	(7,950,485)	(6,435,066)
Total Net Assets	647,462	1,457,844	23,109,411	18,894,086	2,060,664	1,758,550
Summarised Statements Of Profit Or Loss						
Income	3,514,184	3,381,982	7,935,334	7,469,699	2,415,177	911,279
Profit After Tax For The Financial Year	23,119	58,558	1,524,033	2,063,464	425,479	15,063
Other Comprehensive Income For The Financial Year	2,713	-	510,739	217,928	950	-
Total Comprehensive Income For The Financial Year	25,832	58,558	2,034,772	2,281,392	426,429	15,063
Dividends Received From Associates During The Financial Year	399,350	269,500	64,039	108,842	17,137	6,854

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

	PLUS Malaysia Berhad		RHB Capital Berhad		Malaysian Resources Corporation Berhad	
	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
Net Assets Of The Associates	647,462	1,457,844	23,109,411	18,894,086	2,060,664	1,758,550
Proportion Of The Group's Ownership Interest (%)	49.00	49.00	42.18	41.49	38.37	38.94
Proportion Of The Group's Net Assets	317,256	714,344	9,747,550	7,839,156	790,677	684,779

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

12. INVESTMENT IN ASSOCIATES (CONT'D.)

12.1 GROUP (Cont'd.)

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

	2015 (RM'000)	2014 (RM'000)
Summarised Statements Of Financial Position		
Total Assets	10,314,653	39,278,649
Total Liabilities	(4,418,930)	(29,549,072)
Total Net Assets	5,895,723	9,729,577
Summarised Of Statements Of Profit Or Loss		
Income	1,197,857	6,954,870
Profit After Tax For The Financial Year	726,176	815,092
Total Comprehensive Income For The Financial Year	726,176	815,092
Dividends Received From Associates During The Financial Year	50,600	63,082

12.2 EPF

	31 DECEMBER 2015		31 DECEMBER 2014	
	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)	Cost/ Book Value (RM'000)	Recoverable Amount (RM'000)
Domestic Quoted Equities	8,471,120	31,311,276	7,340,918	8,859,434
Domestic Unquoted Equities	2,590,858	4,189,563	3,864,922	5,592,462
Allowances For Impairment Loss	(48,937)		(312,305)	
	2,541,921		3,552,617	
	11,013,041		10,893,535	

The list of associates are disclosed in Note 45.

Disclosure on the recoverable amount for investment in associates is based on the valuation technique stated in EPF's accounting policy which was approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

13. INVESTMENT IN JOINT VENTURES

a. The details in respect of the Group's Investment In Joint Ventures are as follows:

No	Name Of Entities	Principal Activity	Country Of Incorporation	Ownership Interests On Voting Rights	
				2015 %	2014 %
1	Battersea Project Holding Company Ltd	Investment holding	Jersey	20.00	20.00
2	Battersea Power Station Development Company	Development of management advisory and administration services	United Kingdom	20.00	20.00
3	Battersea Project Land Company	Investment holding	United Kingdom	20.00	20.00
4	The Arena Unit Trust	Property holding	Jersey	50.00	50.00
5	BPS Malaysia Sdn Bhd	Marketing Battersea development project in Malaysia and South-East Asia	Malaysia	20.00	20.00
6	KG Finance (Lux) S.à r.l	Financial services	Luxembourg	70.00	70.00
7	Goodman Basil Logistics (Lux) S.à r.l	Property holding	Luxembourg	70.00	70.00
8	Goodman Tumbleweed Logistics (Lux) S.à r.l	Property holding	Luxembourg	70.00	70.00
9	Goodman Pearl Logistics (Lux) S.à r.l	Property holding	Luxembourg	70.00	70.00
10	GELF Korbach (Lux) S.à r.l	Property holding	Luxembourg	70.00	70.00
11	Goodman Cardamom Logistics (Lux) S.à r.l	Property holding	Luxembourg	70.00	70.00
12	Goodman Cyan Logistics (Lux) S.à r.l	Property holding	Luxembourg	70.00	70.00
13	Gooman Melanite Logistics (Lux) S.a.r.l	Property holding	Luxembourg	70.00	70.00
14	Goodmand Aqua Logistics (Lux) S.a.r.l	Property holding	Luxembourg	70.00	70.00
15	Melati Asia Holdings Limited	Investment holding	Cayman Island	51.00	51.00
16	VM Andaman Sdn Bhd	Investment holding	Malaysia	50.00	-
17	Everest Property Trust	Trust holding	Australia	80.00	-
18	Gotham Trust	Trust holding	Australia	70.00	-
19	Epsilon TMK	Property investment	Japan	80.00	-
20	Pinggiran Muhibah Sdn Bhd	Infrastructure and utilities	Malaysia	50.00	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

13. 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):

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
As At 31 December	1,390,905	1,390,905
Additions	919,727	-
Investments In Joint Ventures	2,310,632	1,390,905

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
The Group's Proportion Attributable To Income, Profit After Tax, Assets And Liabilities Are As Follows After Restated:		
Income	63,853	160,593
Profit After Tax For The Financial Year	13,992	805
Non-Current Assets	2,516,055	1,700,677
Current Assets	1,755,092	1,599,420
Non-Current Liabilities	(1,116,264)	(282,953)
Current Liabilities	(844,251)	(1,626,239)
Total Net Assets Of Joint Venture	2,310,632	1,390,905

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

14. HELD-TO-MATURITY INVESTMENT ASSETS

14.1 GROUP

	Note	31 DECEMBER 2015 Amortised Cost (RM'000)	31 DECEMBER 2014 (RESTATED) Amortised Cost (RM'000)	1 JANUARY 2014 (RESTATED) Amortised Cost (RM'000)
Malaysian Government Securities		89,142,517	87,024,809	87,884,232
Government Investment Issues		63,888,387	58,039,871	59,478,056
Private Debt Securities		46,694,649	36,655,300	40,342,950
Allowances For Impairment Loss	40.1c	(60,968)	(76,170)	(592,774)
		46,633,681	36,579,130	39,750,176
Commercial Papers		429,738	123,257	595,185
Cagamas Securities		4,669,180	3,408,962	3,992,115
Conventional Bonds		120,408	293,850	470,566
Islamic Bonds		14,578,982	11,345,174	2,646,791
Negotiable Certificates		150,838	300,372	401,115
Negotiable Islamic Certificates		800,894	2,448,275	552,712
Convertible Preference Share		725	153,725	153,725
		220,415,350	199,717,425	195,924,673

Details on Held-To-Maturity Investment Assets which assessed as impaired as at 31 December 2015, are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 40.1c.

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

	Note	GROUP		
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Maturing Within 12 Months		71,764,298	16,456,488	14,958,530
Maturing After 12 Months		148,712,020	183,337,107	181,558,917
	40.1a	220,476,318	199,793,595	196,517,447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

14.2 EPF

	Note	31 DECEMBER 2015 Amortised Cost (RM'000)	31 DECEMBER 2014 (RESTATED) Amortised Cost (RM'000)
Malaysian Government Securities		89,142,517	87,024,809
Government Investment Issues		63,888,387	58,039,871
Private Debt Securities		46,694,649	36,655,300
Allowances For Impairment Loss	40.1c	(60,968)	(76,170)
		46,633,681	36,579,130
Commercial Papers		429,738	123,257
Cagamas Securities		4,669,180	3,408,962
Conventional Bonds		120,408	293,850
Islamic Bonds		14,578,982	11,345,174
Negotiable Certificates		150,838	300,372
Negotiable Islamic Certificates		800,894	2,448,275
Convertible Preference Share		725	153,725
		220,415,350	199,717,425

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

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)
Maturing Within 12 Months		71,764,298	16,456,488
Maturing After 12 Months		148,712,020	183,337,107
	40.1a	220,476,318	199,793,595

Details on Held-To-Maturity Investment Assets which assessed as impaired as at 31 December 2015, are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowances for Impairment Loss is disclosed in Note 40.1c.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

15.1 GROUP

	Note	31 DECEMBER 2015 Fair Value (RM'000)	31 DECEMBER 2014 (RESTATED) Fair Value (RM'000)	1 JANUARY 2014 (RESTATED) Fair Value (RM'000)
EQUITY INVESTMENT INSTRUMENTS				
QUOTED EQUITIES				
Domestic Equities Internally Managed		131,772,547	122,830,564	126,503,589
Domestic Equities Managed By External Fund Managers		13,030,010	11,236,881	13,717,648
Global Equities Internally Managed		79,062,527	64,636,576	55,996,278
Global Equities Managed By External Fund Managers		47,842,390	42,400,780	35,827,029
		271,707,474	241,104,801	232,044,544
UNQUOTED EQUITIES				
Domestic Unquoted Equities		1,096,503	1,547,136	2,531,254
Global Unquoted Equities		7,135,218	4,644,203	2,970,088
		8,231,721	6,191,339	5,501,342
FIXED INCOME INVESTMENT INSTRUMENTS INTERNALLY MANAGED				
Domestic Fixed Income Investment Instruments Internally Managed		6,770,843	4,045,013	1,561,841
Global Fixed Income Investment Instruments Internally Managed		4,149,772	3,793,373	1,572,323
		10,920,615	7,838,386	3,134,164
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS				
Domestic Fixed Income Investment Instruments With External Fund Managers		15,596,748	13,903,764	12,297,637
Allowances For Impairment Loss	40.1c	(96,672)	(109,505)	(111,675)
		15,500,076	13,794,259	12,185,962
Global Fixed Income Investment Instruments With External Fund Managers		15,660,115	12,752,774	9,020,652
		31,160,191	26,547,033	21,206,614
OTHER INVESTMENT INSTRUMENTS				
Domestic Private Debt Securities Internally Managed		14,568,651	11,741,313	9,072,441
Allowance For Impairment Loss	40.1c	(500,616)	(530,287)	-
		14,068,035	11,211,026	9,072,441
Private Debt Securities Internally Managed		6,511,776	4,676,895	-
		342,599,812	297,569,480	270,959,105

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

15.1 GROUP (Cont'd.)

The maturity structure of the Available-For-Sale Financial Assets for Fixed Income Investment Instruments are as follows:

	Note	GROUP		
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Maturing Within 12 Months		2,218,787	2,834,372	2,110,833
Maturing After 12 Months		61,039,118	48,078,760	31,414,061
	40.1a	63,257,905	50,913,132	33,524,894

Details on Available-For-Sale Financial Assets which assessed as impaired as at 31 December 2015, are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowances For Impairment Loss is disclosed in Note 40.1c.

15.2 EPF

	Note	31 DECEMBER 2015 Fair Value (RM'000)	31 DECEMBER 2014 (RESTATED) Fair Value (RM'000)
EQUITY INVESTMENT INSTRUMENTS			
QUOTED EQUITIES			
Domestic Equities Internally Managed		131,772,547	122,830,564
Domestic Equities Managed By External Fund Managers		13,030,010	11,236,881
Global Equities Internally Managed		79,062,527	64,636,576
Global Equities Managed By External Fund Managers		47,842,390	42,400,780
		271,707,474	241,104,801
UNQUOTED EQUITIES			
Domestic Unquoted Equities		1,096,503	1,547,136
Global Unquoted Equities		6,871,264	4,643,383
		7,967,767	6,190,519
FIXED INCOME INVESTMENT INSTRUMENTS INTERNALLY MANAGED			
Domestic Fixed Income Investment Instruments Internally Managed		5,787,489	4,045,013
Global Fixed Income Investment Instruments Internally Managed		4,149,772	3,793,373
		9,937,261	7,838,386
FIXED INCOME INVESTMENT INSTRUMENTS WITH EXTERNAL FUND MANAGERS			
Domestic Fixed Income Investment Instruments With External Fund Managers		15,596,748	13,903,764
Allowances For Impairment Loss	40.1c	(96,672)	(109,505)
		15,500,076	13,794,259
Global Fixed Income Investment Instruments With External Fund Managers		15,660,115	12,752,774
		31,160,191	26,547,033
OTHER INVESTMENT INSTRUMENTS			
Domestic Private Debt Securities Internally Managed		14,568,651	11,741,313
Allowances For Impairment Loss	40.1c	(500,616)	(530,287)
		14,068,035	11,211,026
Global Private Debt Securities Internally Managed		6,511,776	4,676,895
		341,352,504	297,568,660

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

15.2 EPF (Cont'd.)

The maturity structure of the Available-For-Sale Financial Assets for Fixed Income Investment Instruments are as follows:

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)
Maturing Within 12 Months		2,218,787	2,834,372
Maturing After 12 Months		60,055,764	48,078,760
	40.1a	62,274,551	50,913,132

Details on Available-For-Sale Financial Assets which assessed as impaired as at 31 December 2015, are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowances For Impairment Loss is disclosed in Note 40.1c.

16. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

GROUP	31 DECEMBER 2015			31 DECEMBER 2014		
	Notional Value (RM'000)	FAIR VALUE		Notional Value (RM'000)	FAIR VALUE	
		ASSET (RM'000)	LIABILITIES (RM'000)		ASSET (RM'000)	LIABILITIES (RM'000)
Held-For-Trading Investment Assets	-	6,629,592	-	-	4,102,499	-
Hedging Instruments						
- Forward Currency Translation Contract	23,746,761	66,297	1,637,080	15,366,101	579	933,105
- Cross Currency Swap	824,291	-	156,978	695,853	3,373	13,693
- Interest Rate Swap	6,199,388	216	131,909	-	-	114,200
Embedded Derivative Financial Assets	-	-	-	-	5,904	-
Other Derivative Financial Assets	-	118,710	-	-	114,145	-
	30,770,440	6,814,815	1,925,967	16,061,954	4,226,500	1,060,998
		Note 40.1a			Note 40.1a	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

16. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D.)

EPF	31 DECEMBER 2015			31 DECEMBER 2014		
	Notional Value (RM'000)	FAIR VALUE		Notional Value (RM'000)	FAIR VALUE	
		ASSETS (RM'000)	LIABILITIES (RM'000)		ASSETS (RM'000)	LIABILITIES (RM'000)
Hedging Instruments						
- Forward Currency Translation Contract	23,746,761	66,297	1,637,080	15,366,101	579	919,238
- Cross Currency Swap	824,291	-	156,978	695,853	3,373	13,693
- Interest Rate Swap	43,925	216	-	-	-	-
Embedded Derivative Financial Assets	-	-	-	-	5,904	-
Other Derivative Financial Assets	-	118,710	-	-	114,145	-
	24,614,977	185,223	1,794,058	16,061,954	124,001	932,931
			Nota 40.1a			Nota 40.1a

* Hedging instruments are measured at fair value by the Group and EPF to secure from fair value changes due to fluctuation of market interest rate and foreign currency exchange. Derivative with positive fair value is classified as an assets and vice versa. Any profit or loss on the revalued derivative contracts is to be recognised in the Statements of Profit or Loss.

17. LOANS, ADVANCES AND FINANCING

17.1 GROUP

	Note	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Guaranteed Loans		68,796,220	76,209,788
End Financing:			
Normal Housing Programme		3,538,080	3,562,253
Low Cost Housing Programme		17,842	17,961
Islamic Loans:			
Property		1,884,525	1,699,574
Personal Loans		23,159,661	23,395,418
Hire Purchase		376,630	280,344
Bridging And Term Loans		4,882,679	3,677,660
Staff Loans		132,853	180,390
Conventional Loans:			
Staff Loans		138,280	86,769
Gross Loans, Advances And Financing		102,926,770	109,110,157
Allowances For Impairment Loss	40.1c	(2,088,092)	(1,603,516)
Net Loans, Advances And Financing		100,838,678	107,506,641

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

17.1 GROUP (Cont'd.)

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

	Note	GROUP	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Maturing Within 12 Months		6,321,952	12,478,895
Maturing After 12 Months		96,604,818	96,631,262
	40.1a	102,926,770	109,110,157

Details on financial assets with regards to Loans, Advances and Financing which assessed as impaired as at 31 December 2015 are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowance for Impairment Loss is disclosed in Note 40.1c.

17.2 EPF

	Note	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Guaranteed Loans		68,230,381	75,800,085
Islamic Loans:			
Staff Loans		138,280	135,026
Conventional Loans:			
Staff Loans		81,833	86,769
Loans To Subsidiaries	17.2a, 41b	50,181	150,544
Capital Advances To Subsidiaries	17.2b, 41b	6,787,706	5,188,880
Gross Loans, Advances And Financing		75,288,381	81,361,304
Allowances For Impairment Loss:			
Guaranteed Loans	40.1c	(42,717)	(54,281)
Staff Loans	40.1c	(226)	(257)
Net Loans, Advances And Financing		75,245,438	81,306,766

- Represents Islamic Financing granted to EPF's domestic quoted subsidiaries, which are secured against the subsidiaries Personal Islamic Financing Loan amounting to RM161.45 million (2014: RM455.53 million) and profit at a rate of 5.50% per annum and maturing within five (5) years.
- 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, KWASA Invest Limited, KWASA Asia and KWASA Capital Partners Limited bear no interest charges. All capital advances to subsidiaries has no repayment term except for KWASA Europe S.A.R.L and KWASA Land Sdn Bhd which are repayable after the loan period, within seven (7) to eleven (11) years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

17.2 EPF (Cont'd.)

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

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Maturing Within 12 Months		5,285,919	10,888,241
Maturing After 12 Months		70,002,462	70,473,063
	40.1a	75,288,381	81,361,304

Details on financial assets with regards to Loans, Advances and Financing which assessed as impaired as at 31 December 2015 are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowance for Impairment Loss is disclosed in Note 40.1c.

18. INVENTORIES

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
At Cost		
Inventories	333	786
At Net Realisable Value:		
Land Held For Sale	103,063	103,063
	103,396	103,849

Cost of Inventories recognised as current year expense amounting RM453,000 (2014: Nil).

Included in Inventories is land held-for-sale of which the carrying amount as below:

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Land Registered Under Subsidiaries	103,063	103,063
	103,063	103,063

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	GROUP		
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Endowment Fund		96,751	26,535	26,535
Prepayments And Deposits		13,492	14,568	4,223
Rental Deposits		10,497	48,999	51,721
Rental Debtors		43,423	19,539	38,292
Unsecured Advances For Joint Venture Projects		379,237	304,799	274,543
Foreclosed Properties		166,658	139,658	144,414
Trade Receivables		984,242	83,503	35,223
Tax Claim On Dividend Receivable		378,576	385,740	338,744
Accruals On Miscellaneous Non-Investment Items And Deposits		7,081	446,049	358,146
Accrued Dividend Income		346,294	457,372	452,764
Accruals On Sale Of Domestic/Global Equities Internally Managed		895,930	555,925	828,982
Accruals On Sale Of Investments Managed By External Fund Managers		4,243,082	3,540,182	2,794,465
Accruals On Sale Of Fixed Income Investment Internally Managed		24,142	23	-
Service Charge Receivables		8,702	45,890	39,636
		7,598,107	6,068,782	5,387,688
Allowances For Impairment Loss	40.1c	(431,157)	(345,754)	(305,041)
		7,166,950	5,723,028	5,082,647

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

	Note	GROUP		
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Maturing Within 12 Months		7,018,038	6,042,247	5,361,153
Maturing After 12 Months		580,069	26,535	26,535
	40.1a	7,598,107	6,068,782	5,387,688

Details on financial assets with regards to Receivables, Deposits and Prepayments which assessed as impaired as at 31 December 2015 are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowance For Impairment Loss is disclosed in Note 40.1c.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)
Endowment Fund		26,535	26,535
Prepayments And Deposits		3,497	4,277
Rental Deposits		1,757	1,670
Rental Debtors		6,252	14,036
Owings From Subsidiaries	41b	202,106	28,438
Tax Claim On Dividend Receivable		378,576	378,576
Accruals On Miscellaneous Non-Investment Items And Deposits		7,265	2,648
Accrued Dividend Income		411,579	559,753
Accruals On Sale Of Domestic/Global Equities Internally Managed		895,930	555,925
Accruals On Sale Of Investments Managed By External Fund Managers		4,181,306	3,540,182
Accruals On Sale Of Fixed Income Investment Internally Managed		17,034	23
Service Charge Receivables		8,702	45,890
		6,140,539	5,157,953
Allowances For Impairment Loss	40.1c	(47,739)	(4,014)
		6,092,800	5,153,939

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

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)
Maturing Within 12 Months		5,972,503	5,103,933
Maturing After 12 Months		168,036	54,020
	40.1a	6,140,539	5,157,953

Details on financial assets with regards to receivables, deposits and prepayments which assessed as impaired as at 31 December 2015 are disclosed in Note 40.1a. Movement of accumulated impairment loss which has been accounted as Allowance For Impairment Loss is disclosed in Note 40.1c.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

20. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Note	GROUP		
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Times Deposit		7,955,388	12,086,859	6,891,810
Fixed Deposit		1,049,536	8,001,110	5,099,523
Murabahah Commodity		2,105,847	1,653,106	300,878
Al-Mudharabah Account		-	4,411,320	3,608,829
Bank Negara Malaysia-Money Market Account	37	112,183	162,075	106,414
Money Market Of Multi Currency		837,622	78,746	24,551
Bank of New York - Money Market Account		3,100,501	6,588,224	2,716,774
Money Market Account Managed By External Fund Managers		2,634,297	3,238,871	1,347,512
		17,795,374	36,220,311	20,096,291

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Time Deposit		7,955,388	12,086,859
Fixed Deposit		550,701	2,404,373
Murabahah Commodity		2,105,847	1,653,106
Al-Mudharabah Account		-	4,411,320
Bank Negara Malaysia - Money Market Account	37	112,183	162,075
Money Market Of Multi Currency		837,622	78,746
Bank of New York - Money Market Account		3,100,501	6,588,224
Money Market Account Managed By External Fund Managers		2,634,297	3,238,871
		17,296,539	30,623,574

All Deposits With Financial Institution matured within 12 months.

The liquidity of Bank of New York - Money Market account is less than three (3) months, therefore it is classified as cash and cash equivalents in the Group and EPF Statements Of Cash Flow.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

21. EMPLOYEE BENEFITS

GROUP AND EPF	Note	31 DECEMBER 2015		
		Post Retirement Medical Benefit (RM'000)	Post Retirement Gratuity (RM'000)	Total (RM'000)
At 1 January		118,419	238,225	356,644
Provisions Made During The Financial Year Recognised In The Statements Of Profit Or Loss	34	(8,532)	16,632	8,100
Gain Of Actuarial Valuation On Employees Benefits Plan Which Is Recognised To Other Comprehensive Income		(65,249)	-	(65,249)
Benefits Paid		(4,053)	(1,947)	(6,000)
As At 31 December		40,585	252,910	293,495

GROUP AND EPF	Note	31 DECEMBER 2014		
		Post Retirement Medical Benefit (RM'000)	Post Retirement Gratuity (RM'000)	Total (RM'000)
At 1 January		107,675	211,684	319,359
Provisions Made During The Financial Year Recognised In The Statements Of Profit Or Loss	34	14,425	27,403	41,828
Benefits Paid		(3,681)	(862)	(4,543)
As at 31 December		118,419	238,225	356,644

The maturity structure of Employee Benefits are as follows:

	GROUP AND EPF	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Maturing Within 12 Months	6,469	13,070
Maturing After 12 Months	287,026	343,574
	293,495	356,644

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

21. EMPLOYEE BENEFITS (CONT'D.)

21.1 Post Retirement Medical Benefit

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

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
At 1 January	118,419	107,675
Current Service Cost	3,692	9,408
Interest Cost	5,828	5,017
Benefits Paid	(4,053)	(3,681)
Net Actuarial Gain	(83,301)	-
As At 31 December	40,585	118,419

- b. The amounts recognised in the Statements Of Financial Position are analysed as follows:

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Present Value Of Unfunded Obligations	40,585	118,419
Net Liabilities As At 31 December	40,585	118,419

- c. The amounts recognised in the Statements Of Profit Or Loss And Other Comprehensive Income are analysed as follows:

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Current Service Cost	3,692	9,408
Interest Cost	5,828	5,017
Net Actuarial Gain	(18,052)	-
Total Post Retirement Costs Recognised In The Statements Of Profit Or Loss	(8,532)	14,425
Net Actuarial Gain	(65,249)	-
Total Post Retirement Costs Recognised In The Statement Of Other Comprehensive Income	(65,249)	-
Total Post-Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	(73,781)	14,425

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

21. EMPLOYEE BENEFITS (CONT'D.)

21.1 Post Retirement Medical Benefit (Cont'd.)

d. The amounts recognised in the Statements Of Financial Position are analysed as follows:

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Present Value Of Unfunded Obligations	118,419	107,675
Total Post Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	(73,781)	14,425
Benefits Paid	(4,053)	(3,681)
Net Liabilities As At 31 December	40,585	118,419

e. The principal actuarial assumptions used were as follows:

GROUP AND EPF	31 DECEMBER 2015	31 DECEMBER 2014
Discount Rate (%)	4	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 Statements of Financial Position holding other assumptions are constant:

GROUP AND EPF	31 DECEMBER 2015		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations As At 31 December	40,585		
Discount Rate (1% Movement)		6,319	(5,181)
Average Life Expectancy (1 Year Movement)		1,926	(1,919)

GROUP AND EPF	31 DECEMBER 2014		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations As At 31 December	118,419		
Discount Rate (1% Movement)		14,013	(10,732)
Average Life Expectancy (1 Year Movement)		7,186	(5,967)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

21. EMPLOYEE BENEFITS (CONT'D.)

21.2 Post-Retirement Gratuity

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

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
At 1 January	238,225	211,684
Current Service Cost	7,276	18,668
Interest Cost	9,356	8,735
Benefits Paid	(1,947)	(862)
As At 31 December	252,910	238,225

- b. The amounts recognised in the Statements Of Financial Position are analysed as follows:

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Present Value Of Unfunded Obligations	252,910	238,225
Net Liabilities As At 31 December	252,910	238,225

- c. The amounts recognised in the Statements Of Profit Or Loss And Other Comprehensive Income are analysed as follows:

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Current Service Cost	7,276	18,668
Interest Cost	9,356	8,735
Total Post Retirement Costs Recognised In The Statements Of Profit Or Loss	16,632	27,403
Total Post Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	16,632	27,403

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

21. EMPLOYEE BENEFITS (CONT'D.)

21.2 Post-Retirement Gratuity (Cont'd.)

d. The amounts in the Statements of Financial Position are analysed as follows:

GROUP AND EPF	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Present Value Of Unfunded Obligations	238,225	211,684
Total Post Retirement Costs Recognised In The Statements Of Profit Or Loss And Other Comprehensive Income	16,632	27,403
Benefits Paid	(1,947)	(862)
Net Liabilities As At 31 December	252,910	238,225

e. The principal actuarial assumptions used were as follows:

GROUP AND EPF	31 DECEMBER 2015	31 DECEMBER 2014
Discount Rate (%)	4	5
Annual Salary Increment (%)	5	5

f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable changes during the actuarial valuation at the Statements of Financial Position holding other assumptions are constant:

GROUP AND EPF	31 DECEMBER 2015		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations As At 31 December	252,910		
Discount Rate (1% Movement)		2,592	(2,081)
Annual Salary Increment (1% Movement)		50	(159)

GROUP AND EPF	31 DECEMBER 2014		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations As At 31 December	238,225		
Discount Rate (1% Movement)		1,052	(991)
Annual Salary Increment (1% Movement)		1,172	(1,111)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

22. LOANS AND OVERDRAFTS

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Bank Borrowings And Overdrafts	11,960,528	9,840,107
Recourse Obligations On Loan Sold To Cagamas	2,767,242	2,373,039
Other Borrowings	2,832,455	4,500
	17,560,225	12,217,646

The maturity structure of Loans And Overdrafts are as follows:

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Maturing Within 12 Months	2,585,669	1,632,733
Maturing After 12 Months	14,974,556	10,584,913
	17,560,225	12,217,646

The followings are details in respect of loans by the Group as reported in the Statements Of Financial Position:

22.1 Existing Bank Borrowings

- 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.
- On 12 April 2013, the global subsidiary entered into a loan agreement with amounting to £300 million, which is repayable after five (5) years and secured against the Group's investment properties. The loan bears interest at GBP one (1) month LIBOR rate plus 1.23% and any other mandatory cost.
- On 27 September 2013, the global subsidiary entered into a loan agreement of which the loan is repayable after five (5) years and secured against the Group's investment properties. The loan bears interest at GBP one (1) month LIBOR rate plus 1.375% and other mandatory costs.
- MBSB loan amounting to RM1,645,772 represents revolving credit of which the loan bears interest at borrowing costs from commercial licensed banks plus 0.5% to 1%.
- The global subsidiary entered into a revolving loan agreement for three (3) years amounting to £185.70 million (AUD 322 million), which was drawn an amount of £159.20 million (AUD 276 million) as at 31 December 2015. The loan bears interest at Bank Bill Swap Rate (BBSY) plus 1.7% margin. The loan is secured against Australian Group's investment properties.

22.2 Approved Bank Borrowings During The Financial Year

- In April 2015, a global subsidiary obtained external bank financing of EUR 128,862,000 from Deka Bank with an interest rate of 1.5%. The loan will mature April 2022. The loan is secured by the global subsidiary's property.
- On 3 July 2015, a global subsidiary obtained external bank financing of EUR 188,320,000 from Deutsch Hypo with an interest rate of Libor 3 months plus liquidity costs plus a margin. On 30 June 2019, loan amount of EUR 28,000,000 will be matured and the remainder will mature on 22 June 2022. The loan is secured by the global subsidiary's properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

23. DEPOSITS AND ADVANCES

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Employer Instalment	94,011	73,741
Remittance Suspense	6,859	4,905
Deposits Of Office Rentals	58,193	51,789
Clients Deposits	28,585,387	27,530,858
Transit For Late Processing (Remittance)	80,248	63,205
Deposits On Sales Of Property	3,480	10,951
Miscellaneous Deposits	1,278	3,233
	28,829,456	27,738,682

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

	GROUP	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Maturing Within 12 Months	25,702,488	23,736,560
Maturing After 12 Months	3,126,968	4,002,122
	28,829,456	27,738,682

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Employer Instalment		94,011	73,741
Remittance Suspense		6,859	4,905
Deposits Of Office Rentals		10,703	11,047
Transit For Late Processing (Remittance)		80,248	63,205
Deposits On Sales Of Property		3,480	10,951
Miscellaneous Deposits		411	2,504
Deposits Owing To Subsidiaries	41b	94	-
		195,806	166,353

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

	EPF	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Maturing Within 12 Months	87,264	101,691
Maturing After 12 Months	108,542	64,662
	195,806	166,353

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

24. PAYABLES AND ACCRUED LIABILITIES

	GROUP		
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Liability On Invocation Cost Under Section 50(3)	242	15	906
Rent Received In Advance	280,889	78,861	68,375
Accruals On Non-Investments And Miscellaneous Payments	2,033,437	1,770,248	1,529,461
Accruals On Purchase Of Domestic/Global Equities Internally Managed	716,552	943,204	745,360
Accruals On Purchase Of Fixed Income Investments Internally Managed	66,190	90,882	-
Accruals On Purchase Of Investments By External Fund Managers	4,360,787	3,587,678	2,467,655
Accruals On Miscellaneous Investment Payments	177,215	101,693	58,638
	7,635,312	6,572,581	4,870,395

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

	GROUP		
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Maturing Within 12 Months	7,613,578	5,432,821	3,748,959
Maturing After 12 Months	21,734	1,139,760	1,121,436
	7,635,312	6,572,581	4,870,395

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Liability On Invocation Cost Under Section 50(3)		242	15
Rent Received In Advance		2,867	5,200
Accruals On Non-Investments And Miscellaneous Payments		265,029	263,036
Accruals On Purchase Of Domestic/Global Equities Internally Managed		716,552	943,204
Accruals On Purchase Of Fixed Income Investments Internally Managed		66,190	90,882
Accruals On Purchase Of Investments By External Fund Managers		4,360,787	3,587,678
Accruals On Miscellaneous Investment Payments		92,689	101,693
Amount Owing To Subsidiaries	41b	3,560	3,053
		5,507,916	4,994,761

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

	EPF	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Maturing Within 12 Months	5,486,182	4,975,443
Maturing After 12 Months	21,734	19,318
	5,507,916	4,994,761

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

25. CONTRIBUTION

	GROUP AND EPF	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
At 1 January	598,572,279	538,634,067
Contribution Received And Adjustments		
Contribution Received From Employers	58,241,163	54,930,570
Redemption Of Investment In Unit Trusts	1,648,676	2,145,019
Redemption/Cancellation Of Annuity Scheme	75,960	78,898
Reinstatement/Adjustment	11,833	16,894
	59,977,632	57,171,381
Dividend Distributions To Members		
Dividend Credited-6.40% (2014 - 6.75%)	38,243,403	36,656,463
Prior Year Adjustments	6,135	7,484
	38,249,538	36,663,947
<u>Less:</u>		
<u>Withdrawals And Refunds</u>		
Withdrawals		
55 Years Withdrawal Scheme	21,400,282	14,090,666
50 Years Withdrawal Scheme	4,831,009	3,941,562
Incapacitation Withdrawal Scheme	331,060	275,351
Leaving Country Withdrawal Scheme	377,364	303,593
Housing Withdrawal Scheme	2,396,800	2,199,308
Reduction/Redemption Of Housing Loan/Monthly Housing Loan Withdrawal Scheme	3,587,826	2,900,440
Medical Withdrawal Scheme	51,766	46,057
Death Withdrawal Scheme	1,233,878	1,089,049
Periodical Payment Withdrawal Scheme	3,586	4,231
Member Investment Withdrawal Scheme	5,855,745	4,859,473
Pensionable Employee Withdrawal Scheme	1,972,704	2,520,564
Education Withdrawal Scheme	578,180	372,938
Monthly Payment Withdrawal Scheme	117	120
Saving Exceeding RM1 Million Withdrawal Scheme	1,390,500	999,278
Hajj Withdrawal Scheme	1,045	947
	44,011,862	33,603,577
Refunds		
Refund To Employers/Members-Rule 33(1), EPF Regulations & Rules 1991	21,896	26,237
Refund Of Employers Share To Pension Trust Fund-Section 56, EPF Act 1991	214,349	152,097
	236,245	178,334
	44,248,107	33,781,911
<u>Other Adjustments</u>		
Adjustments On Contribution With Incomplete Information (CTML) And Reject-No Further Action (NFA) Cases To Statements Of Profit Or Loss And Retained Profit	81,770	115,205
As At 31 December	652,469,572	598,572,279

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

25. CONTRIBUTION (CONT'D.)

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

	GROUP AND EPF	
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Eligible Contributions To Be Withdrawn Within 12 Months	96,071,209	90,433,645
Eligible Contributions To Be Withdrawn After 12 Months	556,398,363	508,138,634
	652,469,572	598,572,279

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 borne by the members.

26. RESERVE

GROUP			
	Note	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Available-For-Sale Financial Assets Reserve	26a	33,311,981	40,184,546
Cash Flow Hedge Reserves	26b	(52,759)	(73,439)
Other Reserves	26c	20,428	25,133
Foreign Currency Translation Reserve	26d	3,067,217	659,309
		36,346,867	40,795,549

EPF			
	Note	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Available-For-Sale Financial Assets Reserve	26a	33,313,721	40,184,546
		33,313,721	40,184,546

- (a) Represents the movement of net accumulated unrealised fair value gain/(loss) which is recognised from Available-For-Sale Financial Assets.
- (b) Represents the movement of net accumulated gain/(loss) which is recognised from effective hedging derivatives.
- (c) 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.
- (d) 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 2015

27. RETAINED PROFIT

The Retained Profit amounting of RM4,996.07 million is the balance of revenue reserve as at 31 December 2015 (2014: RM3,646.15 million) after recognition of provision of annual dividend to members for the financial year. At 31 December 2015, provision of annual dividend is recognised at rate 6.40% amounting to RM38,243.40 million, compared to RM36,656.46 million at rate 6.75% in 2014.

Included in the Retained Profit amounting RM2,511.26 million (2014: RM1,450.60 million) is unrealised gain generated from revaluation of financial asset derivative instruments and movement of foreign exchange revaluation of financial asset hedges amounting RM860.90 million (2014: RM265.65 million). This unrealised gain will only be reclassified as realised gain for the purpose of dividend distribution upon sale of the asset in the following year.

28. NON-CONTROLLING INTERESTS

a. Set out below is summarised financial information for subsidiaries that EPF has Non-Controlling Interests:

No	Name Of Entity	Principal Activity	Country Of Incorporation	Proportion Of Ownership Interest And Voting Rights Held	
				2015 %	2014 %
1	Malaysia Building Society Berhad	Granting of loans on the security of freehold and leasehold properties	Malaysia	34.90	35.82
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	KWASA Utama Sdn Bhd *	Property development	Malaysia	5.00	5.00
5	Jati Private Equity Fund L.P.	Trust holding fund	Cayman Island	1.00	1.00
6	Jati Private Equity Fund II L.P.	Trust holding fund	Cayman Island	1.00	1.00
7	Merbau Investors Offshore II L.P.	Trust holding fund	Cayman Island	1.00	1.00
8	Meranti Fund L.P.	Trust holding fund	Cayman Island	0.75	0.75
9	Cengal Private Equity Investment II PLC	Trust holding fund	Dublin, Ireland	0.66	0.66
10	Merbau Investors Offshore L.P.	Trust holding fund	Cayman Island	0.50	0.50
11	Cengal Private Equity Investment PLC	Trust holding fund	Dublin, Ireland	0.50	0.50

* KWASA Utama Sdn Bhd formerly known as KWASA Development (1) Sdn Bhd.

b. Set out below is the movement in accumulated Non-Controlling Interests of the Group at Statements of Financial Position date:

	2015 (RM'000)	2014 (RM'000)
Accumulated Non-Controlling Interests		
At 1 January	2,751,684	1,862,556
Adjustments On 1 January	(267,323)	-
Share Of Profit After Tax And Zakat	470,553	412,249
Net Assets Acquired From Non-Controlling Interests And Subsidiaries	(302,597)	-
Other Comprehensive Losses	(48,589)	-
Dividend Paid	(78,719)	476,879
As At 31 December	2,525,009	2,751,684

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

28. 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:

	2015 (RM'000)	2014 (RM'000)
Malaysia Building Society Berhad		
<u>Summarised Statements Of Financial Position</u>		
Total Assets	44,616,088	37,397,351
Total Liabilities	(39,761,842)	(32,970,548)
Total Net Assets	4,854,246	4,426,803
<u>Summarised Statements Of Profit Or Loss</u>		
Interest Income	487,358	519,387
Interest Expense	(278,344)	(274,898)
Net Interest Income	209,014	244,489
Others Operating Income	1,148,317	1,119,191
Total Income	1,357,331	1,363,680
Operating Expenses	(313,922)	(304,949)
Inclusive:		
Depreciation And Amortisation In The Financial Year	28,293	26,980
Profit Before Impairment Loss On Loans, Advances And Financing	1,043,409	1,058,731
Impairment Loss On Loans, Advances And Financing	(616,919)	(28,727)
Profit Before Tax And Zakat	426,490	1,030,004
Tax And Zakat	(82,005)	(270,585)
Profit After Tax And Zakat	344,485	759,419
Other Comprehensive Income	-	-
Total Comprehensive Income	344,485	759,419
<u>Summarised Statements Of Cash Flows</u>		
Net Cash Inflow/(Outflow) From Operating Activities	127,922	(987,381)
Net Cash Outflow From Investment Activities	(1,004,645)	(22,028)
Net Cash Inflow From Financing Activities	2,118,451	2,116,637
Net Cash Inflow	1,241,728	1,107,228
Cash And Cash Equivalents At 1 January	5,683,939	4,573,353
Cash And Cash Equivalents As At 31 December	6,925,667	5,680,581

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

29. GROSS INVESTMENT INCOME

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RM'000)
Interest And Profit From Investments:	29a				
Internally Managed		11,136,739	10,184,951	11,207,658	10,184,951
External Fund Managers		14,327	(73,650)	(66,183)	(73,650)
		11,151,066	10,111,301	11,141,475	10,111,301
Dividend From Investments:					
Internally Managed		6,040,679	5,983,596	7,403,510	7,223,551
External Fund Managers		1,535,708	1,263,977	1,496,461	1,242,274
		7,576,387	7,247,573	8,899,971	8,465,825
Capital Gain From Trading Of Investments:					
Internally Managed		6,935,952	10,437,907	6,935,952	10,197,878
External Fund Managers		4,455,083	6,566,968	4,455,083	6,566,968
		11,391,035	17,004,875	11,391,035	16,764,846
Interest Income From Loans, Advances And Financing		3,531,437	4,831,956	3,095,902	3,365,575
Rental Income		1,405,256	1,173,124	114,048	118,832
Net Gain On Foreign Exchange					
- Realised		8,815,841	541,460	8,815,863	544,322
- Unrealised		2,470,256	633,356	2,470,223	633,356
Unrealised Loss From Financial Assets At Fair Value Through Profit Or Loss		(1,621,224)	(589,338)	(1,703,763)	(951,045)
Interest/Profit From Bank Balances		52,197	486	364	462
Miscellaneous Income		1,452,746	73,881	8,916	23,007
		46,224,997	41,028,674	44,234,034	39,076,481

- a. Interest And Profit From Investments derived from certified fixed income investment instruments of the Group and EPF, inclusive discount/premium amortisation using the effective yield method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

30. INVESTMENT EXPENDITURES

	GROUP		EPF	
	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
External Fund Managers Fees	306,102	251,046	282,088	251,046
Custodian Fees	46,814	33,171	46,814	33,171
Investment Technical Services	47,666	20,442	47,666	20,442
Interest On Deposits, Loans And Overdrafts	548,774	666,270	-	-
Tax Paid On Global Investments	70,220	55,747	67,683	55,747
Good And Service Tax (GST) On Investment Expenditures	15,858	-	15,858	-
Miscellaneous	3,017	2,070	156	2,070
	1,038,451	1,028,746	460,265	362,476

31. NET IMPAIRMENT LOSS ON FINANCIAL INVESTMENT ASSETS

	GROUP		EPF	
	2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RESTATED) (RM'000)
Impairment Loss On Held-To-Maturity Investment Assets	-	(13,684)	-	(13,684)
Impairment Loss On Held-To-Maturity Investment Assets Written Back	3,133	-	3,133	-
	3,133	(13,684)	3,133	(13,684)
Impairment Loss On Available-For-Sale Financial Assets	(3,407,619)	(863,857)	(3,407,619)	(863,857)
Impairment Loss On Available-For-Sale Financial Assets Written Back	42,879	2,166	42,879	2,166
	(3,364,740)	(861,691)	(3,364,740)	(861,691)
Impairment Loss On Loans, Advances And Financing	(616,928)	(29,671)	(9)	-
Impairment Loss On Loans, Advances And Financing Written Back	11,610	9,647	11,610	8,703
	(605,318)	(20,024)	11,601	8,703
Impairment Loss On Rent Receivables	(3,413)	(3,413)	(3,413)	(3,413)
Impairment Loss On Rent Receivables Written Back	227	1,820	227	4,420
	(3,186)	(1,593)	(3,186)	1,007
Impairment Loss On Receivables From Subsidiaries	-	-	(41,137)	-
Impairment Loss On Receivables From Subsidiaries Written Back	-	-	600	-
	-	-	(40,537)	-
	(3,970,111)	(896,992)	(3,393,729)	(865,665)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

32. NET IMPAIRMENT LOSS WRITTEN BACK/ (IMPAIRMENT LOSS) ON INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	EPF	
	2015 (RM'000)	2014 (RESTATED) (RM'000)
Impairment Loss On Investment In Subsidiaries	(3,698)	(103,083)
Impairment Loss On Investment In Subsidiaries Written Back	61,538	16,780
	57,840	(86,303)
Impairment Loss On Investment In Associates	(42,416)	-
Impairment Loss On Investment In Associates Written Back	305,784	62,840
	263,368	62,840
	321,208	(23,463)

33. OTHER INCOME

	GROUP		EPF	
	2015 (RM'000)	2014 (RESTATED) (RM'000)	2015 (RM'000)	2014 (RM'000)
Interest/Profit From Staff Loans	7,929	7,763	7,929	7,763
Dividend/Interest From Contributions Paid Late	62,060	57,800	62,060	57,800
Gain/(Loss) On Disposal:				
- Property, Plant And Equipment	43	(117)	(8)	(120)
- Assets Held For Sale	72,951	13,838	72,951	13,838
- Investment Properties	220	246	-	-
- Inventories	-	4,479	-	-
- Subsidiaries And Associates	332,211	-	-	-
Service Charges	91,376	102,542	48,128	45,844
Miscellaneous Income	64,786	77,328	40,649	40,692
	631,576	263,879	231,709	165,817

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

34. OPERATING EXPENDITURES

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
Salaries, Allowances And Staff Costs	34a	1,104,779	1,027,590	915,770	817,139
Employee Benefits	21	8,100	41,828	8,100	41,828
Honorarium/Remuneration For Board Members And Investment Panel		1,813	4,466	1,662	1,411
Technical Services		18,392	127,882	16,192	16,607
Fees And Professional Charges		193,782	132,071	20,872	22,754
Audit Fees		5,371	6,088	468	423
Maintenance On Property, Plant And Equipment		124,270	112,415	72,843	69,702
Postal And Telephone Charges		21,950	35,815	19,034	22,802
Rent And Assessments		30,746	46,365	12,829	12,238
Travelling And Transportation		10,465	10,031	10,220	9,945
Printing And Stationery		5,436	4,795	5,424	4,788
Advertisements And Publishing		37,796	30,313	9,951	6,338
Non-Capitalised Renovation		1,290	2,887	1,290	2,887
Insurance		1,418	1,506	1,238	1,234
Depreciation Of Property, Plant And Equipment	5	67,575	69,489	47,076	49,436
Depreciation Of Investment Properties	6	587,741	528,109	34,556	36,239
Amortisation Of Intangible Assets	7	18,124	15,402	4,713	3,091
Amortisation Of Prepaid Land Lease	8	728	600	566	440
Impairment Loss On Other Receivables		34,654	30,453	6	-
Write-Offs/Net Losses		18	4,714	18	38
Good And Service Tax (GST) On Operating Expenditure		7,503	-	7,502	-
Miscellaneous Expenses		297,292	113,245	2,780	2,987
		2,579,243	2,346,064	1,193,110	1,122,327

- a. Included in Salaries, Allowances And EPF Staff Costs are employee benefits expenditures comprising of salary, bonus, socso and accumulating compensated absences amounting to RM839.80 million (2014: RM755.70 million).

35. STATUTORY CHARGES

	Note	GROUP AND EPF	
		2015 (RM'000)	2014 (RM'000)
Invocation Cost - Section 50(3)	35a	5,909	7,782
Death Benefit - Section 58(1)	35b	43,007	42,276
Incapacitation Benefit - Section 58(2)	35b	3,857	3,465
		52,773	53,523

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

35. STATUTORY CHARGES (CONT'D.)

Statutory charges are costs borne by EPF and in compliance with EPF Act, 1991 as follows:

a. 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 contribution.

b. Death Benefit Under Section 58(1) And Incapacitation Benefit Under Section 58(2)

Death Benefit Under Section 58(1) And Incapacitation Benefit Under Section 58(2) of EPF Act 1991 is paid to members whom apply for death and incapacitation withdrawals and not from member's credit account.

36. TAXATION AND ZAKAT

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
Malaysian Income Tax		253,913	278,828	-	-
Foreign Tax		32,835	14,231	-	-
		286,748	293,059	-	-
(Over)/Under Provision Of Previous Years:					
- Malaysian Income Tax		906	(8,886)	-	-
- Foreign Tax		1,795	(553)	-	-
		2,701	(9,439)	-	-
Deferred Tax Recognised In The Financial Year	4	(168,220)	5,127	-	-
Tax Expenses For Financial Year		121,229	288,747	-	-
Zakat		-	4,605	-	-
		121,229	293,352	-	-

Income tax is calculated at the Malaysian statutory rate of 25% (2014: 25%) of the estimated assessable profit for the current year. The Malaysian statutory tax rate reduce to 24% for year assessment 2016 and onwards. The Computation of Deferred Tax as at 31 December 2015 has been reflected these adjustment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

36. TAXATION AND ZAKAT (CONT'D.)

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

	GROUP		EPF	
	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
Profit Before Taxation	40,419,661	38,256,168	39,687,074	36,814,844
Taxation At Malaysian Statutory Tax Rate Of 25% (2014: 25%)	10,040,894	9,482,522	9,921,769	9,203,711
Different Tax Rates In Other Countries	23,017	(15,253)	-	-
Income Not Subject To Tax	(9,990,697)	(9,203,990)	(9,921,769)	(9,203,711)
Expenses Not Deductible For Tax Purposes	54,481	37,129	-	-
Utilisation Of Unabsorbed Tax Losses And Unutilised Capital Allowance Previously Not Recognised	696	(161)	-	-
Recognition On Deferred Tax Assets Previously Not Recognised	(17,914)	(2,061)	-	-
Under/(Over) Provision In Tax Expense In Prior Years	10,752	(9,439)	-	-
Tax Expense For The Financial Year	121,229	288,747	-	-

37. CASH AND CASH EQUIVALENTS

	GROUP		
	31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RESTATED) (RM'000)	1 JANUARY 2014 (RESTATED) (RM'000)
Bank And Cash Balances	4,115,540	2,050,741	1,334,467
Fixed Deposits With Licensed Bank	7,185,229	5,498,098	4,476,123
Money Market Account-Bank Negara Malaysia	112,183	162,075	106,415
Cash-In-Transit Held By External Fund Managers	3,086,593	3,452,975	2,366,968
	14,499,545	11,163,889	8,283,973

	Note	EPF	
		31 DECEMBER 2015 (RM'000)	31 DECEMBER 2014 (RM'000)
Bank And Cash Balances		1,883,501	1,040,002
Money Market Account-Bank Negara Malaysia	20	112,183	162,075
Cash-In-Transit Held By External Fund Manager		3,086,593	3,452,975
		5,082,277	4,655,052

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

38. CAPITAL COMMITMENTS

	Note	GROUP		EPF	
		2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
a. Capital Commitments For Project					
Approved And Contracted For		211,123	288,204	32,722	48,967
Approved But Not Contracted For		190,127	238,490	143,425	238,490
		401,250	526,694	176,147	287,457
b. Capital Commitments For Fund Investments					
Approved And Contracted For	38 i	30,534,325	15,083,560	29,302,575	13,345,926
c. Operational Commitments					
Loan Commitments Not Provided In The Financial Statements:					
End Financing		251,351	314,516	-	-
Bridging And Term Loans		7,614,958	7,250,837	-	-
Islamic Loans		144,172	63,221	-	-
		8,010,481	7,628,574	-	-
Property Development:					
Approved And Contracted For		421,528	421,528	-	-
d. Contingencies					
Financial Guarantee To Secure Payments By Borrower (Fully Secured)	38 ii	104,076	85,110	-	-
		39,471,660	23,745,466	29,478,722	13,633,383

- i. 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.
- ii. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

39. CONTINGENT LIABILITIES

39.1 Contingent Claims On Statutory Charges

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. As at 31 December 2015, the amount of contingent liability estimated is RM7.50 million (2014: RM7.50 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. Death Benefit And Incapacitation Benefit 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 member through death and incapacitation withdrawal, utilising the EPF revenue not the members credits. In the event a member or 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 beneficiary would utilise the revenue in the year the said claim is made. As at 31 December 2015, contingent liabilities in respect of Death Benefits amounted to RM11.59 million (2014: RM11.61 million) whereas Incapacitation Benefits amounted to RM6.44 million (2014: RM6.44 million).

40. FINANCIAL RISK

40.1 Credit Risk

Credit risk is the risk of loss caused by a counterparty's or an obligor's failure to meet its payment obligations. Exposure to credit risk arises from its lending, hedging, trading and investing activities. The maximum exposure to credit risk represented by the carrying amount in the Statements of Financial Position.

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 minimum rating of A3/A- for domestic and BBB/ Baa2 for global investments. 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.

The purpose of credit risk management is to keep credit risk exposure within the EPF's risk appetite statements and to ensure the returns commensurate with the risk taken.

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 conducts regular review on the credit counterparties and monitor the rating transition to ensure credit quality is within the EPF's investment parameters.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

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

Quality Classification

i. Long Term Rating For Payment Long Term Financial Obligations

<u>Long Term Rating</u>	<u>Credit Rating</u>	<u>Definition Of Quality Classifications</u>
Sovereign	Sovereign	Issued by the Federal 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 2015

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2015 are as follows:

GROUP	Note	2015						Total (RM'000)
		Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub - Standard (RM'000)	Non - Rated (RM'000)	Impaired (RM'000)	
Held-To-Maturity Investment Assets	14.1	173,319,123	45,609,183	891,426	-	184,477	472,109	220,476,318
Available-For-Sale Financial Assets	15.1	16,697,152	29,588,598	10,971,277	4,396,226	744,618	860,034	63,257,905
Loans, Advances And Financing	17.1	36,451,820	32,300,638	25,027,868	-	9,102,968	43,476	102,926,770
Financial Assets At Fair Value Through Profit Or Loss	16	-	66,513	2,372	-	6,745,930	-	6,814,815
Deposits With Financial Institutions And Bank Balances		112,183	21,348,102	1,119,156	-	9,525,037	-	32,104,478
Receivables, Deposits And Prepayments	19	10	9,860	106,870	-	7,433,628	47,739	7,598,107
		226,580,288	128,922,894	38,118,969	4,396,226	33,736,658	1,423,358	433,178,393

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

GROUP	Note	2014						Total (RM'000)
		Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub - Standard (RM'000)	Non - Rated (RM'000)	Impaired (RM'000)	
Held-To-Maturity Investment Assets	14.1	153,363,722	41,955,309	645,220	443,725	3,025,516	360,103	199,793,595
Available-For-Sale Financial Assets	15.1	10,564,085	27,634,440	7,624,472	3,615,114	614,915	860,106	50,913,132
Loans, Advances And Financing	17.1	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	16	-	3,952	5,904	-	4,216,644	-	4,226,500
Deposits With Financial Institutions And Bank Balances		162,075	41,057,473	488,301	-	15,776	-	41,723,625
Receivables, Deposits And Prepayments	19	-	-	99,173	-	5,623,855	345,754	6,068,782
		183,677,444	160,570,322	36,058,667	4,058,839	23,704,255	3,766,294	411,835,791

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

a. Credit Quality (Cont'd.)

Distribution of gross financial assets by credit quality as at 31 December 2015 are as follows:

EPF	Note	2015						Total (RM'000)
		Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub - Standard (RM'000)	Non - Rated (RM'000)	Impaired (RM'000)	
Held-To-Maturity Investment Assets	14.2	173,319,123	45,609,183	891,426	-	184,477	472,109	220,476,318
Available-For-Sale Financial Assets	15.2	16,697,152	29,588,598	9,987,923	4,396,226	744,618	860,034	62,274,551
Loans, Advances And Financing	17.2	36,451,820	31,735,266	-	-	7,057,819	43,476	75,288,381
Financial Assets At Fair Value Through Profit Or Loss	16	-	66,513	-	-	118,710	-	185,223
Deposits With Financial Institutions And Bank Balances		112,183	20,943,400	1,025,375	-	185,675	-	22,266,633
Receivables, Deposits And Prepayments	19	-	-	-	-	6,092,800	47,739	6,140,539
		226,580,278	127,942,960	11,904,724	4,396,226	14,384,099	1,423,358	386,631,645

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

EPF	Note	2014						Total (RM'000)
		Sovereign (RM'000)	Strong (RM'000)	Moderate (RM'000)	Sub - Standard (RM'000)	Non - Rated (RM'000)	Impaired (RM'000)	
Held-To-Maturity Investment Assets	14.2	153,363,722	41,955,309	645,220	443,725	3,025,516	360,103	199,793,595
Available-For-Sale Financial Assets	15.2	10,564,085	27,634,440	7,624,472	3,615,114	614,915	860,106	50,913,132
Loans, Advances And Financing	17.2	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	16	-	3,952	5,904	-	114,145	-	124,001
Deposits With Financial Institutions And Bank Balances		162,075	34,954,476	-	-	-	-	35,116,551
Receivables, Deposits And Prepayments	19	-	-	-	-	5,153,939	4,014	5,157,953
		183,677,445	159,397,045	9,735,256	4,058,839	14,319,190	1,278,761	372,466,536

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 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	2015					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	220,004,209	-	-	-	-	220,004,209
Available-For-Sale Financial Assets	62,397,871	-	-	-	-	62,397,871
Loans, Advances And Financing	100,039,507	1,610,620	1,233,167	-	-	102,883,294
Financial Assets At Fair Value Through Profit Or Loss	6,814,815	-	-	-	-	6,814,815
Deposits With Financial Institutions And Bank Balances	32,104,478	-	-	-	-	32,104,478
Receivables, Deposits And Prepayments	7,544,847	-	-	-	-	7,544,847
	428,905,727	1,610,620	1,233,167	-	-	431,749,514

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	199,433,492	-	-	-	-	199,433,492
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	4,226,500	-	-	-	-	4,226,500
Deposits With Financial Institutions And Bank Balances	41,723,625	-	-	-	-	41,723,625
Receivables, Deposits And Prepayments	5,722,485	443	75	25	-	5,723,028
	405,417,903	1,496,731	1,092,294	62,569	-	408,069,497

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 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: (Cont'd.)

EPF	2015					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	220,004,209	-	-	-	-	220,004,209
Available-For-Sale Financial Assets	61,414,517	-	-	-	-	61,414,517
Loans, Advances And Financing	75,244,905	-	-	-	-	75,244,905
Financial Assets At Fair Value Through Profit Or Loss	185,223	-	-	-	-	185,223
Deposits With Financial Institutions And Bank Balances	22,266,633	-	-	-	-	22,266,633
Receivables, Deposits And Prepayments	6,092,800	-	-	-	-	6,092,800
	385,208,287	-	-	-	-	385,208,287

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	199,433,492	-	-	-	-	199,433,492
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	124,001	-	-	-	-	124,001
Deposits With Financial Institutions And Bank Balances	35,116,551	-	-	-	-	35,116,551
Receivables, Deposits And Prepayments	5,153,939	-	-	-	-	5,153,939
	371,187,775	-	-	-	-	371,187,775

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

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

GROUP	Note	2015					
		Allowances At 1 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	14.1	76,170	-	-	(3,133)	(12,069)	60,968
Available-For-Sale Financial Assets	15.1	639,792	379	(4)	(42,879)	-	597,288
Loans, Advances And Financing	17.1	1,603,516	496,180	6	(11,610)	-	2,088,092
Receivables, Deposits And Prepayments	19	345,754	86,230	-	(827)	-	431,157
		2,665,232	582,789	2	(58,449)	(12,069)	3,177,505

GROUP	Note	2014					
		Allowances At 1 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	14.1	62,487	13,683	-	-	-	76,170
Available-For-Sale Financial Assets	15.1	641,962	-	(4)	(2,166)	-	639,792
Loans, Advances And Financing	17.1	1,682,549	29,671	(99,057)	(9,647)	-	1,603,516
Receivables, Deposits And Prepayments	19	305,041	37,137	22,234	(5,091)	(13,567)	345,754
		2,692,039	80,491	(76,827)	(16,904)	(13,567)	2,665,232

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

An analysis of financial assets individually assessed as impaired and the movements on the impairment allowance during the year are as follows:
(Cont'd.)

EPF	Note	2015					
		Allowances At 1 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	14.2	76,170	-	-	(3,133)	(12,069)	60,968
Available-For-Sale Financial Assets	15.2	639,792	379	(4)	(42,879)	-	597,288
Loans, Advances And Financing	17.2	54,538	9	6	(11,610)	-	42,943
Receivables, Deposits And Prepayments	19	4,014	44,552	-	(827)	-	47,739
		774,514	44,940	2	(58,449)	(12,069)	748,938

EPF	Note	2014					
		Allowances At 1 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	14.2	62,487	13,683	-	-	-	76,170
Available-For-Sale Financial Assets	15.2	641,962	-	(4)	(2,166)	-	639,792
Loans, Advances And Financing	17.2	63,241	-	-	(8,703)	-	54,538
Receivables, Deposits And Prepayments	19	18,587	3,413	1	(4,420)	(13,567)	4,014
		786,277	17,096	(3)	(15,289)	(13,567)	774,514

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

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

GROUP	2015		
	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	173,319,123	47,157,195	24
Available-For-Sale Financial Assets	16,697,152	46,560,753	27
Loans, Advances And Financing	36,451,820	66,474,950	3
Financial Assets At Fair Value Through Profit Or Loss	-	6,814,815	-
Deposits With Financial Institutions And Bank Balances	112,183	31,992,295	-
Receivables, Deposits And Prepayments	10	7,598,097	-
	226,580,288	206,598,105	13

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	46,429,873	25
Available-For-Sale Financial Assets	10,564,085	40,349,047	27
Loans, Advances And Financing	19,587,563	89,522,595	3
Financial Assets At Fair Value Through Profit Or Loss	-	4,226,500	-
Deposits With Financial Institutions And Bank Balances	162,075	41,561,550	-
Receivables, Deposits And Prepayments	-	6,068,782	-
	183,677,445	228,158,347	13

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.1 Credit Risk (Cont'd.)

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

The estimated financial effects of the collateral held on financial assets are as follows: (Cont'd.)

EPF	2015		
	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	173,319,123	47,157,195	24
Available-For-Sale Financial Assets	16,697,152	45,577,399	11
Loans, Advances And Financing	36,451,820	38,836,561	4
Financial Assets At Fair Value Through Profit Or Loss	-	185,223	-
Deposits With Financial Institutions And Bank Balances	112,183	22,154,450	-
Receivables, Deposits And Prepayments	-	6,140,539	-
	226,580,278	160,051,367	14

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	46,429,873	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	-	124,001	-
Deposits With Financial Institutions And Bank Balances	162,075	34,954,476	-
Receivables, Deposits And Prepayments	-	5,157,953	-
	183,677,445	188,789,091	13

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.2 Liquidity Risk

Liquidity risk relates to the inability of the EPF to meet its financial commitments and obligations when they fall due. The EPF 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 for a rolling 12 month basis;
- * Allocating 3% of its EPF 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 2015

40. FINANCIAL RISK (CONT'D.)

40.2 Liquidity Risk (Cont'd.)

- a. The table set below represents the cash flows payable for financial liabilities by remaining contractual maturities as at the Statement of Financial Position date:

GROUP	2015			
	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)
<u>Non-Derivative Liabilities</u>				
Loans And Overdrafts	2,934,756	13,442,568	1,182,901	17,560,225
Contribution Withdrawal Payables	-	27,661	-	27,661
Deposits And Advances	25,978,337	2,810,270	40,849	28,829,456
Payables And Accrued Liabilities	7,613,577	21,735	-	7,635,312
<u>Derivative Liabilities</u>				
Interest Rate Swap	-	22,244	106,233	128,477
Profit Rate Swap	3,432	-	-	3,432
Cross Currency Swap	-	52,145	104,833	156,978
Forward Exchange Contract	1,637,080	-	-	1,637,080
Total Financial Liabilities At Fair Value Through Profit Or Loss	38,167,182	16,376,623	1,434,816	55,978,621

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)
<u>Non-Derivative Liabilities</u>				
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	5,455,339	1,117,242	-	6,572,581
<u>Derivative Liabilities</u>				
Interest Rate Swap	-	-	114,200	114,200
Cross Currency Swap	13,693	-	-	13,693
Forward Exchange Contracts	933,105	-	-	933,105
Total Financial Liabilities At Fair Value Through Profit Or Loss	31,810,573	14,465,135	1,353,342	47,629,050

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.2 Liquidity Risk (Cont'd.)

- b. The table set below represents the cash flows payable by under financial liabilities by remaining contractual maturities as at the Statement of Financial Position date: (Cont'd.)

EPF	2015			
	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)
<u>Non-Derivative Liabilities</u>				
Contribution Withdrawal Payables	-	27,661	-	27,661
Deposits And Advances	119,696	76,110	-	195,806
Payables And Accrued Liabilities	5,486,182	21,734	-	5,507,916
<u>Derivative Liabilities</u>				
Cross Currency Swap	-	52,145	104,833	156,978
Forward Exchange Contracts	1,637,080	-	-	1,637,080
Total Financial Liabilities At Fair Value Through Profit Or Loss	7,242,958	177,650	104,833	7,525,441

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)
<u>Non-Derivative Liabilities</u>				
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
<u>Derivative Liabilities</u>				
Cross Currency Swap	13,693	-	-	13,693
Forward Exchange Contracts	919,238	-	-	919,238
Total Financial Liabilities At Fair Value Through Profit Or Loss	6,049,208	83,980	-	6,133,188

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.2 Liquidity Risk (Cont'd.)

- c. The table set below analyses the derivative financial liabilities that will be settled on a net basis into relevant maturity groupings by remaining contractual maturities as at the Statement of Financial Position date. The amount disclosed in the table is the contractual undiscounted cash flows:

GROUP	2015			
	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	-	-	-	-
	-	-	-	-
Gross Settled Derivatives				
Interest Rate Swap				
- Outflow	-	-	-	-
Cross Currency Swap				
- Outflow	-	-	-	-
- Inflow	(154,393)	(328,981)	(495,310)	(978,684)
Forward Exchange Contracts				
- Outflow	-	-	-	-
	(154,393)	(328,981)	(495,310)	(978,684)
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 Swap				
- 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 2015

40. FINANCIAL RISK (CONT'D.)

40.2 Liquidity Risk (Cont'd.)

- d. The table set below analyses 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	2015			
	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	-	-	-	-
	-	-	-	-
Gross Settled Derivatives				
Cross Currency Swap				
- Outflow	-	-	-	-
- Inflow	(154,393)	(328,981)	(495,310)	(978,684)
Forward Exchange Contracts				
- Outflow	-	-	-	-
	(154,393)	(328,981)	(495,310)	(978,684)

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 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk

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

The objective of market risk management is to ensure that risk exposures undertaken by the EPF is within the risk appetite. This is done through an annual review of various policies and limits, periodic reports to monitor market risk at portfolio level for each asset class and independent validation performed on the underlying risk methodology.

The EPF adopts the following risk measurements to manage its market risk:

- i. Name, ownership, country and sector concentration limits- to ensure appropriate diversification of risk exposures.
- ii. **Value at Risk ("VaR")** a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level.
- iii. **Duration** to manage the sensitivity of the price of a fixed income investment arising from interest rate movement.
- iv. **Tracking Error** a standard deviation of the portfolio's excess returns relative to a benchmark in measuring and benchmarking the performance of the portfolio.
- v. **Stress Testing** an exercise conducted to capture the potential market risk exposure of 'what-if' scenarios. It incorporates factors such as correlation, volatility and returns at different levels.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

a. Price Risk

Price risk arises from the movements in the price of equities, both domestic and global. The EPF identifies acceptable benchmarks for each respective portfolio and measures the deviation from these benchmarks to ensure that each portfolio is within the EPF investment parameter.

The EPF manages its price risk through diversification and prudent selection of equities as approved by the Investment Panel Committee.

The overall market position is being monitored on a daily basis.

The table set out below summarises the impact on the carrying amount of equity positions as at Statements of Financial Position date arising from the changes in equity prices. The analysis is based on the assumption that the market index components increase or decrease by a reasonable shift, with all other variables remain constant and that the fair value of the equities move according to the historical correlation with the market index.

GROUP AND EPF		2015			
Index	Available-For-Sale Quoted Equities	Fair Value (RM'000)	Changes In Market Index	Sensitivity Impact To Available-For- Sale Financial Assets Reserve Increase/ (Decrease) (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss Increase/ (Decrease) (RM'000)
FBM KLCI	Domestic	144,802,557	+5%	6,374,818	108,288
			-5%	(6,630,345)	(175,725)
MSCI World	Global	126,904,917	+10%	7,274,466	37,837
			-10%	(5,125,843)	(46,103)
		271,707,474			

GROUP AND EPF		2014			
Index	Available-For-Sale Quoted Equities	Fair Value (RM'000)	Changes In Market Index	Sensitivity Impact To Available-For- Sale Financial Assets Reserve Increase/ (Decrease) (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss Increase/ (Decrease) (RM'000)
FBM KLCI	Domestic	134,067,445	+5%	4,825,281	(2,056)
			-5%	(8,073,000)	(61,731)
MSCI World	Global	107,037,356	+10%	6,477,363	139,992
			-10%	(8,644,928)	(116,278)
		241,104,801			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 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 interest rate on its Statements of Financial Position and Statements of Cash Flows. The following table indicates the EPF's financial assets and financial liabilities at their effective interest rate and carrying amount, analysed by the maturity dates.

GROUP	Non Trading Book						Trading Book	Total	Effective Interest Rate	
	2015	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)	(RM'000)	(%)
ASSETS										
Investment In Associates	-	-	-	-	-	14,513,517	-	14,513,517	5.00-5.75	
Investment In Joint Ventures	-	-	-	-	-	2,310,632	-	2,310,632	-	
Held-To-Maturity Investment Assets	1,634,016	3,825,810	66,304,473	99,244,304	49,406,747	-	-	220,415,350	3.17-9.00	
Available-For-Sale Financial Assets	67,348	152,560	1,862,617	24,939,271	36,658,304	278,919,712	-	342,599,812	1.00-22.18	
Financial Asset At Fair Value Through Profit Or Loss	-	66,297	-	-	-	6,748,518	-	6,814,815	3.31-5.20	
Loans, Advances And Financing	8,000,980	-	5,285,738	25,014,577	32,049,068	30,488,315	-	100,838,678	2.02-8.00	
Deposits With Financial Institutions	16,396,609	975,299	18,779	-	-	404,687	-	17,795,374	0.05-4.09	
Other Non-Interest Sensitive Assets	-	-	-	-	-	47,374,247	-	47,374,247	-	
Total Assets	26,098,953	5,019,966	73,471,607	149,198,152	118,114,119	380,759,628	-	752,662,425	-	
LIABILITIES										
Loans And Overdrafts	1,645,591	-	-	1,772,294	8,542,643	-	-	11,960,528	3.50-5.50	
Deposits And Advances	-	-	-	3,364	44,993	28,585,293	-	28,633,650	3.59	
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	15,730,729	-	15,730,729	-	
Total Liabilities	1,645,591	-	-	1,775,658	8,587,636	44,316,022	-	56,324,907	-	
MEMBERS FUND										
Contribution	-	-	-	-	-	652,469,572	-	652,469,572	-	
Reserve	-	-	-	-	-	36,346,867	-	36,346,867	-	
Retained Profit	-	-	-	-	-	4,996,070	-	4,996,070	-	
Non-Controlling Interests	-	-	-	-	-	2,525,009	-	2,525,009	-	
Total Members Fund And Liabilities	1,645,591	-	-	1,775,658	8,587,636	740,653,540	-	752,662,425	-	
On Statement Of Financial Position										
Interest Sensitivity Gap	24,453,362	5,019,966	73,471,607	147,422,494	109,526,483	(359,893,912)	-	-	-	
Total Interest Sensitivity Gap	24,453,362	5,019,966	73,471,607	147,422,494	109,526,483	(359,893,912)	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

GROUP	Non Trading Book						Trading Book (RM'000)	Total (RM'000)	Effective Interest Rate (%)
	Up to 1 Month (RM'000)	>1-3 Months (RM'000)	>3-12 Months (RM'000)	>1-5 Years (RM'000)	Over 5 Years (RM'000)	Non-interest Sensitive (RM'000)			
ASSETS									
Investment 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	110,003,561	-	-	199,043,413	3.17-9.00
Available-For-Sale Financial Assets	463,693	56,090	2,194,563	18,959,207	29,285,399	247,294,540	-	298,253,492	1.00-22.18
Financial Assets 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	32,763,373	3,281,518	175,420	-	-	-	-	36,220,311	0.05-4.09
Other Non-Interest Sensitive Assets	-	-	-	-	-	32,814,284	-	32,814,284	-
Total Assets	36,909,826	8,775,265	20,443,350	137,485,707	169,079,327	321,164,497	-	693,857,972	-
LIABILITIES									
Loans And Overdrafts	-	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	2,363,199	68,940	301,007	-	27,738,682	3.59
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	8,135,987	-	8,135,987	-
Total Liabilities	11,949,763	7,705,823	7,119,308	8,686,052	3,858,523	8,772,846	-	48,092,315	-
MEMBERS FUND									
Contribution	-	-	-	-	-	598,572,279	-	598,572,279	-
Reserve	-	-	-	-	-	40,795,549	-	40,795,549	-
Retained Profit	-	-	-	-	-	3,646,145	-	3,646,145	-
Non-Controlling Interests	-	-	-	-	-	2,751,684	-	2,751,684	-
Total Members Fund And Liabilities	11,949,763	7,705,823	7,119,308	8,686,052	3,858,523	654,538,503	-	693,857,972	-
On Statement Of Financial Position									
Interest Sensitivity Gap	24,960,063	1,069,442	13,324,042	128,799,655	165,220,804	(333,374,006)	-	-	-
Total Interest Sensitivity Gap	24,960,063	1,069,442	13,324,042	128,799,655	165,220,804	(333,374,006)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

EPF 2015	Non Trading Book						Trading Book (RM'000)	Total (RM'000)	Effective Interest Rate (%)
	Up to 1 Month (RM'000)	>1-3 Months (RM'000)	>3-12 Months (RM'000)	>1-5 Years (RM'000)	Over 5 Years (RM'000)	Non-Interest Sensitive (RM'000)			
ASSETS									
Investment In Subsidiaries	-	-	-	400,000	-	17,714,177	-	18,114,177	-
Investment In Associates	-	-	-	-	-	11,013,041	-	11,013,041	-
Held-To-Maturity Investment Assets	1,634,016	3,825,810	66,304,473	99,244,304	49,406,747	-	-	220,415,350	3.17-9.00
Available-For-Sale Financial Assets	67,348	152,560	1,862,617	24,939,271	35,674,950	278,655,758	-	341,352,504	1.00-22.18
Financial Asset At Fair Value Through Profit Or Loss	-	66,297	-	-	-	118,926	-	185,223	3.31-5.20
Loans, Advances And Financing	-	-	5,285,738	25,014,577	38,321,116	6,624,007	-	75,245,438	2.02-8.00
Deposits With Financial Institutions	16,302,461	975,299	18,779	-	-	-	-	17,296,539	0.05-4.09
Other Non-Interest Sensitive Assets	-	-	-	-	-	12,491,213	-	12,491,213	-
Total Assets	18,003,825	5,019,966	73,471,607	149,598,152	123,402,813	326,617,122	-	696,113,485	
LIABILITIES									
Deposits And Advances	-	-	-	-	-	195,806	-	195,806	-
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	7,623,130	-	7,623,130	-
Total Liabilities	-	-	-	-	-	7,818,936	-	7,818,936	
MEMBERS FUND									
Contribution	-	-	-	-	-	652,469,572	-	652,469,572	-
Reserve	-	-	-	-	-	33,313,721	-	33,313,721	-
Retained Profit	-	-	-	-	-	2,511,256	-	2,511,256	-
Total Members Fund And Liabilities	-	-	-	-	-	696,113,485	-	696,113,485	
On Statement Of Financial Position Interest Sensitivity Gap	18,003,825	5,019,966	73,471,607	149,598,152	123,402,813	(369,496,363)	-	-	-
Total Interest Sensitivity Gap	18,003,825	5,019,966	73,471,607	149,598,152	123,402,813	(369,496,363)	-	-	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

EPF 2014	Non Trading Book						Trading Book (RM'000)	Total (RM'000)	Effective Interest Rate (%)
	Up to 1 Month (RM'000)	>1-3 Months (RM'000)	>3-12 Months (RM'000)	>1-5 Years (RM'000)	Over 5 Years (RM'000)	Non-Interest Sensitive (RM'000)			
ASSETS									
Investment In Subsidiaries	-	-	-	400,000	-	14,767,532	-	15,167,532	-
Investment In Associates	-	-	-	-	-	10,893,535	-	10,893,535	-
Held-To-Maturity Investment Assets	2,994,069	2,429,377	11,033,041	72,309,604	110,951,334	-	-	199,717,425	3.17-9.00
Available-For-Sale Financial Assets	573,720	56,092	2,347,563	18,849,181	28,446,785	247,295,319	-	297,568,660	1.00-22.18
Financial Asset At Fair Value Through Profit Or Loss	-	-	2,055	4,428	-	117,518	-	124,001	3.31-5.20
Loans, Advances And Financing	688,692	3,008,279	7,191,271	45,785,708	24,632,816	-	-	81,306,766	2.02-8.00
Deposits With Financial Institutions	27,166,637	3,281,514	175,423	-	-	-	-	30,623,574	0.05-4.09
Other Non-Interest Sensitive Assets	-	-	-	-	-	11,295,762	-	11,295,762	-
Total Assets	31,423,118	8,775,262	20,749,353	137,348,921	164,030,935	284,369,666	-	646,697,255	
LIABILITIES									
Deposits And Advances	-	-	-	-	-	166,353	-	166,353	-
Other Non-Interest Sensitive Liabilities	-	-	-	-	-	6,323,479	-	6,323,479	-
Total Liabilities	-	-	-	-	-	6,489,832	-	6,489,832	-
MEMBERS FUND									
Contribution	-	-	-	-	-	598,572,279	-	598,572,279	-
Reserve	-	-	-	-	-	40,184,546	-	40,184,546	-
Retained Profit	-	-	-	-	-	1,450,598	-	1,450,598	-
Total Members Fund And Liabilities	-	-	-	-	-	646,697,255	-	646,697,255	-
On Statement Of Financial Position									
Interest Sensitivity Gap	31,423,118	8,775,262	20,749,353	137,348,921	164,030,935	(362,327,589)	-	-	-
Total Interest Sensitivity Gap	31,423,118	8,775,262	20,749,353	137,348,921	164,030,935	(362,327,589)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

Interest rate risk arises from investments in floating interest rate instruments classified as loans and receivables, and fixed interest rate instruments classified as Available-For-Sale and fair value through profit or loss.

The EPF has put in place an interest rate hedging policy for its fixed income portfolios classified as Available-For-Sale.

The objective of the policy is to mitigate the net changes in the fair value of assets arising from interest rate movements.

The table below summarises the impact on the interest income from fixed income instruments as Statements of Financial Position date arising from changes in the interest rates by 100 basis points based on unhedged positions:

2015				
GROUP	Sensitivity Impact To Statements of Profit or Loss When Interest Rates Change \pm 100 Basis Points		Sensitivity Impact To Available-For-Sale Financial Assets Reserve When Interest Rates Change \pm 100 Basis Points	
	Increase/(Decrease) (RM'000)		Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Investment Instruments	336,085	(336,085)	(2,758,622)	2,758,622

2014				
GROUP	Sensitivity Impact To Statements of Profit or Loss When Interest Rates Change \pm 100 Basis Points		Sensitivity Impact To Available-For-Sale Financial Assets Reserve When Interest Rates Change \pm 100 Basis Points	
	Increase/(Decrease) (RM'000)		Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100 bps
Fixed Income Investment Instruments	729,924	(729,924)	(2,762,111)	2,762,111

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

b. Interest Rate Risk (Cont'd.)

2015				
EPF	Sensitivity Impact To Statements of Profit or Loss When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)		Sensitivity Impact To Available-For-Sale Financial Assets Reserve When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Investment Instruments	297,695	(297,695)	(2,758,622)	2,758,622
2014				
EPF	Sensitivity Impact To Statements of Profit or Loss When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)		Sensitivity Impact To Available-For-Sale Financial Assets Reserve When Interest Rates Change ± 100 Basis Points Increase/(Decrease) (RM'000)	
	+100bps	-100bps	+100bps	-100bps
Fixed Income Investment Instruments	261,941	(261,941)	(2,762,111)	2,762,111

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

c. Foreign Exchange Risk

The EPF invests globally and is exposed to foreign exchange risk arising from various foreign currency exposures other than Ringgit Malaysia.

The EPF has put in place a foreign exchange hedging policy to protect its global investment assets against the adverse movement in foreign exchange rate. The global fixed income exposures are hedged with a minimum ratio of 50% whereas global equities and other global exposures are hedged where appropriate. Derivatives include forward and cross currency swap are used strictly to hedge foreign exchange risk in global investment.

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

GROUP AND EPF	2015		2014	
	Global Investments		Global Investments	
	(RM'000)	%	(RM'000)	%
Currency:				
United States Dollars	49,268,521	30	32,931,264	26
Hong Kong Dollars	15,670,054	10	12,211,026	10
Singapore Dollars	14,573,425	9	13,687,463	11
Euro	13,180,230	8	9,306,652	7
Great Britain Pound Sterling	11,386,275	7	8,202,556	6
Japanese Yen	8,515,951	5	4,813,582	4
Taiwan Dollars	7,502,094	5	5,692,097	4
Indonesian Rupiah	7,407,036	5	6,922,590	5
Thai Baht	7,312,239	4	8,476,565	7
South Korean Won	7,052,004	4	6,414,989	5
Australian Dollars	7,115,136	4	7,034,972	6
Others	13,993,140	9	11,535,558	9
	162,976,105	100	127,229,314	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

c. Foreign Exchange Risk (Cont'd.)

Foreign exchange risk arises from the reasonable shifts in exchange rates that adversely affect the revaluation of the Group and the EPF global investments. Considering that other risk variables remain constant, the foreign currency revaluation sensitivity for the Group and the EPF on unhedged positions are as follows:

GROUP AND EPF	2015			
	Sensitivity Impact To Statements Of Profit Or Loss When The Movement In Exchange Rates Strengthening/(Weakening) (RM'000)		Sensitivity Impact To The Available-For-Sale Financial Asset Reserves Balance When Movement In Exchange Rates Strengthening/(Weakening) (RM'000)	
	+ 3%	- 3%	+ 3%	- 3%
United States Dollars	516,211	(516,211)	919,418	(919,418)
Hong Kong Dollars	5,078	(5,078)	464,933	(464,933)
Singapore Dollars	18,756	(18,756)	419,101	(419,101)
Euro	47,926	(47,926)	347,296	(347,296)
Great Britain Pound Sterling	12,549	(12,549)	328,655	(328,655)
Japanese Yen	10,141	(10,141)	245,316	(245,316)
Taiwan Dollars	-	-	181,227	(181,227)
Indonesian Rupiah	-	-	221,770	(221,770)
Thai Baht	656	(656)	218,620	(218,620)
South Korean Won	673	(673)	210,878	(210,878)
Australian Dollars	108,355	(108,355)	102,575	(102,575)
Others	62,355	(62,355)	367,313	(367,313)
	782,700	(782,700)	4,027,102	(4,027,102)

GROUP AND EPF	2014			
	Sensitivity Impact To Statements Of Profit Or Loss When The Movement In Exchange Rates Strengthening/(Weakening) (RM'000)		Sensitivity Impact To The Available-For-Sale Financial Asset Reserves Balance When Movement In Exchange Rates Strengthening/(Weakening) (RM'000)	
	+3%	-3%	+3%	-3%
United States Dollars	37,872	(37,872)	967,061	(967,061)
Hong Kong Dollars	4,043	(4,043)	362,288	(362,288)
Singapore Dollars	16,418	(16,418)	394,983	(394,983)
Euro	32,334	(32,334)	278,565	(278,565)
Great Britain Pound Sterling	9,632	(9,632)	268,931	(268,931)
Japanese Yen	9,801	(9,801)	134,607	(134,607)
Taiwan Dollars	-	-	164,255	(164,255)
Indonesian Rupiah	-	-	207,678	(207,678)
Thai Baht	-	-	254,297	(254,297)
South Korean Won	900	(900)	191,550	(191,550)
Australian Dollars	131,504	(131,504)	88,988	(88,988)
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 2015

40. FINANCIAL RISK (CONT'D.)

40.3 Market Risk (Cont'd.)

c. Foreign Exchange Risk (Cont'd.)

Interpretation of Impact

The Group and the EPF measure the foreign exchange sensitivity based on the foreign exchange net open positions under an adverse movement in all foreign currencies against ("RM"). The result implies that the Group and the EPF may be subject to additional translation gain/(loss) in the event ("RM") strengthen/weaken against other currencies and vice versa.

40.4 Fair Value Of Financial Instruments

From 1 January 2013, the Group and EPF adopted *MFRS 13, Fair Value Measurement* 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 2015

40. FINANCIAL RISK (CONT'D.)

40.4 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 as shown in the Statements of Financial Position:

GROUP	2015									
	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	271,707,474	62,660,617	8,231,721	342,599,812	-	-	-	-	342,599,812	342,599,812
Financial Assets At Fair Value Through Profit Or Loss	-	-	4,804,175	4,804,175	-	-	1,823,109	1,823,109	6,627,284	6,627,284
Derivative Financial Assets	118,710	68,821	-	187,531	-	-	-	-	187,531	187,531
Non-Recurring Fair Value Measurement										
Investment Property	-	-	-	-	-	-	26,642,867	26,642,867	26,642,867	22,276,698
Assets Held For Sale	-	-	-	-	-	926,554	-	926,554	926,554	904,567
Held-To-Maturity Investment Assets	-	-	-	-	173,289,708	47,936,523	725	221,226,956	221,226,956	220,415,350
Loans, Advances And Financing	-	-	-	-	-	100,618,971	219,707	100,838,678	100,838,678	100,838,678
Deposits With Financial Institutions	-	-	-	-	-	-	17,795,374	17,795,374	17,795,374	17,795,374
Receivables, Deposits And Prepayments	-	-	-	-	-	-	7,166,950	7,166,950	7,166,950	7,166,950
Liabilities:										
Recurring Fair Value Measurement										
Derivative Liabilities	-	(1,925,967)	-	(1,925,967)	-	-	-	-	(1,925,967)	(1,925,967)
Non-Recurring Fair Value Measurement										
Deposits And Advances	-	-	-	-	-	-	(28,829,456)	(28,829,456)	(28,829,456)	(28,829,456)
Payables And Accrued Liabilities	-	-	-	-	-	-	(7,635,312)	(7,635,312)	(7,635,312)	(7,635,312)
	271,826,184	60,803,471	13,035,896	345,665,551	173,289,708	149,482,048	17,183,964	339,955,720	685,621,271	680,421,509

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.4 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 as shown in the Statements of Financial Position: (Cont'd.)

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)	(RM'000)	(RM'000)
Assets:										
Recurring Fair Value Measurement										
Available-For-Sale										
Financial Assets	241,104,801	50,273,340	6,191,339	297,569,480	-	-	-	-	297,569,480	297,569,480
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	19,039,757
Assets Held For Sale	-	-	-	-	-	342,116	-	342,116	342,116	295,365
Held-To-Maturity										
Investment Assets	-	-	-	-	162,465,801	37,610,426	381,700	200,457,927	200,457,927	199,717,425
Loans, Advances And Financing	-	-	-	-	-	107,239,482	267,159	107,506,641	107,506,641	107,506,641
Deposits With Financial Institutions	-	-	-	-	-	-	36,220,311	36,220,311	36,220,311	36,220,311
Receivables, Deposits And Prepayments	-	-	-	-	-	-	5,723,078	5,723,078	5,723,078	5,723,078
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	-	-	-	-	-	-	(6,572,581)	(6,572,581)	(6,572,581)	(6,572,581)
	241,218,946	49,222,198	10,293,838	300,734,982	162,465,801	145,192,024	28,574,548	336,232,373	636,967,355	634,926,296

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.4 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 as shown in the Statements of Financial Position: (Cont'd.)

EPF	2015									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value (RM'000)	Carrying Amount (RM'000)
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
Assets:										
Recurring Fair Value Measurement										
Available-For-Sale										
Financial Assets	271,707,474	61,677,263	7,967,767	341,352,504	-	-	-	-	341,352,504	341,352,504
Financial Assets At Fair Value Through Profit Or Loss	118,710	66,513	-	185,223	-	-	-	-	185,223	185,223
Non-Recurring Fair Value Measurement										
Investment Property	-	-	-	-	-	-	1,802,679	1,802,679	1,802,679	1,070,980
Assets Held For Sale	-	-	-	-	-	75,065	-	75,065	75,065	53,078
Held-To-Maturity										
Investment Assets	-	-	-	-	173,289,708	47,936,523	725	221,226,956	221,226,956	220,415,350
Loans, Advances And Financing	-	-	-	-	-	68,187,844	7,057,594	75,245,438	75,245,438	75,245,438
Deposits With Financial Institutions	-	-	-	-	-	-	17,296,539	17,296,539	17,296,539	17,296,539
Receivables, Deposits And Prepayments	-	-	-	-	-	-	6,092,800	6,092,800	6,092,800	6,092,800
Liabilities:										
Recurring Fair Value Measurement										
Financial Liabilities At Fair Value Through Profit Or Loss	-	(1,794,058)	-	(1,794,058)	-	-	-	-	(1,794,058)	(1,794,058)
Non-Recurring Fair Value Measurement										
Deposits And Advances	-	-	-	-	-	-	(195,806)	(195,806)	(195,806)	(195,806)
Payables And Accrued Liabilities	-	-	-	-	-	-	(5,507,916)	(5,507,916)	(5,507,916)	(5,507,916)
	271,826,184	59,949,718	7,967,767	339,743,669	173,289,708	116,199,432	26,546,615	316,035,755	655,779,424	654,214,132

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

40.4 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 as shown in the Statements of Financial Position: (Cont'd.)

EPF	Restated 2014									
	Fair Value Of Financial Instruments Carried At Fair Value				Fair Value Of Financial Instruments Not Carried At Fair Value				Total Fair Value (RM'000)	Carrying Amount (RM'000)
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
Assets:										
Recurring Fair Value Measurement										
Available-For-Sale										
Financial Assets	241,104,801	50,273,340	6,190,519	297,568,660	-	-	-	-	297,568,660	297,568,660
Financial Assets At Fair Value Through Profit Or Loss										
Loss	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	-	-	-	-	162,465,801	37,610,426	381,700	200,457,927	200,457,927	199,717,425
Loans, Advances And Financing										
	-	-	-	-	-	75,745,547	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										
	-	-	-	-	-	-	5,153,939	5,153,939	5,153,939	5,153,939
Liabilities:										
Recurring Fair Value Measurement										
Financial Liabilities At Fair Value Through Profit Or Loss										
Loss	-	(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	49,350,265	6,190,519	296,759,730	162,465,801	113,584,173	38,405,928	314,455,902	611,215,631	609,735,214

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 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

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

- c. This note provides information on how the Group 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
	2015 (RM'000)	2014 (RM'000)		
Financial Assets:				
Available-For-Sale Financial Assets				
Quoted Equities	271,707,474	241,104,801	Level 1	Quoted bid prices in an active market.
Bonds	28,666,818	24,751,983	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Sukuk	13,413,988	9,683,607	Level 2	
Private Debt Securities	20,579,811	15,837,750	Level 2	
Unquoted Equities	8,231,721	6,191,339	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 Assets	4,804,175	4,102,499	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	47,107	32,265	Level 1	Quoted bid prices in an active market.
Rights	1,021	1,215	Level 1	
Irredeemable Convertible Preference Shares	70,582	80,666	Level 1	
Forward Contracts	68,605	579	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	216	-	Level 2	
Embedded Derivatives	-	5,904	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets.
Total Financial Assets	347,591,518	301,795,980		
Financial Liabilities:				
Derivative Financial Liabilities:				
Forward Contracts	(1,637,080)	(919,237)	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	(156,978)	(13,694)	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	(131,909)	(128,067)	Level 2	
Total Financial Liabilities	(1,925,967)	(1,060,998)		
Total	345,665,551	300,734,982		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

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

- c. This note provides information on how the Group 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
	2015 (RM'000)	2014 (RM'000)		
Financial Assets:				
Available-For-Sale Financial Assets				
Unquoted Equities	-	-	Level 3	Unavailability of observable comparison as benchmark.
Financial Assets At Fair Value Through Profit Or Loss				
Held For Trade Investment Assets	1,823,109	-	Level 3	Unavailability of observable comparison as benchmark.
Investment Property	26,642,867	20,293,563	Level 3	
Assets Held For Sale	926,554	342,116	Level 2	Frequency of revaluation performed in accordance with the accounting policy adopted by the EPF, and by accredited independent valuers with experience in property valuation.
Held-To-Maturity Investment Assets				
Malaysian Government Securities	89,425,987	87,222,962	Level 1	Quoted bid prices in an active market.
Government Investment Issues	75,392,165	57,511,321	Level 1	
Private Debt Securities	47,936,523	37,422,467	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	435,000	123,257	Level 1	Quoted bid prices in an active market.
Cagamas Securities	7,039,636	3,416,312	Level 1	
Conventional Bonds	45,188	105,892	Level 1	
Islamic Bonds	-	11,337,410	Level 1	
Negotiable Certificates	150,838	300,372	Level 1	
Negotiable Islamic Certificates	800,894	2,448,276	Level 1	
Bond Swaps	-	187,959	Level 2	
Convertible Preference Share	725	381,700	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.
Loans, Advances And Financing				
Guaranteed Loan	68,187,844	75,745,547	Level 2	Valued by referring to observable quoted prices with prices represented on aims-length basis for identical assets and liabilities.
Corporate Loan	32,431,127	31,493,935	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	219,707	267,159	Level 3	
Deposits With Financial Institutions	17,795,374	36,220,311	Level 3	Unavailability of observable comparison as benchmark.
Receivables, Deposits And Prepayments	7,166,950	5,723,078	Level 3	
Total Financial Assets	376,420,488	370,543,636		
Financial Liabilities:				
Deposits And Advances	(28,829,456)	(27,738,682)	Level 3	Unavailability of observable comparison as benchmark.
Payables And Accrued Liabilities	(7,635,312)	(6,572,581)	Level 3	
Total Financial Liabilities	(36,464,768)	(34,311,263)		
Total	339,955,720	336,232,373		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

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

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

Fair Value Of Financial Instruments Carried At Fair Value

EPF	Fair Value As At		Fair Value Hierarchy	Valuation Technique Used And Key Inputs
	2015 (RM'000)	2014 (RM'000)		
Financial Assets:				
Available-For-Sales Financial Assets				
Quoted Equities	271,707,474	241,104,801	Level 1	Quoted bid prices in an active market.
Bonds	27,683,464	24,912,597	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Sukuk	13,413,988	9,522,994	Level 2	
Private Debt Securities	20,579,811	15,837,749	Level 2	
Unquoted Equities	7,967,767	6,190,519	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	47,107	32,265	Level 1	
Rights	1,021	1,215	Level 1	Quoted bid prices in an active market.
Irredeemable Convertible Preference Shares	70,582	80,665	Level 1	
Forward Contracts	66,297	579	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	-	3,373	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 Derivatives	-	5,904	Level 2	Valued by referencing to observable quoted prices with prices represented on arms-length basis for identical assets.
Interest Rate Swap	216	-	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Total Financial Assets	341,537,727	297,692,661		
Financial Liabilities:				
Derivative Financial Liabilities:				
Forward Contracts	(1,637,080)	(919,238)	Level 2	Price reference using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	(156,978)	(13,693)	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	(1,794,058)	(932,931)		
Total	339,743,669	296,759,730		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

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

- c. This note provides information on how EPF determines 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
	2015 (RM'000)	2014 (RM'000)		
Financial Assets:				
Investment Property	1,802,679	1,846,610	Level 3	Unavailability of observable comparison as benchmark.
Assets Held For Sale	75,065	228,200	Level 2	Frequency of revaluation is performed in accordance with the accounting policy adopted by the EPF and by accredited independent valuers with experience in property valuation.
Held-To-Maturity Investment Assets				
Malaysian Government Securities	89,425,987	87,222,962	Level 1	Quoted bid prices in an active market.
Government Investment Issues	75,392,165	57,511,321	Level 1	
Private Debt Securities	47,936,523	37,422,467	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	435,000	123,257	Level 1	
Cagamas Securities	7,039,636	3,416,312	Level 1	
Conventional Bonds	45,188	105,892	Level 1	Quoted bid prices in an active market.
Islamic Bonds	-	11,337,410	Level 1	
Negotiable Certificates	150,838	300,372	Level 1	
Negotiable Islamic Certificates	800,894	2,448,275	Level 1	
Bond Swaps	-	187,959	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.
Convertible Preference Shares	725	381,700	Level 3	
Loans, Advances And Financing				
Guaranteed Loan	68,187,844	75,745,547	Level 2	Valued by referring to observable quoted prices with prices represented on aims-length basis for identical assets and liabilities.
Loans To Subsidiaries, Associates And Staffs	7,057,594	5,561,219	Level 3	Unavailability of observable comparison as benchmark.
Deposits With Financial Institutions	17,296,539	30,623,574	Level 3	Unavailability of observable comparison as benchmark.
Receivables, Deposits And Prepayments	6,092,800	5,153,939	Level 3	
Total Financial Assets	321,739,477	319,617,015		
Financial Liabilities:				
Deposits And Advances	(195,806)	(166,353)	Level 3	Unavailability of observable comparison as benchmark.
Payables And Accrued Liabilities	(5,507,916)	(4,994,761)	Level 3	
Total Financial Liabilities	(5,703,722)	(5,161,114)		
Total	316,035,755	314,455,901		

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

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

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

GROUP	2015	
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale (RM'000)	Financial Assets At Fair Value Through Profit Or Loss (RM'000)
At 1 January	6,191,339	4,102,499
Adjustments On 1 January	-	(653,702)
(Loss)/Gain Recognised In Statements Of Profit Or Loss	(1,285,557)	411,049
Gain Recognised In Other Comprehensive Income	1,206,036	-
Purchase	3,250,148	1,688,646
Sale	(1,130,245)	(744,317)
As At 31 December	8,231,721	4,804,175

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 1 January	5,656,667	2,330,583
(Loss)/Gain Recognised In Statements Of Profit Or Loss	(622,777)	113,062
Gain Recognised In Other Comprehensive Income	305,847	154,133
Reclassification To Held-To-Maturity Investment Assets And Subsidiaries	(155,325)	-
Purchase	1,467,992	2,033,143
Sale	(461,065)	(528,422)
As At 31 December	6,191,339	4,102,499

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

40. FINANCIAL RISK (CONT'D.)

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

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

EPF	2015	2014
	Financial Assets At Fair Value	
	Financial Assets Available-For-Sale	Financial Assets Available-For-Sale
	(RM'000)	(RM'000)
At 1 January	6,190,519	5,656,667
Loss Recognised In Statements Of Profit Or Loss	(1,285,556)	(622,777)
Gain Recognised In Other Comprehensive Income	1,209,341	305,847
Reclassification To Held-To-Maturity Investment Assets And Subsidiaries	-	(155,325)
Purchase	2,983,708	1,467,172
Sale	(1,130,245)	(461,065)
As At 31 December	7,967,767	6,190,519

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

GROUP	2015			
	Fair Value (RM'000)	Reasonable Shift	Sensitivity Impact To Available-For-Sale Reserves (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss (RM'000)
Available-For-Sale Unquoted Equities	8,231,721	+5%	372,645	6,918
		-5%	(360,623)	(19,027)

GROUP	2014			
	Fair Value (RM'000)	Reasonable Shift	Sensitivity Impact To Available-For-Sale Reserves (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss (RM'000)
Available-For-Sale Unquoted Equities	6,191,339	+5%	593,095	4,693
		-5%	(18,191)	(16,248)

EPF	2015			
	Fair Value (RM'000)	Reasonable Shift	Sensitivity Impact To Available-For-Sale Reserves (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss (RM'000)
Available-For-Sale Unquoted Equities	7,967,767	+5%	359,490	6,918
		-5%	(347,468)	(19,027)

EPF	2014			
	Fair Value (RM'000)	Reasonable Shift	Sensitivity Impact To Available-For-Sale Reserves (RM'000)	Sensitivity Impact To Statements Of Profit Or Loss (RM'000)
Available-For-Sale Unquoted Equities	6,190,519	+5%	307,035	4,693
		-5%	(295,481)	(16,248)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

41. RELATED PARTY TRANSACTIONS

a. Related Parties And Relationships

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

Related Parties	Relationships
Malaysia Building Society Berhad	Subsidiary
Affordable Homes Sdn Bhd	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 1	Subsidiary
Pinggiran Ventures Sdn Bhd	Subsidiary
Symphony Insight Sdn Bhd	Subsidiary
Ekuiti Merdu Sdn Bhd	Subsidiary
KWASA Capital Partners Limited	Subsidiary
Naungan Sentosa Sdn Bhd	Subsidiary
KWASA Asia	Subsidiary
KWASA Logistics Sdn Bhd	Subsidiary
Common Icon Sdn Bhd	Subsidiary
Merbau Investors Offshore LP	Subsidiary
Merbau Investors Offshore II LP	Subsidiary
Cengal Private Equity Investments (PLC)	Subsidiary
Cengal Private Equity Investments II (PLC)	Subsidiary
Meranti Fund L.P	Subsidiary
Jati Private Equity Fund LP	Subsidiary
Jati Private Equity Fund II LP	Subsidiary
KWASA Utama Sdn Bhd *	Subsidiary
PPNK – Harta Sdn Bhd	Subsidiary
YTR Harta Sdn Bhd	Subsidiary
Rashid Hussain Berhad #	Subsidiary
PLUS Malaysia Berhad	Associate
RHB Capital Berhad	Associate
Nusa Gapurna Development Sdn Bhd	Associate
Malaysian Resources Corporation Bhd	Associate
Bandar Eco-Setia Sdn Bhd	Associate
Panca Pesona Sdn Bhd	Associate
Jelas Puri Sdn Bhd	Associate
Columbia Asia Sdn Bhd	Associate
HSBC Amanah Takaful (M) Bhd	Associate
Iskandar Investment Berhad	Associate
Sunway South Quay Sdn Bhd	Associate

The above company is in the process of voluntary winding up as at 31 December 2015.

* KWASA Utama Sdn Bhd formerly known as KWASA Development (1) Sdn Bhd.

Subsidiaries And Associates A subsidiary of Subsidiaries consistency of the above is part of the EPF subsidiaries and associates, as disclosed in Notes 44 and 45.

Key Management Personnel Key management personnel consists of the EPF's Board of Directors and its Key Management Personnels.

Related Parties Of Key Management Personnel

- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

41. RELATED PARTY TRANSACTIONS (CONT'D.)

b. Significant Related Party Balances And Transactions

	Note	EPF					
		Subsidiaries		Associates		Key Management Personnels	
		2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
As At 31 December							
Net Income							
Interest On Loans And Advances		255,654	160,907	-	-	-	-
Rental Income		4,944	12,275	-	-	-	-
Dividend On Investments		800,416	792,560	501,125	449,302	-	-
Investment Expenditure		(3,517)	-	-	-	-	-
		1,057,497	965,742	501,125	449,302	-	-
Amount Due From							
Held-To-Maturity Investment Assets		-	-	7,884,206	7,883,077	-	-
Available-For-Sale Financial Assets		-	-	670,331	687,350	-	-
Loans, Advances And Financing	17.2	6,837,887	5,339,424	-	-	-	-
Receivables, Deposits And Prepayments	19	202,106	28,438	-	-	-	-
		7,039,993	5,367,862	8,554,537	8,570,427	-	-
Amount Due To							
Deposits And Advances	23	94	-	-	-	-	-
Payables And Accrued Liabilities	24	3,560	3,053	-	-	-	-
EPF Contributions *		-	-	-	-	59,034	45,285
		3,654	3,053	-	-	59,034	45,285

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

Key Management Personnels

	GROUP		EPF	
	2015 (RM'000)	2014 (RM'000)	2015 (RM'000)	2014 (RM'000)
Short Term Employee Benefits:				
Salary/Allowances/Honorarium/Remuneration For Key Management Personnels	8,474	10,858	8,474	6,942
Benefit In Kind	247	4,870	247	101
Employee Share Option Scheme	128	135	-	-
	8,849	15,863	8,721	7,043

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

41. RELATED PARTY TRANSACTIONS (CONT'D.)

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 and other entities controlled by the Government are as follows:

	2015 (RM'000)	2014 (RM'000)
Interest Income And Profit On Investment	11,557,197	11,858,760
Purchase And Subscription Of Malaysian Government Securities And Bonds	42,415,073	59,659,161
Drawdown Of Loans	6,388,505	2,105,156
Sales, Maturities And Early Redemption Of The Malaysian Government Securities And Bonds	39,409,005	48,228,846
Repayment Of Loans	12,339,350	10,957,425

42. OPERATING LEASES

42.1 Group And EPF As Lessee

The Group and EPF leases a number of premises under operating lease. The leases typically run for an initial period of three (3) 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	
	2015 (RM'000)	2014 (RM'000)
Within 1 Year	7,703	6,851
Between 1 To 5 Years	9,338	9,426
	17,041	16,277

42.2 Group And EPF As Lessor

The Group and EPF leases out its investment properties under operating leases with lease term in ranging between three (3) to five (5) 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	
	2015 (RM'000)	2014 (RM'000)
Within 1 Year	122,617	122,863
Between 1 To 5 Years	832,303	449,463
	954,920	572,326

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

43. COMPARATIVE FIGURES

43.1 Adjustment Relates To Comparative Figures In Prior Years

a. Common Icon Sdn Bhd

As at 31 December 2014, the EPF holding in Common Icon Sdn Bhd ("CISB") which is classified as Financial Asset Available-For-Sale amounting to RM400.00 million and Investment Asset Held-To-Maturity of RM1.60 million in the EPF Financial Statement.

CISB is a special-purpose vehicle incorporated to acquire Axiata Tower (formerly known as Quill 7) via issuance of Medium Term Notes ("MTN") and Redeemable Preference Share ("RPS"), of which on 18 October 2010, the EPF has acquired MTN (Senior A, Senior B and Subordinate C) as well RPS with total purchase consideration of RM401.6 million. With respect of this purchase, the EPF is the sole investor of MTN and RPS issued by CISB.

Reanalysis control over CISB, based on MRFS 10 - Consolidation Financial Statement resulted EPF has full control over CISB in term of power for decision-making, exposure and ability to use the power over investment returns.

Hence, adjustments being made for CISB to reclassify from Held-To-Maturity Investment Assets and Available-For-Sale Financial Assets to Investment in Subsidiaries inclusive of allowance for impairment and accrued interest. The CISB Financial Statements is now consolidated at Group level.

43.2 Table below illustrates comparative figures for 2014 (inclusive Note 43.1a) which was restated in the Financial Year of 2015 in order to present the adjustments and reclassification of such items in the current year:

	GROUP		EPF	
	Restated (RM'000)	As Stated Previous Year (RM'000)	Restated (RM'000)	As Stated Previous Year (RM'000)
Statement Of Financial Position				
Assets				
Property, Plant And Equipment	410,168	393,435	-	-
Property Investments	19,039,757	18,694,709	-	-
Investments In Subsidiaries	-	-	15,167,532	14,828,866
Held-To-Maturity Investment Assets	199,717,425	199,397,964	199,717,425	199,397,964
Available-For-Sale Financial Assets	297,569,480	298,255,092	297,568,660	298,254,272
Receivables, Deposits And Prepayments	5,723,028	5,720,993	5,153,939	5,126,454
Bank And Cash Balances	5,503,314	5,502,398	-	-
Deposits With Financial Institutions	36,220,311	36,205,490	-	-
Liabilities				
Payables And Accrued Liabilities	6,572,581	6,562,820	-	-
Members Fund				
Retained Profits	3,646,145	3,642,503	-	-
	574,402,209	574,375,404	517,607,556	517,607,556

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

43. COMPARATIVE FIGURES (CONT'D.)

43.2 Table below illustrates comparative figures for 2014 (inclusive Note 43.1a) which was restated in the Financial Statement of 2015 in order to present the movements and reclassification of such items in the current year: (Cont'd.)

	GROUP		EPF	
	Restated (RM'000)	As Stated Previous Year (RM'000)	Restated (RM'000)	As Stated Previous Year (RM'000)
Income				
Gross Investment Income	41,028,674	40,972,724	-	-
Other Income	263,879	263,483	-	-
Operating Expenditures	(2,346,064)	(2,272,406)	-	-
Net Impairment Loss On Financial Investment Assets	(896,992)	(959,926)	(865,665)	(928,599)
Net Impairment Loss On Investments In Subsidiaries And Associates	-	-	(23,463)	39,471
	38,049,497	38,003,875	(889,128)	(889,128)

	GROUP		EPF	
	Restated (RM'000)	As Stated Previous Year (RM'000)	Restated (RM'000)	As Stated Previous Year (RM'000)
Cash Flow				
Net Profit Before Taxation And Zakat	38,301,790	38,256,168	-	-
<u>Adjustments For:</u>				
Depreciation On Investment Properties	528,109	523,390	-	-
Net Impairment Loss On Held-To-Maturity Investment Assets Written Back	-	-	13,684	76,618
Net Impairment Loss On Investments In Subsidiaries And Associates	-	-	23,463	(39,471)
	38,829,899	38,779,558	37,147	37,147
(Increase)/Decrease In Operating Assets:				
Purchase Of Held-To-Maturity Investment Assets	-	-	(48,241,953)	(47,922,492)
Sales Of Available-For-Sale Financial Assets	-	-	201,358,943	200,673,331
Receivables, Deposits And Prepayments	(343,430)	(342,477)	(581,125)	(553,640)
Interest Received/(Paid) On Loans	79,324	67,883	-	-
	(264,106)	(274,594)	152,535,865	152,197,199
(Increase)/Decrease In Operating Liabilities:				
Payables And Accrued Liabilities	1,577,569	1,576,959	-	-
	1,577,569	1,576,959	-	-
CASH FLOW FROM INVESTMENT ACTIVITIES				
Investment In Subsidiaries	-	-	(5,311,800)	(4,973,134)
Purchase Of Property, Plant And Equipment	(110,320)	(110,305)	-	-
	(110,320)	(110,305)	(5,311,800)	(4,973,134)
CASH FLOW FROM FINANCING ACTIVITIES				
Loans	521,351	523,839	-	-
	521,351	523,839	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015

Details of the subsidiaries are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Direct Holding-EPF				
Malaysia Building Society Berhad	Malaysia	65.10	64.18	Operating of loans on the security of freehold and leasehold properties.
Affordable Homes Sdn Bhd	Malaysia	100.00	100.00	Property development.
KWASA Properties Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Land Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Global (Jersey) Limited	Jersey	100.00	100.00	Investment holding.
KWASA Global 2 (Jersey) Limited	Jersey	100.00	100.00	Investment holding.
KWASA Invest Ltd	United Kingdom	100.00	100.00	Development and management.
KWASA Singapore (Solo) Pte Ltd	Singapore	100.00	100.00	Property development.
KWASA Singapore (Duo) Pte Ltd	Singapore	100.00	100.00	Property development.
KWASA Singapore (Trio) Pte Ltd	Singapore	100.00	100.00	Property development.
KWASA Australia Pty Ltd	Australia	100.00	100.00	Trust holding.
KWASA Australia Trust	Australia	100.00	100.00	Trust company.
KWASA Capital Limited	Cayman Island	100.00	100.00	Investment holding.
KWASA Europe S.A.R.L	Luxembourg	100.00	100.00	Investment holding.
KWASA Infrastructure 1	Cayman Island	100.00	100.00	Investment holding.
Pinggiran Ventures Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
Symphony Insight Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
Ekuiti Merdu Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
KWASA Capital Partners Limited	Cayman Island	100.00	-	Investment holding.
Naungan Sentosa Sdn Bhd	Malaysia	100.00	-	Investment holding.
KWASA Asia	Cayman Island	100.00	-	Investment holding.
KWASA Logistics Sdn Bhd	Malaysia	100.00	-	Investment holding.
Common Icon Sdn Bhd	Malaysia	100.00	100.00	Property investment.
Merbau Investors Offshore LP	Cayman Island	99.50	99.50	Investment holding fund.
Merbau Investors Offshore II LP	Cayman Island	99.00	99.00	Investment holding fund.
Cengal Private Equity Investments (PLC)	Dublin, Ireland	99.50	99.50	Investment holding fund.
Cengal Private Equity Investments II (PLC)	Dublin, Ireland	99.34	99.34	Investment holding fund.
Meranti Fund LP	Cayman Island	99.25	99.25	Investment holding fund.
Jati Private Equity Fund LP	Cayman Island	99.00	99.00	Investment holding fund.
Jati Private Equity Fund II LP	Cayman Island	99.00	99.00	Investment holding fund.
KWASA Utama Sdn Bhd (Formerly Known As KWASA Development (1) Sdn Bhd)	Malaysia	95.00	95.00	Development and management.
PPNK – Harta Sdn Bhd	Malaysia	85.00	85.00	Development and management.
YTR Harta Sdn Bhd	Malaysia	81.00	81.00	Property development and management.
Rashid Hussain Berhad #	Malaysia	98.33	98.33	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Subsidiaries Held Through				
Malaysia Building Society Berhad				
MBSB Properties Sdn Bhd	Malaysia	100.00	100.00	Rental property.
MBSB Development Sdn Bhd	Malaysia	100.00	100.00	Property development.
Prudent Legacy Sdn Bhd	Malaysia	92.00	92.00	Property development.
Sigmaprise Sdn Bhd	Malaysia	100.00	100.00	Hotel operation.
Ganesha Sdn Bhd	Malaysia	100.00	100.00	Property development.
Springtide Sdn Bhd	Malaysia	-	100.00	Property development.
Trimonds Sdn Bhd	Malaysia	-	100.00	Investment holding.
MBSB Project Management Sdn Bhd	Malaysia	100.00	100.00	Ceased operation.
Definite Pure Sdn Bhd	Malaysia	100.00	100.00	Dormant.
Malaya Borneo Building Society Limited (MBBS)	Singapore	100.00	100.00	Dormant.
Farawide Sdn Bhd	Malaysia	100.00	100.00	Hotel operation.
Raynergy Sdn Bhd	Malaysia	-	100.00	Dormant.
Idaman Usahamas Sdn Bhd	Malaysia	100.00	100.00	Dormant.
Ombak Pesaka Sdn Bhd	Malaysia	100.00	100.00	Hotel operation.
MBSB Tower Sdn Bhd (Formerly Known As Ambang Hartamas Sdn Bhd)	Malaysia	100.00	100.00	Property development.
Home Approach Sdn Bhd	Malaysia	100.00	100.00	Property investment.
Jana Kapital Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
88 Legacy Sdn Bhd	Malaysia	100.00	100.00	Property development.
KWASA Land Sdn. Bhd.				
KWASA Development (3) Sdn. Bhd.	Malaysia	100.00	-	Property development.
KWASA Development (4) Sdn. Bhd.	Malaysia	100.00	-	Property development.
KWASA Development (5) Sdn. Bhd.	Malaysia	100.00	-	Property development.
KWASA Development (6) Sdn. Bhd.	Malaysia	100.00	-	Property development.
KWASA Development (7) Sdn. Bhd.	Malaysia	100.00	-	Property development.
KWASA Development (8) Sdn. Bhd.	Malaysia	100.00	-	Property development.
KWASA Development (9) Sdn. Bhd.	Malaysia	100.00	-	Property development.
KWASA Development (10) Sdn. Bhd.	Malaysia	100.00	-	Property development.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Subsidiaries Held Through (Cont'd.)				
KWASA Land Sdn Bhd (Cont'd.)				
KWASA Development (11) Sdn. Bhd.	Malaysia	100.00		- Property development.
KWASA Development (12) Sdn. Bhd.	Malaysia	100.00		- Property development.
KWASA Development (13) Sdn. Bhd.	Malaysia	100.00		- Property development.
KWASA Development (14) Sdn. Bhd.	Malaysia	100.00		- Property development.
KWASA Development (15) Sdn. Bhd.	Malaysia	100.00		- Property development.
KWASA Development (16) Sdn. Bhd.	Malaysia	100.00		- Property development.
KWASA Holdings (1) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Holdings (2) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Holdings (1) Sdn. Bhd.				
KWASA Holdings (3) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Holdings (4) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Holdings (5) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Holdings (2) Sdn. Bhd.				
KWASA Holdings (6) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Holdings (7) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Holdings (8) Sdn. Bhd.	Malaysia	100.00		- Investment holding.
KWASA Global (Jersey) Limited				
KWASA UK Limited	Jersey	100.00	100.00	Property investment.
KWASA Global Development Limited	Jersey	100.00	100.00	Investment holding.
KWASA Australia II Trust	Australia	99.80	100.00	Trust company.
KWASA Global Links Limited	Jersey	100.00	100.00	Property investment.
KWASA UK Limited				
KWASA UK Solo Limited	Jersey	100.00	100.00	Property investment.
KWASA Arena Limited	Jersey	100.00	100.00	Property investment.
KWASA UK Duo Limited	Jersey	100.00	100.00	Property investment.
KWASA UK Trio Limited	Jersey	100.00		- Property investment.
KWASA UK Quattro Limited	Jersey	100.00		- Property investment.
KWASA Super Ashton Limited	Jersey	100.00		- Property investment.
KWASA Super Cannock Limited	Jersey	100.00		- Property investment.
Bridge Unit Limited	Isle of Man	100.00	100.00	Property investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Subsidiaries Held Through (Cont'd.)				
KWASA UK Limited (Cont'd.)				
KWASA Super Bursledon Limited	Jersey	100.00		- Property investment.
KWASA Super Grantham Limited	Jersey	100.00		- Property investment.
KWASA Super Leeds Limited	Jersey	100.00		- Property investment.
KWASA Super Newcastle Limited	Jersey	100.00		- Property investment.
KWASA Australia II Trust				
KWASA Goodman Industrial Trust	Australia	60.00	60.00	Trust company.
KWASA Global Links Limited				
KWASA Links Malaysia One Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Two Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Three Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Four Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Five Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Six Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Seven Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Eight Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA Links Malaysia Nine Sdn Bhd	Malaysia	100.00	100.00	Property investment.
KWASA UK Solo Limited				
Portman Square (No. 1) Limited	Jersey	100.00	100.00	Investment holding.
Portman Square (No. 2) Limited	Jersey	100.00	100.00	Investment holding.
Whitefriars Limited	Jersey	100.00	100.00	Property investment.
One Sheldon Square	Jersey	-	100.00	Property investment.
KWASA UK Duo Limited				
Knightlights Property International S.A	Luxembourg	100.00	100.00	Property investment.
Bridge Unit 2 Limited	Jersey	100.00	100.00	Property investment.
K2 Tower Bridge Limited	Jersey	100.00	100.00	Property investment.
Reading Management (Jersey) Limited	Jersey	100.00	100.00	Management services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Subsidiaries Held Through (Cont'd.)				
KWASA UK Trio Limited				
KWASA Fulham No. 1 Limited (Jersey)	Jersey	100.00		- Investment holding.
KWASA Fulham No. 2 Limited (Jersey)	Jersey	100.00		- Investment holding.
KWASA Hammersmith Limited (Jersey)	Jersey	100.00		- Property investment.
KWASA UK Quattro Limited				
KWASA Qube Limited	Jersey	100.00		- Property investment.
KWASA Super Norwich Limited	Jersey	100.00		- Property investment.
KWASA Super Limited	Jersey	100.00		- Property investment.
Knightlights Property International S.A				
Knightlights Property S.A	Luxembourg	100.00	100.00	Property investment.
Bridge Unit Limited				
The Bridge LP Limited #	Isle of Man	100.00	100.00	Property investment.
The Bridge LP Limited				
The Bridge GP Limited #	Isle of Man	100.00	100.00	Property investment.
The Bridge Nominee Limited #	Isle of Man	100.00	100.00	Property investment.
Portman Square (No. 1) Limited				
Portman Investments Unit Trust	Jersey	99.00	99.00	Property investment.
Portman Investments Unit Trust				
Portman Investments Nominee 1 Limited	Jersey	100.00	100.00	Property investment.
Portman Investments Nominee 2 Limited	Jersey	100.00	100.00	Property investment.
Reading No.1 Limited				
Reading (Jersey) Unit Trust	Jersey	99.92	99.92	Property investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Subsidiaries Held Through (Cont'd.)				
Reading (Jersey) Unit Trust				
Reading Nominee 1 Limited	Jersey	100.00	100.00	Property investment.
Reading Nominee 2 Limited	Jersey	100.00	100.00	Property investment.
KWASA Fulham No. 1 Limited				
Fulham Broadway Unit Trust	Jersey	99.00	99.00	Trust company.
KWASA Goodman Industrial Trust				
KWASA Sub-Trust (Australia)	Australia	60.00	60.00	Trust holding.
Sub-Trust 1A	Australia	60.00	60.00	Property investment.
Sub-Trust 1B	Australia	60.00	60.00	Property investment.
Sub-Trust 1C	Australia	60.00	60.00	Property investment.
Sub-Trust 1D	Australia	60.00	60.00	Property investment.
Sub-Trust 1E	Australia	60.00	60.00	Property investment.
Sub-Trust 2A	Australia	60.00	60.00	Property investment.
Sub-Trust 2B	Australia	60.00	60.00	Property investment.
Sub-Trust 2C	Australia	60.00	60.00	Property investment.
Sub-Trust 2D	Australia	60.00	60.00	Property investment.
Sub-Trust 2E	Australia	60.00	60.00	Property investment.
Sub-Trust 2F	Australia	60.00	60.00	Property investment.
KWASA Global 2 (Jersey) Limited				
KWASA UK Quinto Limited	Jersey	100.00	-	Property investment.
KWASA UK Quinto Limited				
KWASA Rugby Limited	Jersey	100.00	-	Investment holding.
KWASA Nottingham Limited	Jersey	100.00	-	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Subsidiaries Held Through (Cont'd.)				
KWASA Europe S.à r.l.				
KWASA Delta S.a.r.l	Luxembourg	100.00		- Property investment.
KWASA DH Moncheng Sarl	Luxembourg	100.00		- Property investment.
KWASA Strauss Erfurt Sarl	Luxembourg	100.00		- Property investment.
KWASA Strauss Wiesbaden Sarl	Luxembourg	100.00		- Property investment.
KWASA Quattro Holdco Sarl	Luxembourg	100.00		- Property investment.
KWASA Prisma 1 S.a r.l	Luxembourg	100.00		- Property investment.
Pershore sp z.o.o.	Poland	100.00		- Property investment.
KWASA Quattro Holdco				
KWASA Quattro Berlin	Luxembourg	100.00		- Property investment.
KWASA Quattro Hamburg	Luxembourg	100.00		- Property investment.
KWASA Quattro Munich	Luxembourg	100.00		- Property investment.
KWASA Quattro Frankfurt	Luxembourg	100.00		- Property investment.
KWASA Delta Sarl				
KWASA Dietz Sarl	Luxembourg	84.30		- Property investment.
KWASA Dietz Sarl				
Dietz Logistik 1 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 3 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 4 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 5 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 6 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 8 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 10 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 12 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz Logistik 14 Grundbesitz GmbH	Luxembourg	94.90		- Property investment.
Dietz BVO Zwei GmbH	Luxembourg	94.90		- Property investment.
KWASA Infrastructure 1				
Macquarie Hyperion Ltd.	Cayman Island	60.01	60.01	Investment holding.
Macquarie Hyperion Ltd.				
Macquarie Helios Holding Ltd.	Cayman Island	100.00	100.00	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

44. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2015 (CONT'D.)

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

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Subsidiaries Held Through (Cont'd.)				
Symphony Insight Sdn Bhd				
Absolute Insight Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
Ivory Insight Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
KWASA Asia				
KWASA China	Cayman Island	100.00	-	Investment holding.

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

The above company is in the process of voluntary winding up as at 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

45. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2015

Details of associates and joint ventures are as follows:

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Direct Holding – EPF				
PLUS Malaysia Berhad	Malaysia	49.00	49.00	Infrastructure and utilities.
RHB Capital Berhad	Malaysia	42.18	41.49	Banking.
Nusa Gapurna Development Sdn Bhd	Malaysia	40.00	40.00	Investment holding and development.
Malaysian Resources Corporation Bhd	Malaysia	38.37	38.94	Investment holding company & conduct activities related to property development, construction and management services to its subsidiaries.
Bandar Eco-Setia Sdn Bhd	Malaysia	34.00	34.00	Property development.
Jelas Puri Sdn Bhd	Malaysia	30.00	30.00	Property development.
Panca Pesona Sdn Bhd	Malaysia	30.00	30.00	Developer of industrial project and housing.
Malakoff Corporation Berhad *	Malaysia	-	30.00	Independent power producer company.
Columbia Asia Sdn Bhd	Malaysia	29.72	29.72	Hospital.
HSBC Amanah Takaful (M) Bhd	Malaysia	20.00	20.00	Insurance.
Iskandar Investment Berhad	Malaysia	20.00	20.00	Development of Wilayah Pembangunan Iskandar.
Sunway South Quay Sdn Bhd	Malaysia	20.00	20.00	Property development.
Associates Held Through Subsidiaries				
Pinggiran Ventures Sdn Bhd				
TEI Sdn Bhd	Malaysia	49.00	49.00	Highway concession operator.
SWM Environment Holdings Sdn Bhd	Malaysia	35.00	-	Infrastructure and utilities.
KWASA Infrastructure 1				
Macquarie Hyperion Ltd.				
Macquarie Helios Holding Ltd.				
Chemoil Storage Limited	Singapore	45.00	45.00	Investment holding.
KWASA Land Sdn. Bhd.				
KWASA Sentral Sdn. Bhd.	Malaysia	30.00	-	Property development.

* Sale of units in Malakoff Corporation Berhad has changed the company status from associate (30%) to available-for-sale financial asset (18.83%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

45. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2015 (CONT'D.)

Details of associates and joint ventures are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Associate Held Through Subsidiaries (Cont'd.)				
KWASA Singapore (Solo) Pte. Ltd. Perfect Eagle Pte. Ltd.	Singapore	20.00	20.00	Property development.
KWASA Singapore (Duo) Pte. Ltd. Guston Pte. Ltd.	Singapore	20.00	20.00	Property development.
KWASA Singapore (Trio) Pte. Ltd. Belmeth Pte. Ltd.	Singapore	20.00	20.00	Property development.
Naungan Sentosa Sdn Bhd BBCC Development Sdn. Bhd.	Malaysia	20.00	-	Property development.
Ekuiti Merdu Sdn Bhd Aspire Insight Sdn Bhd	Malaysia	40.00	40.00	Investment holding.
Joint Ventures Held Through Subsidiaries				
Pinggiran Ventures Sdn Bhd Pinggiran Muhibah Sdn Bhd	Malaysia	50.00	-	Infrastructure and utilities.
KWASA Capital Limited Melati Asia Holdings Limited	Cayman Island	51.00	51.00	Investment holding.
KWASA Logistics Sdn Bhd VM Andaman Sdn Bhd	Malaysia	50.00	-	Investment holding.
Symphony Insight Sdn Bhd Absolute Insight Sdn Bhd and Ivory Insight Sdn Bhd Epsilon TMK	Japan	80.00	-	Property Investment.
KWASA Australia Trust Everest Property Trust Gotham Trust	Australia Australia	80.00 70.00	80.00 70.00	Trust company. Trust company.
KWASA Global (Jersey) Ltd KWASA UK Limited KWASA Arena Limited The Arena Unit Trust	Jersey	50.00	50.00	Property investment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

45. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2015 (CONT'D.)

Details of associates and joint ventures are as follows: (Cont'd.)

Name Of Company	Country Of Incorporation	Effective Interest		Principal Activities
		2015 %	2014 %	
Joint Ventures Held Through Subsidiaries (Cont'd.)				
KWASA Europe S.a.r.l.				
KG Finance (Lux) S.a.r.l.	Luxembourg	70.00	70.00	Property financial services.
Goodman Basil Logistic (Lux) S.a.r.l.	Luxembourg	70.00	70.00	Property investment.
Goodman Tumbleweed Logistic (Lux) S.a.r.l.	Luxembourg	70.00	70.00	Property investment.
Goodman Pearl (Lux) Logistic S.a.r.l.	Luxembourg	70.00	70.00	Property investment.
Goodman Cardamom Logistic (Lux) S.a.r.l.	Luxembourg	70.00	70.00	Property investment.
Goodman Cyan Logistic (Lux) S.a.r.l.	Luxembourg	70.00	70.00	Property investment.
GELF Korbach (Lux) S.a.r.l.	Luxembourg	70.00	70.00	Property investment.
Goodman Aqua Logistic	Luxembourg	70.00	70.00	Property investment.
Goodman Melanite Logistic	Luxembourg	70.00	70.00	Property investment.
KWASA Global (Jersey) Ltd				
KWASA Global Development Limited				
Battersea Project Holding Company Ltd	Jersey	20.00	20.00	Investment holding.
Battersea Project Land Company	United Kingdom	20.00	20.00	Property development.
Battersea Power Station Development Company Limited	United Kingdom	20.00	20.00	Development of management advice services relating to administration.
BPS Malaysia Sdn Bhd	Malaysia	20.00	20.00	Marketing Battersea development project in Malaysia and South-East Asia.

LIST OF TOP 30 EQUITY HOLDINGS BY PERCENTAGE OF ISSUED SHARES AS AT 31 DECEMBER 2015

No	COUNTERS	TOTAL
1	MALAYSIA BUILDING SOCIETY BERHAD	65.10%
2	RHB CAPITAL BERHAD	42.18%
3	MALAYSIAN RESOURCES CORPORATION BERHAD	38.37%
4	MALAKOFF CORP BERHAD	18.83%
5	UMW HOLDINGS BERHAD	17.76%
6	ALLIANCE FINANCIAL GROUP BERHAD	17.74%
7	TENAGA NASIONAL BERHAD	17.42%
8	CIMB GROUP HOLDINGS BERHAD	17.41%
9	MALAYAN BANKING BERHAD	17.06%
10	AMMB HOLDINGS BERHAD	16.45%
11	TELEKOM MALAYSIA	16.21%
12	SHELL REFINING(FOM) BERHAD	15.55%
13	PUBLIC BANK BERHAD	15.40%
14	MBM RESOURCES BERHAD	15.28%
15	SAPURAKENCANA PETROLEUM BERHAD	14.66%
16	AXIATA GROUP BERHAD	14.45%
17	UTD PLANTATION BERHAD	14.19%
18	GENTING PLANTATIONS BERHAD	14.14%
19	DIGI.COM BERHAD	14.07%
20	HONG LEONG BANK BERHAD	14.01%
21	IJM CORP BERHAD	13.99%
22	MEDIA PRIMA BERHAD	13.86%
23	MALAYSIA AIRPORT HOLDINGS BERHAD	13.19%
24	KUALA LUMPUR KEPONG BERHAD	13.09%
25	SIME DARBY BERHAD	12.79%
26	BIMB HOLDINGS BERHAD	12.60%
27	DIALOG GROUP BERHAD	12.25%
28	PETRONAS GAS BERHAD	12.02%
29	IJM PLANTATIONS BERHAD	11.81%
30	KPJ HEALTHCARE BERHAD	11.73%