



LEMBAGA TABUNG ANGKATAN TENTERA



# LAPORAN TAHUNAN ANNUAL REPORT 2017



LTAT akan meneruskan strategi untuk mempelbagaikan portfolio pelaburannya selaras dengan visinya untuk menjadi sebuah organisasi pengurusan dana yang cekap dan berjaya.

*LTAT will continue its strategy to diversify its investment portfolio in tandem with our vision to be an efficient and successful fund management organisation.*

# Annual Report & Financial Statement 2017

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LEMBAGA TABUNG ANGKATAN TENTERA

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Lembaga Tabung Angkatan Tentera



“ Against this economic backdrop, I am pleased to present the **forty-fifth** Annual Report and Financial Statement of Lembaga Tabung Angkatan Tentera (LTAT) and the **thirty-sixth** Financial Statement of the LTAT Group for the financial year ended 31 December 2017. ”

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# Quality Policy

LTAT is committed to be a respectable organisation to excel in the management of contributors' fund and endeavour to fulfill customers' expectations in terms of services rendered and return on contributors fund and continually improve the effectiveness of the quality management system.

NO.	KEY PERFORMANCE INDICATORS (KPI)	TARGET RATE
1.	Dividend, Bonus and Special Bonus for Contributors.	12.0%
2.	Return on Investment.	8.0%
3.	Customer Satisfaction Index.	92%
4.	Processing of all Members Withdrawals and Payment under the Death & Disablement Benefits Scheme within 24 hours.	100%
5.	Processing of all Housing Withdrawals within 24 Hours.	100%
6.	Cost To Income Ratio.	Not Exceeding 6.0%
7.	Financial and Management Report for the Financial Year 2017.	Clean Audit Certificate



# Chairman's Statement

The Honourable  
Minister of Defence,

We, members of the Lembaga Tabung Angkatan Tentera, have the honour to present, in accordance with Section 17(4) of the Tabung Angkatan Tentera Act 1973 (Act 101), our accounts for the year ended 31 December 2017.

On behalf of the Lembaga,



**LAKSAMANA TAN SRI DATO' SETIA MOHD ANWAR BIN HAJI MOHD NOR (RETIRED)**  
Chairman

# Background On Lembaga Tabung Angkatan Tentera

## BACKGROUND

Lembaga Tabung Angkatan Tentera, better known as LTAT was established in August 1972 by an Act of Parliament which is the Tabung Angkatan Tentera Act 1973 (Act 101).

### *Main Objective*

LTAT has two main objectives. The first main objective is to provide pre-retirement benefit and other benefits to officers and members of the other ranks in the armed forces and to enable Mobilised Members of the Volunteer Forces in the service to participate in a saving scheme.

The second main objective is to offer retraining for the retiring and retired personnel of the armed forces.

### *Contributions*

Under the superannuation scheme, compulsory contributors are required to contribute 10% of their monthly salary to LTAT with the Government as employer contributing 15%. For voluntary contributors, contributions are minimum of RM25 with a maximum of RM2,000 monthly.

## VISION

To be a successful fund management organisation and a role model to other Government and corporate bodies.

## MISSION

LTAT's three important mission statements as follows:

- To provide pre-retirement benefit and quality socioeconomic benefits for members of the Malaysian Armed Forces.
- To assist in nation's economic development through prudent and profitable investment.
- To instill quality and positive work culture among the staff and work as a dedicated, responsible, disciplined, trustworthy, proactive and innovative team towards achieving a continually high performance growth.

## BENEFITS FOR SERVING MEMBERS OF THE ARMED FORCES

### *Lump Sum Withdrawal Inclusive Of Dividends And Bonuses*

Compulsory non-pensionable contributor receives his retirement benefit in the form of a lump sum payment inclusive of Government contributions and cumulative yearly dividends and bonuses when he passes away (next-of-kin), retires or is discharged from service, or attains the age of 50.

Compulsory contributor who is pensionable receives his retirement benefit in the form of lump sum payment of only his portion of contribution together with the cumulative yearly dividends and bonuses when he passes away (next-of-kin), retires or is discharged from service, or attains the age of 50. The Government portion is paid to Retirement Fund Incorporated or KWAP for payment as monthly pension.

Voluntary contributor may withdraw his saving at any time and is allowed to be contributor for the second time after his first withdrawal.

From time to time, LTAT also distribute special bonus in the form of unit trust shares to its contributors. However, this special bonus is distributed based on LTAT's current financial performance.

### *Death And Disablement Benefits Scheme*

All contributors are automatically covered under the LTAT Death and Disablement Benefits Scheme. This scheme is designed to provide the contributors with a fair sum of money upon discharge from service due to infirmity of mind or body, or the next-of-kin upon death while in service.

## Background Of Lembaga Tabung Angkatan Tentera

### **BENEFITS FOR SERVING MEMBERS OF THE ARMED FORCES (continued)**

#### ***Partial Withdrawal To Purchase A House***

A contributor is allowed to withdraw not more than 40% of his contribution or 10% of the cost of the immovable property whichever is lower, to purchase a first residential house or land for building a house.

### **BENEFITS FOR THE RETIRING AND RETIRED MEMBERS OF THE ARMED FORCES**

#### ***Retraining Program For The Retiring And Retired Members***

LTAT offers various training programs to retiring and retired members of the armed forces to prepare them for a second career at Perbadanan Hal Ehwal Bekas Angkatan Tentera or PERHEBAT, a wholly-owned corporation of LTAT which was established in 1994.

#### ***Veteran Annuity Scheme (SAVe) to Non-pensionable Veteran***

Veteran Annuity Scheme (SAVe) is a scheme to provide monthly income to non-pensionable veterans by retaining his government's contributions once he has been discharged from the military service. The Government's contribution will be managed and invested by LTAT and the return on the investment will be paid to SAVe participants on a monthly basis.

### **WHOLLY-OWNED CORPORATIONS OF LEMBAGA TABUNG ANGKATAN TENTERA**

#### ***Perbadanan Perwira Niaga Malaysia (PERNAMA)***

Perbadanan Perwira Niaga Malaysia or PERNAMA, LTAT's wholly-owned corporation established in 1983, operates a network of retail outlets at military camps nationwide selling consumer products, some at duty-free prices, to members of the armed forces, veterans and their families.

#### ***Perbadanan Perwira Harta Malaysia (PPHM)***

Perbadanan Perwira Harta Malaysia or PPHM, another wholly-owned corporation of LTAT established in 1984, is involved in business activities related to acquisition, purchasing, possession, renting, leasing, construction, development and sales of property, provision of project management services and property maintenance activities on behalf of LTAT.

#### ***Perbadanan Hal Ehwal Bekas Angkatan Tentera (PERHEBAT)***

Perbadanan Hal Ehwal Bekas Angkatan Tentera or PERHEBAT, the third wholly-owned corporation of LTAT established in 1994, offers various training and retraining programmes in the technical, vocational and professional fields and entrepreneurial development for the retiring and retired personnel of the armed forces.

#### ***Address***

12th Floor  
Bangunan LTAT  
Jalan Bukit Bintang  
P.O. Box 11542  
50748 Kuala Lumpur

#### ***Auditors***

Auditor General Malaysia

#### ***Principal Banker***

Affin Bank Berhad

#### ***Principal Solicitors***

Messrs Azam, Lim & Pang  
Messrs Azzat & Izzat

#### ***Official Portal***

[www.ltat.org.my](http://www.ltat.org.my)

# Statement Of Corporate Governance

## CODE

The Board of Directors is fully committed to ensure that the highest standards of Corporate Governance as outlined in the Malaysian Code of Corporate Governance, is applied to LTAT and the Group as an integral part of its efforts to discharge its responsibilities in managing LTAT's assets and administering contributors' monies. The Board of Directors is pleased to report that LTAT and the Group have adopted the principles and complied with the Best Practices as outlined in the Code.

## THE BOARD OF DIRECTORS

### *Composition of the Board of Directors, Investment Panel and Management*

LTAT recognizes the important role played by the Board of Directors, the Investment Panel and the Management in the formulation and determination of LTAT's direction and operations. LTAT's Board of Directors comprises of members who are experienced and skillful with varied backgrounds such as finance, economy, public services and accounts, which are important for the overall strategic achievement of LTAT. The Board of Directors is responsible for the corporate governance in LTAT and the Group including the direction of its strategic development, and the setting of objectives for the management and monitoring the accomplishment of those objectives.

### *Board of Directors Integrity*

The decision by the Board of Directors is not influenced by any party and if there is any conflict of interest, the Board member shall exempt himself/herself from taking part in any deliberation (except by the invitation of the Board) or decision relating to matters involving their interests, personal interests or that related to shareholders whom he/she represents.

The Board of Directors is a body established to administer LTAT in such a manner as would further enhance the respective interests of the contributors as well as the retiring and retired personnel of the Malaysian Armed Forces and Mobilised Members of the Volunteer Forces. The function of the Board is to

formulate administration and management policies and procedures, and to ensure that LTAT achieves its objectives with success and excellence.

The Board of Directors consists of:

- i. A Chairman who shall be the Secretary General of the Ministry of Defence or such other person as may be appointed by the Minister.
- ii. A Deputy Chairman who is a representative of the Ministry of Defence.
- iii. The Deputy Secretary General to the Treasury.
- iv. The Chief Executive who shall be an ex-officio member.
- v. Four (4) members to be appointed by the Minister to represent the contributors, one of whom shall be the Chief of the Defence Forces.
- vi. Such other members, not exceeding four (4) in numbers as appointed by the Minister.

The Chief Executive appointed by the Board, subject to the approval of the Minister, shall be responsible for the management and operation of LTAT and execute all policies and strategies as set by the Board.

### *Board of Directors Meeting*

The Board of Directors meets four (4) times in a year even though the TAT Act 1973 (Act 101) under Section 4(4) of the First Schedule 4(1) only provides once in every six (6) months. The Chairman or any member presiding in the absence of the Chairman and three (3) other members shall form a quorum at any meeting of the Board. At every meeting, the Board of Directors shall consider and make decision on proposals pertaining to administration and operations, policies, LTAT's current and strategic issues and approval of LTAT's financial statement.

All Board of Directors are supplied with accurate and complete information before every meeting to enable them to understand the issue to be discussed and make the right decisions, and to enable them to participate fully in those meetings. The Board may employ independent professional advisers to enable them to effectively discharge its duties and responsibilities as stated in the TAT Act 1973 (Act 101) under Section 5(3). In 2017, the Board of Directors met six (6) times including two (2) special meetings.

## Statement Of Corporate Governance

### **Retirement and Reappointment**

The Tabung Angkatan Tentera Act 1973 (Act 101) under Section 4(3) (d) (other than the Chief of the Defence Forces) and (e) stated that Board members shall serve for such period, not exceeding three (3) years, as specified in their letters of appointment and they shall be eligible for reappointment. The appointment of the Chief of the Defence Forces shall be by virtue of his office.

### **Board of Directors Remuneration**

The Board of Directors who are appointed may be paid such allowances, including travelling and subsistence allowances, as determined by the Board from time to time subject to such limits and conditions as the Minister may impose.

### **INVESTMENT PANEL**

The Investment Panel is a body established under the TAT Act 1973 (Act 101) Section 6 (1), (2) and (3) to assist the Board in all matters pertaining to LTAT's investments.

The Investment Panel consists of:

- i. A Chairman who shall be appointed by the Minister on the advice of the Board.
- ii. The Chief of the Defence Forces.
- iii. The Deputy Secretary General to the Treasury.
- iv. Two (2) other members with business or financial experience to be appointed by the Minister.

### **Investment Panel Meeting**

The Investment Panel shall meet before the Board meets and, as and when required by the Board. The Chairman and two (2) other members of the Investment Panel shall form a quorum at any meeting of the Panel. In 2017, the Investment Panel met five (5) times including one (1) special meeting.

### **Retirement and Reappointment**

An Investment Panel member shall serve for such period as specified by LTAT and they shall be eligible for reappointment.

### **Investment Panel Remuneration**

The Investment Panel members who are appointed may be paid allowances, including travelling and subsistence allowances, as the Board may determine from time to time subject to such limits and conditions as the Minister may impose.

### **BOARD OF DIRECTORS COMMITTEE**

The Board of Directors, for the purpose of assisting in the performance of its functions may establish such committees consisting of such persons as the Board may think fit to assist in executing its responsibilities to ensure the corporate governance is being implemented efficiently and methodically. The main committees established by the Board to assist the execution of its duties are as follows:

- Executive Committee
- Audit Committee
- Procurement Board
- Interview Committee
- Disciplinary Committee
- Financial Management And Accounts Committee
- Remuneration and Service Scheme Committee
- Integrity and Governance Committee
- Risk Management Committee
- Quality Management System Special Committee
- IT Services Management System Special Committee
- Information Security Management System Committee
- Asset Management Committee

### **Executive Committee**

The Executive Committee is a body established to assist the Board in formulating plans, actions and strategies in certain administrative and operational matters. All matters discussed/approved by the Executive Committee are ratified/approved at the Board Meeting. The Executive Committee members are appointed from among members of the Board of Directors. In 2017, the Executive Committee met four (4) times.

## Statement Of Corporate Governance

- **Executive Committee (continued)**

### Composition of the Executive Committee

Chairman

**YBhg. Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)**

Members

**YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi**

Secretary General to the Ministry of Defence

**YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**

Deputy Chief of the Army

**YBhg. Dato' Sri Dr. Mohd Isa Hussain**

Deputy Secretary General to the Treasury (Investment) Malaysia

- **Audit Committee**

The Audit Committee was established to assist the Board in reviewing, evaluating and reporting matters pertaining to auditing including audit plans, internal policies and procedures, deliberating the internal auditor's reports and the Auditor General's reports and to ensure the effectiveness of LTAT's internal control system. The Committee shall meet at least once in every three (3) months or as required by its Chairman. In 2017, the Audit Committee met four (4) times.

### Composition of the Audit Committee

Chairman

**YBhg. Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)**

Members

**YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi**

Secretary General to the Ministry of Defence

**YBhg. Lt. Jen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**

Deputy Chief of the Army

**YBhg. Dato' Sri Dr. Mohd Isa Hussain**

Deputy Secretary General to the Treasury (Investment) Malaysia

- **Procurement Board**

The Procurement Board comprises of members appointed by the Board of Directors to consider and decide on LTAT's procurements amounting to more than RM500,000 but not more RM200 million for every single item, or every class item, or project, or contract. Procurement amounting to more than RM200 million, will be presented to the Board for approval. The members and authority limit of the procurement committees are as follows:

### Composition of Procurement Board

1. Amount of **more than RM500,000** but not **more than RM200 million**.

Chairman

**YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi**

Secretary General to the Ministry of Defence

Members

**YBhg. Lt. Gen. Dato' Sri Ackbal bin Haji Abdul Samad RMAF**

Deputy Chief of the Air Force

**YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**

Deputy Chief of the Army

**YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin**

Chief Executive

2. A purchase order form will be used for procurements of **not more than RM100,000** and will be signed by authorized Officer.
3. For LTAT's procurement amounting to **more than RM100,000** but **not more than RM500,000** for every single item, project or contract, should be considered and accepted by the members of the Quotation Committee appointed by the Chief Executive.

## Statement Of Corporate Governance

- **Procurement Board (continued)**

### Composition of Procurement Board (continued)

4. For tender amounting to **more than RM200 million**, will be presented to the Board for approval.

In 2017, the Procurement Board met once (1).

- **Interview Committee**

The Interview Committee consists of members appointed by the Board, to be responsible for interviewing, appointing and confirming LTAT's officers.

### Composition of Interview Committee

- i. For Grade 26 and above.

Chairman

**YBhg. Lt. Gen. Dato' Sri Ackbal bin Haji Abdul Samad RMAF**  
Deputy Chief of the Air Force

Members

**YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**  
Deputy Chief of the Army

**YBhg. Laksamana Madya Datuk Anuwi bin Hassan**  
Deputy Chief of the Navy

**YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin**  
Chief Executive

In 2017, one (1) interview was held for Grade 26 and above

- ii. The Board authorises the Chief Executive to interview, employ and confirm the employment of the officers and staff for Grade 23 and below, and the Committee consists of:

### For Grade 23:

- a. Chief Executive/Deputy Chief Executive as Chairman
- b. General Manager Investment
- c. General Manager (Operation)
- d. Assistant General Manager (Services)

In 2017, there was no interview held for Grade 23 and below.

### For Grade 21 and below:

- a. Chief Executive/Deputy Chief Executive as Chairman
- b. General Manager Investment
- c. General Manager (Operation)
- d. Assistant General Manager (Services)
- e. Human Resource and Administration Manager

In 2017, four (4) interviews were held for Grade 21 and below.

- **Disciplinary Committee**

The Disciplinary Committee is responsible for considering and determining the disciplinary punishments against officers and staff of LTAT for breaking the rules and regulations of the terms of service that are in force from time to time.

### Composition of the Disciplinary Committee (Effective on 11 October 2017 post-amendment)

- i. Group A Officer (Grade 27 and above)
  - a. Deputy Chairman of the Board as Chairman
  - b. Two (2) Board members who shall be appointed by the Chairman of the Board
  - c. Chief Executive
  - d. Deputy Chief Executive who shall be the Secretary
- ii. Group B Officer (Grade 26 and below)
  - a. Chief Executive as Chairman
  - b. Deputy Chief Executive
  - c. A Grade 29 officer who shall be the Secretary

In 2017, this committee met five (5) times.

## Statement Of Corporate Governance

- **Financial Management and Accounts Committee**

This Committee is appointed by the Board and consists of a minimum of six (6) Grade 21 Officers and above. The Committee is responsible in assisting the Chief Executive to monitor, detect and supervise all matters pertaining to finance and accounts to ensure everything runs smoothly and complies with the Tabung Angkatan Tentera 1973 Act (Act 101) and current Financial Procedures. This Committee is required to prepare quarterly reports to be presented to the Secretary General to the Ministry of Defence.

The Financial Management and Accounts Committee meets every month or at least once in every three (3) months. In 2017, this committee met eleven (11) times.

- **Remuneration and Services Scheme Committee**

### Objective

This Committee was set by the Board to conduct detailed studies on proposals pertaining to new schemes of service.

Chairman

**YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi**

Secretary General to the Ministry of Defence

Members

**YBhg. Lt. Gen. Dato' Sri Ackbal bin Haji Abdul Samad RMAF**

Deputy Chief of the Air Force

**YBhg. Laksamana Madya Datuk Anuwi bin Hassan**

Deputy Chief of the Navy

**YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin**

Chief Executive

In 2017, this committee met once (1).

- **Integrity and Governance Committee**

The Integrity and Governance Committee (JITU) was established with the following objectives:

- i. To review the Integrity Section requirements including updating LTAT's Integrity Plan (PIL) to meet current developments;
- ii. Integrity Section will review integrity plan activities that consist of the scope of work, schedule, membership as well as coordination between the Head of Internal Audit and the Integrity and Governance Committee through sharing of the Internal Audit Reports in order to ensure that the corrective and preventive action is to be tackled intergratedly and the reports will be presented to the Audit Committee Meeting. Through this collaboration, all related issues will be resolved at the initial stage in order to prevent queries from National Audit Department.
- iii. To identify issues, problems and actions plan for improvement based on the following resources:
  - a. Six terms of reference (TOR) that reflects LTAT's integrity management system;
  - b. The auditing reports which includes the Auditor General's Report, Financial Management Accountability Index as well as Internal Audit Report; and
  - c. Meetings at Management level concerning on governance which includes meetings of Financial Management and Accounts Committee and Asset Management Committee.
- iv. To follow-up on the implementation and effectiveness of the recommendations in addressing the issues as well as initiatives that concludes by LTAT's JITU Committee as well as the Working Committee to JITU at Ministry and National level to strengthened integrity compliance management system at LTAT.

Reports on integrity activities will be presented to the Audit Committee Meetings at least once in every three (3) months and report the status of its actions to the Ministry of Defense's JITU Committee.

## Statement Of Corporate Governance

- **Risk Management Committee**

This Committee was set up by the Board to monitor the execution of matters related to risk management, including setting up the Risk Management Framework, checking the infrastructure of risk management, make appropriate recommendations on various risks involved in existing and new business activities and reporting issues related to risk to the Board of Directors.

This Committee is represented by all Heads of Department and meets at least four (4) times in a year. In 2017, the Committee met four (4) times.

- **Special Committee on Quality Management System**

The Special Committee on Quality Management System was established to make appropriate recommendation on the overall quality management system of LTAT to enable it to enhance the level of service delivery to its contributors.

This committee is represented by Deputy Chief Executive as Chairman and Management Representative, Senior Managers, Heads of Department and officers appointed by the management and meets at least twice (2) a year to discuss and reassess the member's contribution management system and to ensure LTAT achieves the ISO 9001:2015 certification. In 2017, the Special Committee on Quality Management System met twice (2).

- **Special Committee on IT Services Management System**

The Special Committee on IT Services Management System was established in 2009 to make appropriate recommendation on the overall IT services management system to enable it to enhance the level of service delivery related to IT services to LTAT's officers, staff and contributors.

This committee is represented by the Deputy Chief Executive as Chairman and Management Representative, Senior Managers, Heads of Department and officers appointed by the management and meets at least once in a year to discuss and reassess the service delivery of IT service management system in LTAT and to ensure LTAT achieves the ISO/IEC 20000-1:2011 certification. In 2017, the committee met twice (2).

- **Information Security Management System Committee**

The Information Security Management System Committee was established in 2014 to make appropriate recommendation on the overall IT information security management system to enable it to enhance the effectiveness in protecting LTAT's information assets from all threats, whether internal or external, deliberate or accidental, and committed to ensure that the confidentiality of the information can be maintained.

This committee is chaired by the Deputy Chief Executive as Management Representative and its members consist of the Heads of Department and representatives appointed by the Head of Department and meets at least once in a year to discuss and reassess the service delivery of IT security management system in LTAT and to ensure LTAT achieves the ISO/IEC 27001:2013 certification. In 2017, the committee met once (1).

- **Asset Management Committee**

The Asset Management Committee was established to plan, monitor and supervise all aspects of LTAT's asset.

This committee is represented by the General Manager (Operation) as Chairman and Management Representative and its members consist of the Managers and representatives appointed by the Head of Department and meets every three (3) months and the results of the meeting shall be reported to the Financial Management and Accounts Committee. In 2017, the committee met four (4) times.

## Statement Of Corporate Governance

### ACCOUNTABILITY AND AUDITING

#### *Financial Reports*

As a statutory body, LTAT is required to submit its accounts to be audited by the Auditor General's Office every year. Its audited accounts are then tabled to the Parliament for adoption. The Board also ensures that the accounting records are disclosed with reasonable accuracy and provides a true and fair view of the state of affairs of LTAT at the end of the financial year based on applicable accounting standards.

The Board of Directors, pursuant to the TAT 1973 Act (Act 101) shall ensure the following:

- The Board shall, not later than one month before the commencement of each financial year, consider and approve an estimate of the expenditure of the Board (including capital expenditure) for the ensuing year;
- The Board is responsible for instructing that the financial statements and other financial reports of LTAT are prepared according to the relevant and approved accounting standards;
- The Board must ensure that all financial reports are audited annually by the Auditor General or any other auditor appointed by the Board with the approval of the Minister of Finance;
- As soon as the accounts have been audited, after the end of each financial year, the Board shall cause that a copy of the statement of accounts be submitted to the Minister, together with a copy of any audit observation. The Minister shall cause that a copy of every such statement and observation to be tabled before each Parliament sitting; and
- The Board shall, not later than the thirtieth (30) day of June in each year, cause to make and submit to the Minister a report dealing with the activities of LTAT during the preceding financial year and containing such information relating to the proceedings and policy of LTAT as the Minister may from time to time direct. The Minister shall cause that a copy of every such report be laid before each Parliamentary sitting.

### OTHERS MATTERS

#### *Relationship With Auditors*

The Board of Directors has a formal and transparent relationship with the Auditor General's Office and private auditors for LTAT's subsidiaries. The audit findings on LTAT will be scrutinized by the Chief Executive before any further action is taken. Answers to the audit findings will be presented formally in the Exit Conference Meeting and continuous monitoring will be done by officers at every division and department for audit observations received.

#### *Communications With The Contributors*

The Board recognizes the need for Lembaga Tabung Angkatan Tentera to communicate accurate information on the performance of LTAT and other matters involving the interest of the contributors. Among the methods used by LTAT to communicate with the contributors on LTAT's activities and financial performance are through Annual Reports, Members' Contribution Statement, Customers' Care Program, Press Statements, Official Portal, Briefings, Social Media (Facebook, Twitter, Instagram) and other announcements through the media.

### BOARD OF DIRECTORS RESPONSIBILITIES ON FINANCIAL REPORTING

The Board of Directors is responsible in ensuring that the Financial Statements is prepared in compliance with the applicable and approved accounting standards that give a fair and true picture of LTAT's and Group's financial performances. This includes the results and Cash Flow Statements of LTAT and its Group for the current financial year. The Board shall ensure that the process of preparing the Financial Statements is founded on a going concern basis, based on reasonable assumptions and sufficient sources for LTAT and its Group to continue operations for a specific period of time. The Board of Directors is also fully responsible for taking steps to ensure the safety of the Group's assets and reducing the operational and financial risks.

## Statement Of Corporate Governance

### INTERNAL CONTROL

The Board of Directors has taken the responsibility to identify, evaluate and review the adequacy and effectiveness of the internal control system in LTAT to ensure compliance with laws, regulations and relevant guidelines. Information on the internal control system in LTAT is presented in the Statement of Internal Control in the Annual Report, giving a complete overview regarding the status of LTAT's internal control.

## Statement Of Corporate Governance

### DATE OF THE BOARD OF DIRECTORS MEETINGS

DATE	TIME
Meeting 1/2017 - Wednesday, 8 March 2017	9.30 am
Special Meeting 1/2017 - Friday, 26 May 2017	9.00 am
Special Meeting 2/2017 - Thursday, 1 June 2017	9.00 am
Meeting 2/2017 - Tuesday, 13 June 2017	9.30 am
Meeting 3/2017 - Thursday, 12 October 2017	2.30 pm
Meeting 4/2017 - Friday, 15 December 2017	9.30 am

### ATTENDANCE OF MEETING OF THE BOARD OF DIRECTORS

NAME OF THE BOARD OF DIRECTORS	ATTENDANCE 2017
Chairman <b>YBhg. Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)</b>	6 out of 6 meetings
<b>YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi</b> Secretary General to the Ministry of Defence	3 out of 6 meetings
<b>YBhg. Dato' Sri Dr. Mohd Isa Hussain</b> Deputy Secretary General to the Treasury (Investment) Malaysia	4 out of 6 meetings
<b>YM. Gen. Tan Sri Raja Mohamed Affandi bin Raja Mohamed Noor (Retired)</b> Chief of the Defence Forces	5 out of 6 meetings
<b>YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi</b> Deputy Chief of the Army	5 out of 6 meetings
<b>YBhg. Laksamana Madya Datuk Anuwi bin Hassan</b> Deputy Chief of the Navy	4 out of 6 meetings
<b>YBhg. Lt. Gen. Dato' Sri Ackbal bin Haji Abdul Samad RMAF</b> Deputy Chief of the Air Force	3 out of 6 meetings
<b>YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin</b> Chief Executive of LTAT (Ex-Officio)	6 out of 6 meetings
<b>YBhg. Dato' Sri Ghazali bin Mohd Ali</b>	6 out of 6 meetings

## Statement Of Corporate Governance

### DATE OF THE INVESTMENT PANEL MEETINGS

DATE	TIME
Meeting 1/2017 - Monday, 13 February 2017	9.30 am
Meeting 2/2017 - Tuesday, 6 June 2017	9.30 am
Meeting 3/2017 - Monday, 25 September 2017	9.30 am
Meeting 4/2017 - Monday, 27 November 2017	1.00 pm
Special Meeting 1/2017 - Friday, 15 December 2017	9.00 am

### ATTENDANCE OF MEETING OF THE INVESTMENT PANEL

NAME OF THE INVESTMENT PANEL	ATTENDANCE 2017
Chairman <b>YBhg. Gen. Tan Sri Datuk Amar (Dr.) Mohd Ghazali bin Dato' Mohd Seth (Retired)</b>	5 out of 5 meetings
<b>YM. Gen. Tan Sri Raja Mohamed Affandi bin Raja Mohamed Noor (Retired)</b> Chief of the Defence Forces	4 out of 5 meetings
<b>YBhg. Dato' Sri Dr. Mohd Isa Hussain</b> Deputy Secretary General to the Treasury (Investment) Malaysia	4 out of 5 meetings
<b>YBhg. Dato' Abdul Aziz bin Ibrahim</b>	5 out of 5 meetings
<b>Encik Mohd Suffian bin Haron</b>	5 out of 5 meetings

# Statement Of Internal Control

## RESPONSIBILITY

The Board of Directors acknowledges its responsibility towards maintaining a sound and effective system of internal control. The internal control system of LTAT serves to manage, rather than eliminate the risk of failure to absolutely achieve organizational objectives. It can therefore, only provide reasonable but not absolute assurance of the effectiveness of the organization and against material misstatement or visible loss.

## KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the internal control of LTAT are as follows:

- Clearly defined terms of reference that outlines the role and responsibilities of the Board of Directors, Executive Committee and Investment Panel;
- Clearly defined organizational structure that outlines the authority limits and lines of responsibilities at all levels to ensure accountability for risk management and control;
- Regular Board, Executive Committee and Investment Panel meetings to evaluate performance and to identify, discuss and resolve significant matters on risk management, administration, finance and investments;
- The responsibilities of the Board of Directors, Executive Committee and Investment Panel are noted in the Statement on Corporate Governance;
- Regular Audit Committee meetings are held to review, evaluate and deliberate findings based on the internal audit reports and reports from the office of the Auditor General, concerning financial reports and the effectiveness of the internal control operation on LTAT's activities, which are subsequently presented to the Board for approval. Management is responsible for the follow up action on the respective findings;
- Management meetings held on weekly basis by the Chief Executive together with Senior Officers and Heads of Department focus on monitoring and evaluating the process of risk management, income performance, customer service, finance, administration, investments and quality systems;
- The Financial Procedures outline the overall policy and procedure pertaining to LTAT's management of financial and accounting matters to guide staff in their daily responsibilities and is updated regularly and when necessary;
- LTAT's Strategic Plan for every seven (7) years and the annual budget is prepared by the Management, reviewed by the Executive Committee and approved by the Board;
- Documented manual procedures and work instructions clearly outlining the internal control processes in carrying out LTAT's day to-day activities which are embedded in the ISO 9001:2015, ISO/IEC 20000-1:2011 and ISO/IEC 27001:2013 Quality Management System. These documents are reviewed, audited and updated regularly;
- A development and assessment system for staff's training program to ensure staff acquire the necessary training and are competent in discharging their duties and responsibilities;
- As part of its continuous effort to enhance corporate governance in the organization, LTAT has established a Whistleblowing Policy to further heighten the prevention and detection of wrongdoings, corruption, and misused of powers effectively;
- A comprehensive information communication system whereby monthly financial statement, reports from various investment companies of LTAT, Key Performance Indicators and any reports on the changes and weaknesses in the risk profile is reported regularly to the Management, Board of Directors, Executive Committee and Investment Panel;
- An Information Technology Security Policy that outlines the significant policies and procedures to ensure the protection of IT assets in terms of confidentiality, integrity and availability of information, data and its application in LTAT;

## Statement Of Internal Control

### KEY ELEMENTS OF INTERNAL CONTROL (continued)

- The implementation of Integrity Pact is to further strengthened the effort to enhance the integrity and transparency in LTAT's procurement;
- LTAT has appointed a representative from the Board of Directors and Certified Integrity Officer (CeIO) to strengthen the integrity management system and create a culture of good governance in LTAT, LTAT's wholly-owned Corporation and its group of companies; and
- LTAT has appointed a Chief Information Security Officer and Information and Communication Technology Security Officer, responsible to assist LTAT's Management to all matters relating to Information and Communication Technology (ICT) management system so that it was being implemented according to the standards and compliance with LTAT's ICT Security Policy to ensure contributors information are adequately protected.

### FUNCTIONS OF THE INTERNAL AUDIT AND INTEGRITY DEPARTMENT

The main function of the Internal Audit and Integrity Department is to provide the Board with the assurance it requires regarding the adequacy, effectiveness and integrity of the internal control system.

The function of internal audit is to review the internal control in key activities of LTAT and its Group based on the Annual Internal Audit Plan which is presented to the Audit Committee for approval. The internal audit process adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of business units. Internal Audit also serves to review the level of compliance on LTAT's policy, procedures, guidelines as well as rules and regulations.

The internal audit reports are reviewed by the Audit Committee. The Management is responsible for ensuring that corrective actions to address the weaknesses that has been reported are taken within the required time frame. The Audit Committee has full access to both internal auditors and auditors from the office of the Auditor General.

### RISK MANAGEMENT

LTAT is truly committed to ensure that the Risk Management Framework plays a key role in establishing good corporate governance practices in LTAT. As such, LTAT has established a Risk Management Framework in order for risks to be accounted for in all decision making processes and ensuring that reasonable steps are taken to minimize exposure to risks after the identification of such risks.

In relation to this, LTAT has set up a Risk Management Committee at the highest level and a risk unit in every department. A Risk Department was also set up to ensure effective management of risk. In view of greater challenges ahead, LTAT continues to tighten its monitoring of every risk situation and to scrutinize each one closely to ensure that appropriate risk management steps are taken.

### MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF INTERNAL CONTROL SYSTEM

The processes of monitoring and review of the adequacy and integrity of LTAT's internal control system include:

- Continuous deliberation and follow-up action geared towards improvement by the Chief Executive, Senior Officers and Heads of Department in the weekly Management meetings on the internal control system and risk management;
- Regular confirmation by the Chief Executive and the Board on the effectiveness of the internal control system on a yearly basis in the annual financial report;
- Periodic examination on the compliance of internal control procedures and regular reviews of all findings and recommendations of the internal audit function by the Audit Committee in its regular meetings;
- Proof of compliance of quality management system standards through the ISO 9001:2015 Certification and IT service management system for internal customer through ISO/ IEC 20000-1:2011 Certification by Lloyd's Register Quality Assurance and Information Security Management System through ISO/IEC 27001:2013 Certification by SIRIM QAS International Sdn. Bhd., an auditor authorized by the Government; and

## Statement Of Internal Control

### MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF INTERNAL CONTROL SYSTEM (continued)

- Confirmation from the Office of the Auditor General through the Auditor General's Certificate on Financial and Management Reports.

The management will continue to take measures to strengthen the internal control environment of LTAT.

### CONCLUSION

For the year 2017, no material losses incurred as a result of weaknesses in the internal control of LTAT and its Group.

The internal control system of LTAT and its Group covers risk management and financial, operational and compliance controls. Except for insurable risks where insurance covers can be purchased, other significant risks faced by the Group (excluding associated companies) are reported to and managed by the respective Boards. The Board's opinion is that the internal control system of LTAT and its Group is sound and sufficient to safeguard shareholders' investment, customers' interests and the Group's assets.

## MEMBERS OF LTAT'S BOARD OF DIRECTORS, INVESTMENT PANEL, EXECUTIVE COMMITTEE, AUDIT COMMITTEE AND MANAGEMENT TEAM

### BOARD OF DIRECTORS



#### Sitting from left

**YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi**  
(Deputy Chairman)

**YBhg. Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)**  
(Chairman)

**YM Gen. Tan Sri Raja Mohamed Affandi bin Raja Mohamed Noor (Retired)**  
(Chief of the Defence Forces)

#### Standing from left

**YBhg. Datuk Zakaria bin Sharif**  
(Deputy Chief Executive)

**YBhg. Dato' Sri Ghazali bin Mohd Ali**

**YBhg. Lt. Gen. Dato' Sri Ackbal bin Haji Abdul Samad RMAF**  
(Deputy Chief of the Air Force)

**YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**  
(Deputy Chief of the Army)

**YBhg. Laksamana Madya Datuk Anuwi bin Hassan**  
(Deputy Chief of the Navy)

**YBhg. Dato' Sri Dr. Mohd Isa Hussain**  
(Deputy Secretary General to the Treasury (Investment Malaysia))

**YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin**  
(Chief Executive)

## BOARD OF DIRECTORS

### Chairman

**YB. Senator Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)**

P.G.A.T., P.M.N., P.S.A.T., P.S.D., S.J.M.K., S.S.A.P., S.S.I.S., S.P.T.S., D.H.M.S., D.C.S.M., D.P.M.S., D.P.T.S., P.A.T., J.S.M., J.S.D., P.M.P., K.A.T., K.M.N., B.K.T., D.P.K.T (Brunei), OLH (France), OMRI (Italy), Yudha Dharma Utama (Indonesia), White Elephant, First Class Knight Grand Cross (Thailand), PLH (Philippines), NI(M) (Pakistan), LOM (USA), P.P.S., P.P.A., MSc EBM (Warwick), jssc, psc (until 11 March 2018)

### Deputy Chairman

**YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi**

S.S.A.P., D.I.M.P., A.M.N.  
*Secretary General to the Ministry of Defence*  
(until 31 May 2018)

**Deputy Secretary General to the Treasury (Investment) Malaysia**

**YBhg. Dato' Sri Dr. Mohd Isa Hussain**

S.S.A.P., D.I.M.P., S.D.K.  
(until 10 March 2018)

### Members Representing Contributors

**YM Gen. Tan Sri Raja Mohamed Affandi bin Raja Mohamed Noor (Retired)**

P.G.A.T., P.M.N., P.S.M., P.J.N., S.S.A.P., S.P.T.S., S.P.M.T., S.P.M.S., S.P.M.K., S.P.K.K., D.P.P.N., D.C.S.M., P.S.A.T., D.S.A.P., D.G.M.K., D.S.D.K., D.M.P.N., P.A.T., J.S.M., S.M.Z., K.A.T., K.M.N., P.N.B.B (Moz), ndc, mpat, psc, MDef Studies (UNSW), MSc Strat and Def Studies (QAU)  
*Chief of the Defence Forces*  
(until 19 June 2018)

**YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**

P.J.N., S.P.T.S., D.C.S.M., P.S.A.T., D.G.M.K., D.P.M.K., D.S.A.P., D.P.M.S., P.A.T., J.S.M., K.A.T., K.M.N., A.M.K., P.J.M., P.P.S., usawc, mpat, plsc (Canada), MA (Lancaster), MSS (USAWC)  
*Deputy Chief of the Army*  
(until 2 September 2018)

**YBhg. Laksamana Madya Datuk Anuwi bin Hassan**  
P.J.N., P.S.A.T., D.I.M.P., P.A.T., J.S.M., S.M.T., K.A.T., K.M.N., A.M.T., P.J.M., P.P.S., P.P.A., MSc (UK), ndc (Thailand)

*Deputy Chief of the Navy*  
(until 12 July 2018)

**YBhg. Lt. Gen. Dato' Sri Ackbal bin Haji Abdul Samad RMAF**

P.J.N., S.S.A.P., S.I.M.P., P.S.A.T., D.S.A.P., D.I.M.P., P.A.T., J.S.M., S.A.P., S.M.P., K.A.T., A.M.N., A.A.P., P.J.M., P.P.S., P.P.A., dssc (Aust), psc (NZ), tp (UK), TUDM

*Deputy Chief of the Air Force*

### Members Appointed by Minister

**YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin**

P.S.M., S.P.M.P., S.P.S.K., D.S.A.P., D.P.M.P., K.M.N., S.M.P., P.M.P., A.S.K., A.M.P., P.P.T., Chevalier de la Legion d'Honneur, Hon. LL.D (University of Nottingham-UK)

*Chief Executive (Ex-Officio)*  
(until 6 September 2018)

**YBhg. Dato' Sri Ghazali bin Mohd Ali**

S.S.A.P., D.I.M.P.  
(until 31 August 2018)

## INVESTMENT PANEL



### Sitting from left

**YM Gen. Tan Sri Raja Mohamed Affandi bin Raja Mohamed Noor (Retired)**  
(Chief of the Defence Forces)

**YBhg. Gen. Tan Sri Datuk Amar (Dr.) Mohd Ghazali bin Dato' Mohd Seth (Retired)**  
(Chairman of Investment Panel)

**YBhg. Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)**  
(Chairman of LTAT)

### Standing from left

**YBhg. Datuk Zakaria bin Sharif**  
(Deputy Chief Executive)

**Encik Mohd Suffian bin Haron**

**YBhg. Dato' Sri Dr. Mohd Isa Hussain**  
(Deputy Secretary General to the Treasury (Investment) Malaysia)

**YBhg. Dato' Abdul Aziz bin Ibrahim**

**YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin**  
(Chief Executive)

## INVESTMENT PANEL

### Chairman

**YBhg. Gen. Tan Sri Datuk Amar (Dr.) Mohd Ghazali bin Dato' Mohd Seth (Retired)**

P.G.A.T., P.M.N., P.S.M., S.P.M.J., S.I.M.P., D.A., D.H.M.S., P.N.B.S., J.M.N., P.P.C., jssc, psc.

### Members

**YM Gen. Tan Sri Raja Mohamed Affandi bin Raja Mohamed Noor (Retired)**

P.G.A.T., P.M.N., P.S.M., P.J.N., S.S.A.P., S.P.T.S., S.P.M.T., S.P.M.S., S.P.M.K., S.P.K.K., D.P.P.N., D.C.S.M., P.S.A.T., D.S.A.P., D.G.M.K., D.S.D.K., D.M.P.N., P.A.T., J.S.M., S.M.Z., K.A.T., K.M.N., P.N.B.B (Moz), ndc, mpat, psc, MDef Studies (UNSW), MSc Strat and Def Studies (QAU)  
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(until 19 June 2018)

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S.S.A.P., D.I.M.P., S.D.K.  
*Deputy Secretary General to the Treasury (Investment) Malaysia*  
(until 10 March 2018)

**YBhg. Dato' Abdul Aziz bin Ibrahim**

D.P.M.T., S.M.T.  
(until 31 August 2018)

**Encik Mohd Suffian bin Haron**

## EXECUTIVE COMMITTEE

### Chairman

**YBhg. Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)**

P.G.A.T., P.M.N., P.S.A.T., P.S.D., S.J.M.K., S.S.A.P., S.S.I.S., S.P.T.S., D.H.M.S., D.C.S.M., D.P.M.S., D.P.T.S., P.A.T., J.S.M., J.S.D., P.M.P., K.A.T., K.M.N., B.K.T., D.P.K.T (Brunei), OLH (France), OMRI (Italy), Yudha Dharma Utama (Indonesia), White Elephant, First Class Knight Grand Cross (Thailand), PLH (Philippines), NI(M) (Pakistan), LOM (USA), P.P.S., P.P.A., MSc EBM (Warwick), jssc, psc  
(until 11 March 2018)

### Members

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S.S.A.P., D.I.M.P., A.M.N.  
*Secretary General to the Ministry of Defence*  
(until 31 May 2018)

**YBhg. Dato' Sri Dr. Mohd Isa Hussain**

S.S.A.P., D.I.M.P., S.D.K.  
*Deputy Secretary General to the Treasury (Investment) Malaysia*  
(until 10 March 2018)

**YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**

P.J.N., S.P.T.S., D.C.S.M., P.S.A.T., D.G.M.K., D.P.M.K., D.S.A.P., D.P.M.S., P.A.T., J.S.M., K.A.T., K.M.N., A.M.K., P.J.M., P.P.S., usawc, mpat, plsc (Canada), MA (Lancaster), MSS (USAWC)  
*Deputy Chief of the Army*  
(until 2 September 2018)

## AUDIT COMMITTEE

### Chairman

#### **YBhg. Laksamana Tan Sri Dato' Setia Mohd Anwar bin Haji Mohd Nor (Retired)**

P.G.A.T., P.M.N., P.S.A.T., P.S.D., S.J.M.K., S.S.A.P., S.S.I.S., S.P.T.S., D.H.M.S., D.C.S.M., D.P.M.S., D.P.T.S., P.A.T., J.S.M., J.S.D., P.M.P., K.A.T., K.M.N., B.K.T., D.P.K.T (Brunei), OLH (France), OMRI (Italy), Yudha Dharma Utama (Indonesia), White Elephant, First Class Knight Grand Cross (Thailand), PLH (Philippines), NI(M) (Pakistan), LOM (USA), P.P.S., P.P.A., MSc EBm (Warwick), jssc, psc (until 11 March 2018)

### Members

#### **YBhg. Dato' Sri Abdul Rahim bin Mohamad Radzi**

S.S.A.P., D.I.M.P., A.M.N.  
*Secretary General to the Ministry of Defence*  
(until 31 May 2018)

#### **YBhg. Dato' Sri Dr. Mohd Isa Hussain**

S.S.A.P., D.I.M.P., S.D.K.  
*Deputy Secretary General to the Treasury (Investment Malaysia)*  
(until 10 March 2018)

#### **YBhg. Lt. Gen. Dato' Seri Panglima Ahmad Hasbullah bin Haji Mohd Nawawi**

P.J.N., S.P.T.S., D.C.S.M., P.S.A.T., D.G.M.K., D.P.M.K., D.S.A.P., D.P.M.S., P.A.T., J.S.M., K.A.T., K.M.N., A.M.K., P.J.M., P.P.S., usawc, mpat, plsc (Canada), MA (Lancaster), MSS (USAWC)  
*Deputy Chief of the Army*  
(until 2 September 2018)

## MANAGEMENT TEAM

### Chief Executive

#### **YBhg. Tan Sri Dato' Seri Lodin bin Wok Kamaruddin**

P.S.M., S.P.M.P., S.P.S.K., D.S.A.P., D.P.M.P., K.M.N., S.M.P., P.M.P., A.S.K., A.M.P., P.P.T., Chevalier de la Legion d'Honneur, Hon. LL.D (University of Nottingham-UK)  
(until 6 September 2018)

### Deputy Chief Executive

#### **YBhg. Datuk Zakaria bin Sharif**

D.M.S.M., K.M.N.

### General Manager (Operation)

**Tuan Haji Mohd Yunus bin Ahmad**  
A.M.N.

### General Manager Investment (Asset Management)

**Puan Hajah Saira Banu binti Chara Din**  
A.M.N.

### General Manager Investment (Investment Development)

**Encik Zairuddy bin Zainal**

### Assistant General Manager Investment (Investment Development)

**Tuan Haji Khairul Anwar bin Ismail**

### Assistant General Manager (Finance)

**Encik Musa bin Bachik**

### Assistant General Manager (Strategic Planning & Quality Implementation)

**Tuan Haji Jasni bin Sami**

### Assistant General Manager (Risk Management)

**Encik Abdul Shukur bin Aziz**

### Assistant General Manager (Corporate & Customer Affairs)

**Tuan Haji Zulkifli bin Ismail**

### Assistant General Manager (Processing & Information Technology Manager)

**Tuan Haji Ahmad Shakif bin Mohd Nawi**

### Assistant General Manager (Internal Audit and Integrity)

**Puan Putri Rozita binti Abdul Rahman**  
A.M.N.

### Human Resource & Administration Manager

**Puan Hajah Noorlaily binti Ibrahim**

### Finance Manager

**Puan Hajah Rohaidah binti Abdullah**

### Investment Manager (Asset Management)

**Puan Hajah Rahaya binti Jaafar**

### Investment Manager (Investment Development)

**Encik Ahmad Shahril bin Mohamed Nazar**

### Internal Audit Manager

**Encik Salahuddin bin Md Sah**

### Finance Manager

**Puan Norzahira binti Hashim**



# Chairman's Review



## Chairman's Review

In 2017, Malaysian economy recorded a robust growth of 5.9% as compared to 4.2% in 2016 supported by faster expansion in both private and public sector demand. In addition, the turnaround in crude oil prices and the strengthening of the Malaysian ringgit against the US dollar contributed positively to the nation's economic growth. Meanwhile, global economy recorded a growth of 3.6% as compared to 3.2% in the previous year supported by higher growth in advanced, developed and emerging countries.

Against this economic backdrop, I am pleased to present the forty-fifth Annual Report and Financial Statement of Lembaga Tabung Angkatan Tentera (LTAT) and the thirty-sixth Financial Statement of the LTAT Group for the financial year ended 31 December 2017.

### PERFORMANCE REVIEW

For the financial year ended 31 December 2017, LTAT recorded a net profit of RM662.2 million, an increase of 11.3% compared to RM595.0 million achieved in the previous year. However for the year, LTAT registered a lower gross income of RM731.2 million, a decrease of 9.8% compared to RM811.0 million achieved in the previous year.

For the two years 2016 and 2017, LTAT experienced higher members' withdrawals as compared to contributions received. In 2017, contributions received amounted to RM870.3 million compared to withdrawals of RM1.2 billion, while in 2016, the contributions received amounted to RM820.8 million as compared to withdrawals of RM1.8 billion. The net withdrawal over contributions received of a total of RM1.3 billion in 2016 and 2017 impacted on the cash flow as well as investment income of LTAT.

For 2017, LTAT's dividend income which was mainly derived from investments in subsidiary and associate companies as well as investments in companies listed on Bursa Malaysia, totalled RM399.2 million, a decrease of 14.2% as compared to RM465.4 million received in 2016.

Profit from trading in shares contributed RM32.4 million, an increase of 113.2% compared with RM15.2 million in 2016. The strong upward momentum of the domestic equity market on a back of positive economic growth and the strengthening of the ringgit in 2017 contributed positively to LTAT's trading activity.

For the year under review, income from LTAT's investments in Medium Term Notes, Sukuk Al-Musyarakah and interest received from advances made to its corporation amounted to RM31.5 million, 11.8% lower compared to RM35.6 million in the previous year.

Rental income received for 2017 was RM32.2 million, a slight increase of 0.9% as compared to RM31.9 million received in 2016.

LTAT's investment returns from its portfolio managers registered an increase of 69.5% due to strong performance of the domestic equity market. Total income from LTAT's held for trading securities and 7 external portfolio managers amounted to RM20.4 million for the year under review, as compared to RM12.1 million in 2016.

For the year under review, income from short-term deposits and money market placements amounted to RM1.9 million, a decrease of 72.1% as compared to RM6.8 million received in the previous year. In 2017, LTAT had to liquidate some of its deposits to meet its financial commitments for the year. In 2017, LTAT recorded a profit of RM202.7 million from the sale of land in Bukit Jalil, Kuala Lumpur and RM10.9 million from other income.

### *Dividend And Bonus*

For 2017, LTAT declared a dividend and special bonus of 12.5% which comprise of 6.0% dividend and 6.5% special bonus in the form of unit trust to active members which is an increase of 0.5% as compared to 12.0% paid in 2016. Total dividend and special bonus payout amounted to RM686.8 million as compared to RM685.5 million paid for 2016. The rate is higher than the average rate of dividend and bonus of 11.3% per annum declared since LTAT's establishment in 1972.

## Chairman's Review

### PERFORMANCE REVIEW (continued)

#### Appropriation Of Profit

Total profit available for distribution for the financial year ended 31 December 2017 amounted to RM956.2 million. This is made up of RM662.2 million in net profit for the year and accumulated profit as at 1 January 2017 of RM294.0 million. A detailed breakdown of profit distributed is as follows:

	RM MILLION	RM MILLION
Balance as at 1 January 2017		294.0
Net profit for the year		662.2
<b>Total accumulated profit before appropriation for the year</b>		<b>956.2</b>
<b>LESS:</b>		
<b>Appropriation:</b>		
Transfer to Reserve Fund	(3.4)	
Dividend @ 6%	(498.4)	
Special Dividend (unit trust) @ 6.5%	(188.4)	
Death and Disablement Benefit Scheme	(6.0)	<b>(696.2)</b>
<b>Accumulated profit after appropriation as at 31 December 2017</b>		<b>260.0</b>

### INVESTMENT

For the financial year under review, LTAT invested RM266.1 million in various companies, which comprise of RM232.3 million in existing subsidiary companies, RM25.4 million in shares of companies under the Available For Sale securities portfolio and RM8.4 million in new associate companies.

As at 31 December 2017, LTAT's total investments stood at RM8.7 billion, a decrease of 1.1% as compared to RM8.8 billion in the previous year, of which RM5.0 billion was invested in subsidiary companies, RM210.0 million in associate companies, RM123.0 million in LTAT's Corporations and RM1.7 billion in other investments including shares of companies listed on Bursa Malaysia, unquoted shares, redeemable cumulative preference shares and funds placed out to external portfolio managers. LTAT also invested a total of RM1.1 billion in the property sector, RM418.0 million in Medium Term Notes and Junior Sukuk Al-Musyarakah while investments in deposits totalled RM130.1 million.

### Money Market

In 2017, LTAT invested RM104.2 million in conventional commercial bills, RM5.0 million in Islamic banking or Al-Wadiah and RM20.9 million as deposits by 7 portfolio managers. In the year under review, LTAT's total investment in fixed deposits, short-term deposits and money market instruments totalled RM130.1 million, a decrease of 22.5% as compared to RM167.8 million in 2016.

### Assets

As at 31 December 2017, LTAT's total asset stood at RM10.1 billion, an increase of 5.2% as compared to RM9.6 billion in 2016. However, the accumulated profit after appropriation for the year decreased by 11.6% to RM260.0 million as compared to RM294.0 million in the previous year.

## Chairman's Review

### GROUP PERFORMANCE

The Group registered RM2.0 billion in profit before tax and zakat for the financial year 2017, an increase of 33.3% compared with RM1.5 billion in the previous year. The Group's total assets grew by 2.9% to RM91.7 billion compared with RM89.1 billion recorded in the previous year.

### MEMBERS CONTRIBUTION ACCOUNT

#### *Members' Contribution*

Total members' contribution received in 2017 increased by 6.0% to RM870.3 million as compared to RM820.8 million in 2016. The cumulative balance of members' contribution as at 31 December 2017 stood at RM8.8 billion, an increase of 2.0% as compared to RM8.6 billion in 2016.

#### *End of Service Withdrawal*

In 2017, a total of 8,322 withdrawals were made by members who completed their services with the Armed Forces, amounting to RM1.2 billion, a decrease of 33.8% as compared to RM1.8 billion paid to 11,179 members in 2016.

#### *Housing Withdrawal*

During the year under review, a total of 2,401 members made housing withdrawals amounting to RM20.1 million, an increase of 26.4% compared with RM15.9 million withdrawn by 1,952 members in 2016.

#### *Death and Disablement Benefits Scheme*

Under the Death and Disablement Benefits Scheme, LTAT made a total payment of RM6.0 million to 183 recipients during the year under review, a decrease of 19.7% as compared to RM7.5 million paid to 225 recipients in 2016. A total of RM4.6 million was paid to 143 beneficiaries of members under the Death Benefits Scheme and RM1.4 million was paid to 40 members under the Disablement Benefits Scheme.

### LTAT'S CORPORATIONS

#### *Perbadanan Perwira Niaga Malaysia (PERNAMA)*

**PERNAMA**, LTAT's first wholly-owned corporation, was established under Section 23 of the Tabung Angkatan Tentera Act 1973 (Act 101) to undertake activities related to retailing, wholesaling, distribution, import and export, hire purchase of goods and provision of management services.

In 2017, PERNAMA recorded revenue of RM401.2 million, a decrease of 10.0% as compared to RM446.0 million in 2016. PERNAMA registered a profit before tax amounting to RM22.6 million, a decrease of 35.7% as compared to RM35.2 million in the previous year.

For the reporting year, PERNAMA paid a total dividend of RM30.0 million or 30.0% to LTAT.

#### *Perbadanan Perwira Harta Malaysia (PPHM)*

**PPHM**, another wholly-owned corporation of LTAT, was established with the objective of undertaking property development which includes developing housing scheme, managing construction projects and participating in construction contract.

For the financial year ended 31 December 2017, PPHM operating revenue was registered at RM21.5 million, a decrease of 3.6% compared to RM22.3 million in 2016. The revenue were mainly contributed from contractual work amounting to RM10.3 million, project management fees amounting to RM10.5 million, building maintenance amounting to RM0.2 million, insurance commission amounting to RM0.2 million, interest from bank deposits amounting to RM0.2 million and other income amounting to RM0.07 million.

During the year, PPHM continued the construction works for the relocation of the Royal Malaysian Air Force (RMAF) facilities in Sungai Besi, Kuala Lumpur for Bandar Malaysia Sdn Bhd. There are 9 relocation sites comprising of 7 RMAF and Army camps and 2 Royal Malaysian Police Air Wing bases. Pangkalan TUDM Sendayan, Negeri Sembilan is one of the 9 sites where a new RMAF air base is being built equipped with modern, state of the art facilities for training purposes.

## Chairman's Review

### LTAT'S CORPORATIONS (continued)

#### ***Perbadanan Perwira Harta Malaysia (PPHM) (continued)***

Pangkalan TUDM Sendayan was officially launched on 16 March 2018. The relocation of the RMAF staff and their families from Pangkalan Udara Kuala Lumpur will be done in stages and is expected to be completed in August 2018.

In 2017, PPHM paid a total dividend of 35.0% or RM8.1 million to LTAT as compared to 70.0% or RM16.1 million paid in the previous year.

#### ***Perbadanan Hal Ehwal Bekas Angkatan Tentera (PERHEBAT)***

**PERHEBAT**, the third wholly-owned corporation of LTAT was incorporated on 25 August 1994 to undertake various training and socio-economic programmes for retiring Armed Forces personnel and veterans. In 2017, PERHEBAT received a grant of RM27.0 million to finance its operation and RM12.4 million special allocation for *Skim Pembiayaan Mikro Usahawan Veteran ATM* (SPM-UV-ATM) from the government.

During the reporting year, PERHEBAT provided skill training to 8,135 retiring Armed Forces personnel and veterans compared with 8,814 personnel in the previous year due to lesser number of ATM members who retired from service in 2017.

For the Veterans' Socio-economic Development Programme (PPSEV), a total of 1,439 non-pensionable Armed Forces veterans attended various programmes on entrepreneurship and job placements organized by PERHEBAT as compared to 1,577 in the previous year.

### **BENEFITS, SERVICES AND FACILITIES**

LTAT is committed to improving and strengthening our delivery services to the contributors by undertaking the following initiatives:

#### ***e-Kiosk***

LTAT has an extensive network of e-Kiosks which provide members with accurate and up-to-date information on their contribution accounts. The e-Kiosk also allows members to update fingerprints, to name beneficiaries as well as obtain comprehensive details on withdrawals.

To-date, a total of 77 e-Kiosk machines are in operation nationwide, providing members with easy access at the touch of a button.

#### ***i-Wira System***

In supporting the government's vision to transform 2017 into the year of digital economy for the country, LTAT has introduced an online system known as i-Wira as an alternative to services made available at e-Kiosk. The system allows contributors to review the latest information about their statements, to name beneficiaries and to obtain information on unit holdings of Affin Hwang Unit Trust as well as transaction records of their withdrawals. The system also allows contributors to make online complaints, inquiries or suggestions.

#### ***'Sehari Bersama Pelanggan' Programme***

In 2017, LTAT successfully organised 137 briefing programmes on LTAT's activities for members at military camps throughout the nation which exceeded our initial target of 130.

#### ***Quality Management***

In 2017, LTAT successfully made a transition to ISO 9001:2015 Quality Management System certifications for its activities under the ISO scope of Provision of Superannuation Fund Scheme for members of the Malaysian Armed Forces. LTAT also successfully renewed its ISO/IEC 20000-1:2011 certification under Information Technology (IT) Service Management for LTAT's internal customers and ISO/IEC 27001:2013 Information Security Management System (ISMS) certification by SIRIM QAS International under Member's Contribution Management by using the Integrated Member's Contribution System (SCAB).

## Chairman's Review

### **Quality Management (continued)**

During the year, LTAT was awarded the Financial Management Performance Accountability Index Award 2016 with a five-star rating by the National Audit Department. This prestigious award is a recognition for the initiative and commitment of LTAT in practising the best financial management as well as its efforts to continuously improve service quality and good corporate governance practices.

### **Additional Benefits to Non-Pensionable Veterans**

#### **Veteran Annuity Scheme (SAVe) to Non-pensionable Veteran**

In 2017, amendment to Act 101 was made to establish a new scheme known as the Veteran Annuity Scheme (SAVe) for the benefit of armed forces members who have completed less than 21 years of service. SAVe is a scheme to provide a reasonable monthly income to non-pensionable members by retaining and investing his government's contributions in LTAT once he has been discharged from the military service. The Government's contribution will be managed and invested by LTAT and the return on the investment will be paid to SAVe participants on a monthly basis.

The implementation of the scheme would ensure that the welfare of the veterans would continue to be looked after by the government in recognition of their selfless contribution to the country. Effective from 1 November 2017, armed force personnel who are in service and leaving the service on or after 1 November 2017 are given the option to participate in the scheme. The scheme will be mandatory for those joining the services on or after 1 November 2017.

#### **Bantuan Bakti Negara (BBN)**

In 2017 under the Bantuan Bakti Negara (BBN) scheme, through LTAT the government has started paying RM1,200 annually to non-pensionable veterans who are BR1M recipients. For non-pensionable veterans who are not recipients of BR1M and 60 years and above of age, they receive RM600 annually. To-date, LTAT has made payment to 43,605 recipients amounting to RM52.1 million. This program is a government initiative to assist non-pensionable veterans to cope with increasing cost of living.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In 2017, LTAT continued to provide various CSR initiatives to members of the Armed Forces and their families which include programmes for training, education, welfare, affordable home ownership and scholarships to eligible children of members of the Armed Forces and veterans as follows:

#### **Scholarship and Academic Excellence Award**

In 2017, Yayasan LTAT disbursed a total of RM3.2 million in scholarships and Academic Excellence Award to 2,773 children of the Armed Forces personnel who performed well in their academic studies.

#### **Financial Assistance to ATM Veterans**

During the year, LTAT and Yayasan LTAT provided financial assistance totalling RM231,000 to 70 eligible members of the Malaysian Armed Forces Veterans Association and widows.

#### **Affordable Housing Programme**

To-date, LTAT through its subsidiary, PPHM and its group of companies have successfully built and sold 1,888 units of affordable houses in Taman LTAT Bukit Jalil, Kuala Lumpur; Mutiara Rini, Johor and Mutiara Damansara, Selangor to eligible Armed Forces personnel and veterans.

In 2017, LTAT through PPHM started the construction of 2,000 units of houses, in collaboration with Malaysia Civil Servants Housing Project (PPAM) at Bukit Jalil, Kuala Lumpur which are expected to be ready at the end of 2018 and the building of 304 units of houses in Bandar Segari, Perak which is expected to be completed at end of 2019, for sale to eligible members of the Armed Forces and veterans.

#### **Other Contributions**

LTAT through Yayasan LTAT, has donated RM5.0 million for the construction of a hostel located at the International Islamic University Malaysia (IIUM) campus in Gombak, Selangor and is in discussion with Universiti Teknologi Mara (UiTM) to finance the construction of a hostel located at Puncak Alam Campus, Selangor amounting to RM6.0 million. Rental income from these hostels will go towards funding scholarship programmes to eligible

## Chairman's Review

### CORPORATE SOCIAL RESPONSIBILITY (CSR) (continued)

#### Other Contributions (continued)

students of members of the Armed Forces and veterans for studies at these two universities. To-date, 28 children of Armed Forces personnel and veteran have benefited from this programme.

In 2017, the LTAT Group has agreed to provide financing for the construction of Wisma Bintara complex at Jalan Padang Tembak, Kuala Lumpur at an estimated cost of RM30.0 million. This complex is for use by Malaysian Armed Forces Bintara members consisting of Non Commissioned Officer (NCO) ranking from Sergeant to First Warrant Officer and is expected to complete by 2019.

In 2017, LTAT has also agreed to fund the Chair for Leadership Study Programme amounting to RM1.0 million at the Universiti Pertahanan Nasional Malaysia (UPNM) from 2016 to 2018. LTAT also contributed RM1.1 million to finance various ATM's welfare programme including National Warriors' Day Fund and Hari Raya contribution.

In 2017, LTAT also paid zakat amounting to RM350,000 to the Tabung Zakat ATM.

In line with PERNAMA Transformation Programme,

an additional 25 categories of consumer products are offered at all PERNAMA shops at below market prices to members of the Armed Forces, veterans and their families making it a total of 50 categories to assist armed forces members to cope with rising cost of living. In 2017, a total of RM10.9 million was spent by PERNAMA to subsidise this program.

To-date, under its various CSR programmes, LTAT and its group of companies as well as Yayasan LTAT have spent RM419.3 million on various scholarships and welfare programmes for more than 134,600 eligible serving members of the Armed Forces, veterans and their families.

#### Human Capital Development

In 2017, LTAT implemented 33 training programs based on continuous learning and competencies development to improve the knowledge, attitude and skills of its employees and as part of its on-going human capital development and succession planning.

LTAT also continued its involvement in the 1Malaysia Training Scheme (SL1M), as part of LTAT's CSR initiative supervised by SL1M Secretariat from the Economic Planning Unit of the Prime Minister's Department. The programme is an effort to enhance the employability of unemployed graduates. To-date, LTAT and its group of companies have trained 500 graduates in various professional fields.

### KEY PERFORMANCE INDICATORS

LTAT's key performance indicators for the financial year 2017 are as follows:

NO.	KEY PERFORMANCE INDICATORS	TARGET 2017	2017 ACHIEVEMENT
1.	Dividend, Bonus & Special Bonus to Contributors.	12.0%	12.5%
2.	Return on Investment.	8.0%	8.7%
3.	Customers' Satisfaction Index.	92.0%	96.0%
4.	Processing and payment of Members' Withdrawals & Payment under the Death and Disablement Benefits Scheme within 24 hours.	100.0%	100.0%
5.	Processing Housing Withdrawals within 24 hours.	100.0%	100.0%
6.	Cost to Income Ratio.	Not exceeding 6.0%	5.7%
7.	Financial & Management Report for 2017.	Clean Audit Certificate	Qualified Opinion

## Chairman's Review

### FUTURE PROSPECTS AND STRATEGY

The Board of Directors, Investment Panel and the Management of LTAT will continue to identify and participate in new and profitable investment as well as continue to review and restructure existing investments to ensure that they are safe and able to generate healthy return on a sustainable basis.

Malaysia's strong economic growth in 2017 was a manifestation of the government's capability in managing the nation's economy despite having to face various domestic challenges and uncertain global economic growth. The strength of the Ringgit and higher growth in export driven by stronger crude oil prices are expected to sustain the momentum of the nation's economic growth in 2018.

The global economic growth is expected to edge up to 3.7% in 2018 while Malaysian economy is projected to expand by 5.5% - 6.0% as compared to 5.9% in 2017. Private sector expenditure will remain the key driver of growth, underpinned mainly by private investment activities and consumption which are expected to register a marginal expansion of 8.9% and 6.8%, respectively.

LTAT is committed to contribute to the country's economic growth, implementing best corporate governance practices and managing the contributors' funds and assets entrusted to it in the most efficient and effective manner. LTAT will also continue to fulfill its corporate social responsibility through various CSR programs for the benefit of members of the Armed Forces, veterans and their families.

### APPRECIATION

On behalf of the Board of Directors, I would like to convey my deepest appreciation to all members of the Board, the Investment Panel, LTAT's management as well as staff members for their steadfast dedication, contributions and commitment in fulfilling the responsibilities entrusted to them in managing the Armed Forces funds effectively and efficiently.

I am also grateful for the continuous support from the Ministry of Defence, all government ministries and agencies, business organisations and individuals who have contributed to the success of Lembaga Tabung Angkatan Tentera.



**LAKSAMANA TAN SRI DATO' SETIA MOHD ANWAR BIN HAJI MOHD NOR (RETIRED)**  
Chairman

# 'Outcome And Impact' Assessment Report



## STATISTICS OF LTAT'S DIVIDEND & BONUS PAYMENT FOR THE YEAR 1973-2017

YEAR	DIVIDEND (%)	BONUS (%)	DIVIDEND + BONUS (%)	SPECIAL BONUS (%)	DIVIDEND + BONUS + SPECIAL BONUS (%)
1973	8.70	0.00	8.70	0.00	8.70
1974	7.00	0.00	7.00	0.00	7.00
1975	7.00	0.00	7.00	0.00	7.00
1976	7.00	0.00	7.00	0.00	7.00
1977	7.25	0.00	7.25	0.00	7.25
1978	7.25	0.00	7.25	0.00	7.25
1979	7.25	0.00	7.25	0.00	7.25
1980	8.00	0.00	8.00	0.00	8.00
1981	8.50	0.00	8.50	0.00	8.50
1982	8.50	0.50	9.00	0.00	9.00
1983	8.50	0.00	8.50	0.00	8.50
1984	8.75	0.00	8.75	0.00	8.75
1985	8.75	0.00	8.75	0.00	8.75
1986	8.00	0.00	8.00	0.00	8.00
1987	6.50	0.00	6.50	0.00	6.50
1988	6.50	0.00	6.50	0.00	6.50
1989	7.00	0.00	7.00	0.00	7.00
1990	7.00	0.50	7.50	0.00	7.50
1991	7.00	3.00	10.00	0.00	10.00
1992	7.00	4.00	11.00	0.00	11.00
1993	7.00	5.00	12.00	0.00	12.00
1994	7.00	6.00	13.00	0.00	13.00

## 'Outcome And Impact' Assessment Report



### STATISTICS OF LTAT'S DIVIDEND & BONUS PAYMENT FOR THE YEAR 1973-2017 (continued)

YEAR	DIVIDEND (%)	BONUS (%)	DIVIDEND + BONUS (%)	SPECIAL BONUS (%)	DIVIDEND + BONUS + SPECIAL BONUS (%)
1995	7.00	6.00	13.00	0.00	13.00
1996	7.00	6.25	13.25	5.00	18.25
1997	7.00	4.50	11.50	4.00	15.50
1998	7.00	3.50	10.50	3.00	13.50
1999	7.00	5.00	12.00	3.00	15.00
2000	7.00	3.00	10.00	3.00	13.00
2001	7.00	3.00	10.00	0.00	10.00
2002	7.00	3.00	10.00	0.00	10.00
2003	7.00	3.75	10.75	0.00	10.75
2004	7.00	3.75	10.75	5.00	15.75
2005	7.00	3.75	10.75	5.00	15.75
2006	7.00	3.00	10.00	5.00	15.00
2007	7.00	3.00	10.00	6.00	16.00
2008	7.00	3.00	10.00	6.00	16.00
2009	7.00	1.00	8.00	6.00	14.00
2010	7.00	1.00	8.00	6.00	14.00
2011	7.00	1.00	8.00	7.00	15.00
2012	7.00	1.00	8.00	8.00	16.00
2013	7.00	1.00	8.00	8.00	16.00
2014	7.00	1.00	8.00	7.00	15.00
2015	6.00	0.00	6.00	6.00	12.00
2016	6.00	0.00	6.00	6.00	12.00
2017	6.00	0.00	6.00	6.50	12.50

# 'Outcome And Impact' Assessment Report



## e-KIOSK DEVELOPMENT PROGRAMME

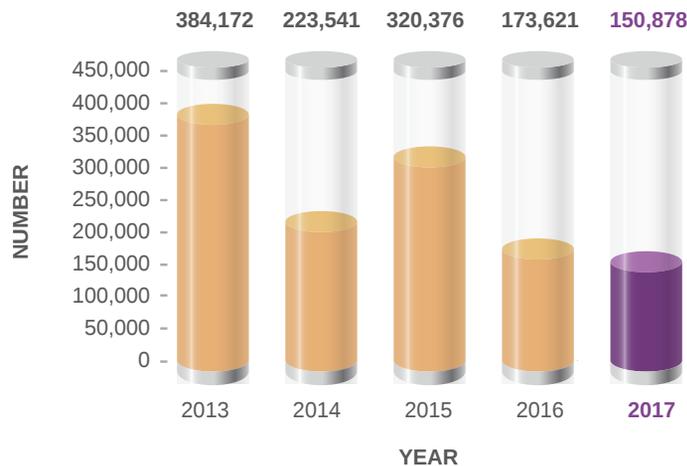
### SERVICES OFFERED

To obtain accurate and up-to-date information on the status of their account and printed statement of accounts	To check fingerprint registration and to update naming of beneficiaries
To check on terms for withdrawal of contribution and YWP scholarship application	To print statement for Unit Trust

### LINKS TO e-KIOSK FACILITIES

PERBADANAN PERWIRA NIAGA MALAYSIA (PERNAMA) 	PERBADANAN HAL EHWAL BEKAS ANGKATAN TENTERA (PERHEBAT) 	PERBADANAN PERWIRA HARTA MALAYSIA (PPHM) 
YAYASAN LTAT 	AFFIN HWANG ASSET MANAGEMENT BERHAD (AHAMB) 	PUSAT PUNGUTAN ZAKAT, MAJLIS AGAMA ISLAM WILAYAH PERSEKUTUAN (PPZ MAIWP) 

### NO. OF USERS



## 'Outcome And Impact' Assessment Report



### LOCATION OF LTAT'S e-KIOSK

#### Perlis

- » Taman Intan Arau

#### Kedah

- » Lapangan Terbang, Sg Petani
- » Tok Jelai Camp, Jitra
- » Bukit Kayu Hitam Camp, Jitra
- » PN 420, Kolej Tentera Udara Alor Setar
- » Tanjung Gerak Camp, Langkawi

#### Pulau Pinang

- » Sg. Ara Camp, Bayan Lepas
- » Pangkalan Udara Butterworth

#### Perak

- » Pangkalan Hulu, Kroh
- » Pangkalan TLDM, Lumut
- » Sangro Circle Camp, Taiping
- » TUDM Ipoh
- » Kompleks Mutiara Pernama, Jalan Hospital, Ipoh
- » Tapah Camp
- » Syed Putra Camp, Jalan Tambun, Ipoh
- » KD Malaya Lumut
- » Grik Camp
- » KD Pelandok, TLDM Lumut

#### Kuala Lumpur & Selangor

- » Bangunan LTAT
- » Bangunan KEMENTAH
- » Sg Besi Camp
- » Pangkalan TUDM Subang
- » Sungai Buloh Camp
- » Batu Kentonmen Camp
- » Wardieburn Camp
- » Unit Gaji Angkatan Tentera (UGAT), Kementah
- » TUDM Jugra, Banting
- » UPM Sungai Besi
- » Desa Tun Hussein Onn, Jalan Jelatek
- » Paya Jaras Camp, Sungai Buloh
- » Hospital Angkatan Tentera Tuanku Mizan, Wangsa Maju



#### Negeri Sembilan

- » LATEDA Port Dickson
- » Rasah Camp, Seremban
- » Syed Sirajuddin Camp, Gemas
- » Pusat Latihan Asas Tentera Darat (PUSASDA)
- » Senawang Camp, Seremban
- » Sikamat Camp, Seremban
- » Sunggala Camp, Port Dickson
- » Kedai PERNAMA, Pangkalan Udara Sendayan

#### Melaka

- » Terendak Camp
- » Sg Udang Camp

#### Johor

- » Mahkota Camp, Kluang
- » Sri Iskandar Camp, Mersing
- » Tanjung Pengelih
- » PULADA Ulu Tiram
- » Tebrau Camp, Johor Bharu
- » Bt 3 Camp, Jln Mersing Kluang
- » Batu Pahat Camp, Johor

#### Terengganu

- » Sri Pantai Camp, Seberang Takir
- » Pangkalan Udara Gong Kedak, Jerteh

#### Pahang

- » Batu 10 Kuantan Camp
- » Markas 4 Briged, Batu 3 Camp, Temerloh
- » Rumah Keluarga TLDM, Taman Balok Perdana, Kuantan

#### Pahang

- » Ungku Nasaruddin Camp, Kuala Lipis
- » Mentakab Camp
- » Bentong Camp
- » Pangkalan TUDM Bt 10, Kuantan
- » Skuadron 322, Bukit Iban
- » Mempaga Camp, Pahang

#### Kelantan

- » Desa Pahlawan Camp, Kota Bharu
- » Pangkalan Chepa Camp
- » Tanah Merah Camp

#### Sabah & Labuan

- » Lok Kawi Camp, K. Kinabalu
- » Pangkalan TLDM Sepanggar, Kota Kinabalu
- » Sri Kinabatangan Camp, Sandakan
- » Kabota Camp, Tawau
- » Pangkalan TUDM Labuan
- » TLDM Semporna Camp
- » Paradise Kota Belud Camp

#### Sarawak

- » Penrissen Camp, Kuching
- » Simanggang Camp, Sri Aman
- » Miri Camp
- » Semenggo Camp, Bt 8 Jln Penrissen, Kuching
- » TUDM, Kuching
- » Rascom Camp, Batu 10 Sibul
- » Oya Camp Batu 14 1/2, Sibul
- » Muara Tuang Camp, Kuching

# 'Outcome And Impact' Assessment Report

## WITHDRAWAL SCHEMES

### Withdrawal Of Contribution

When a contributor is discharged from service, retires or attains the age of 50. For the compulsory contributor who is pensionable, the Government portion is remitted to Kumpulan Wang Persaraan (Diperbadankan) or KWAP for payment as monthly pension.



### Housing Withdrawal Scheme

A contributor is allowed to withdraw not more than 40% of their contributions or 10% of the cost of the property whichever is lower, to purchase a first residential house or a piece of land to build a house.

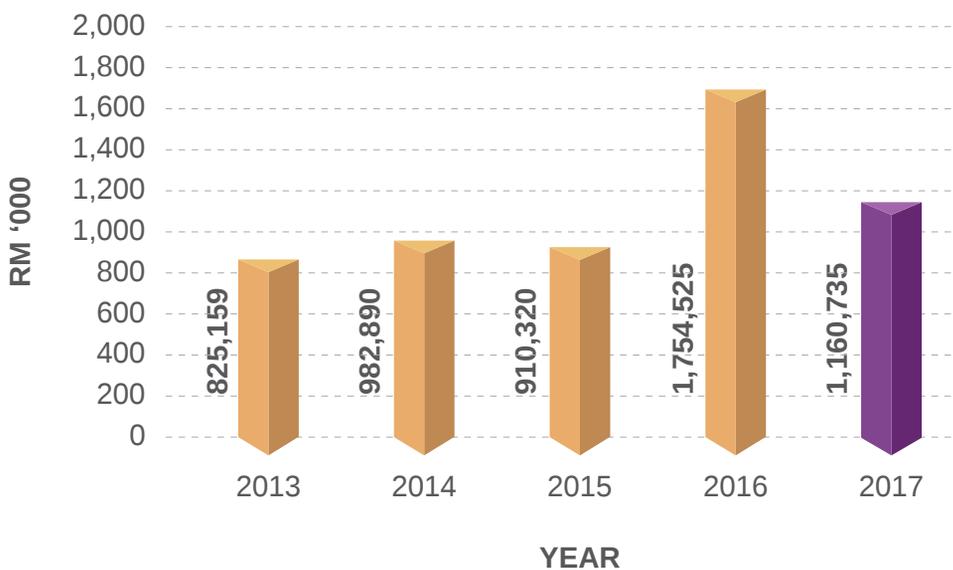


### Death And Disablement Benefits Scheme

Death Benefit is paid to the dependent of the contributor who passes away whilst in service, while disability benefit is paid to a contributor who discharged from the service due to mental or physical handicaps.



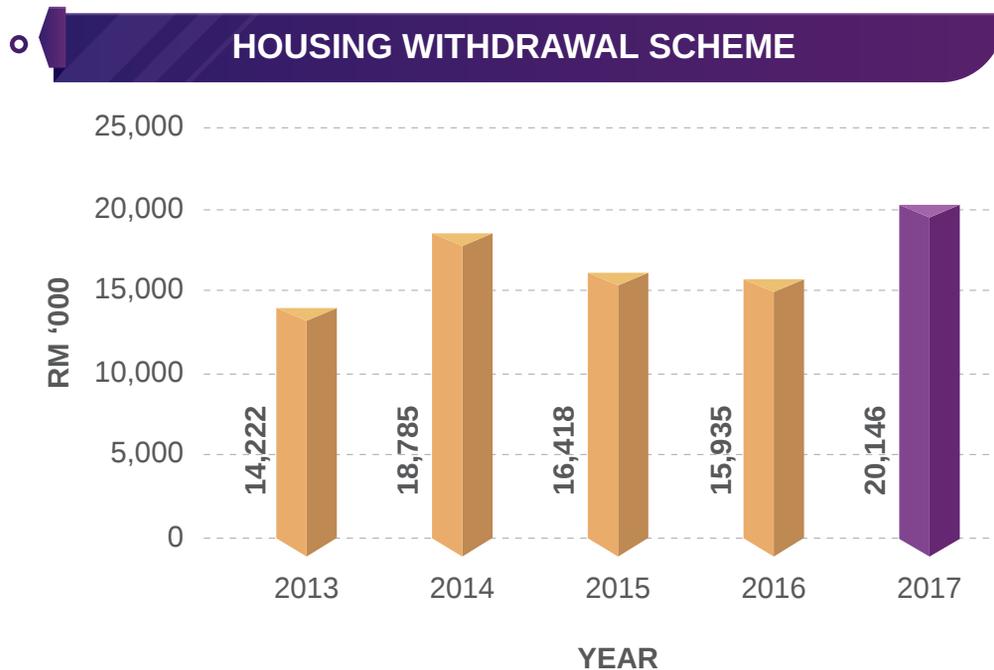
## WITHDRAWAL OF CONTRIBUTION



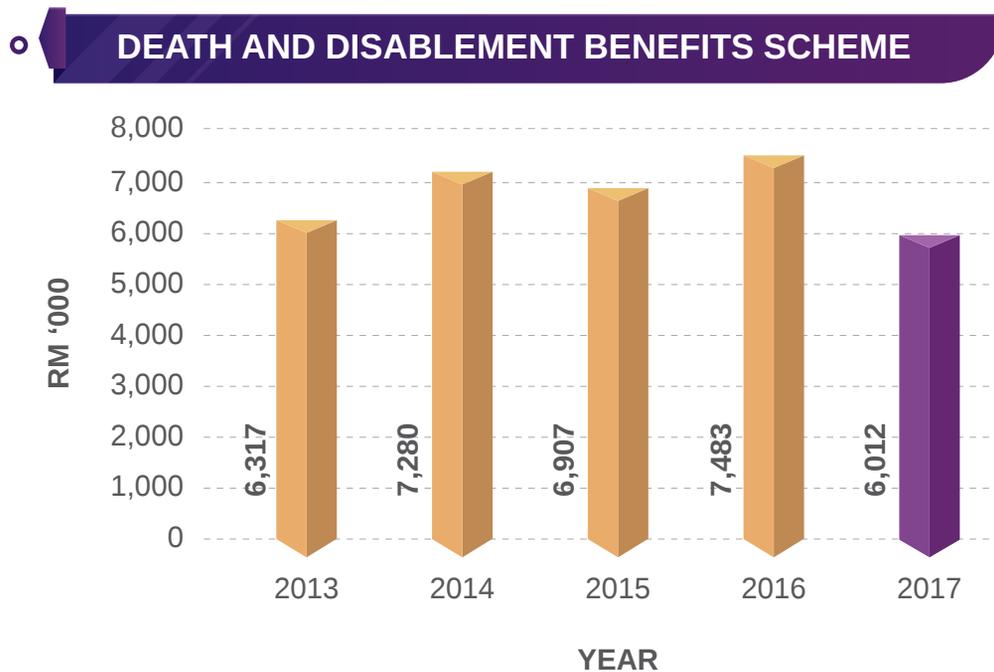
NO. OF WITHDRAWALS	2013	2014	2015	2016	2017
	5,954	7,030	6,408	11,179	8,322

## 'Outcome And Impact' Assessment Report

### WITHDRAWAL SCHEMES



	2013	2014	2015	2016	2017
<b>NO. OF WITHDRAWALS</b>	<b>2,073</b>	<b>2,568</b>	<b>2,055</b>	<b>1,952</b>	<b>2,401</b>

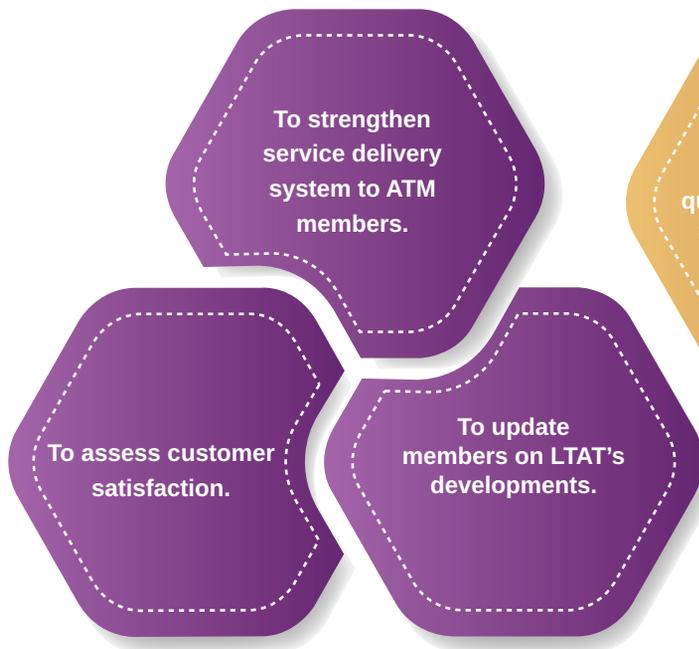


	2013	2014	2015	2016	2017
<b>NO. OF WITHDRAWALS</b>	<b>224</b>	<b>244</b>	<b>223</b>	<b>225</b>	<b>183</b>

# 'Outcome And Impact' Assessment Report

## CUSTOMERS CARE PROGRAMMES

### OBJECTIVE



### IMPACT

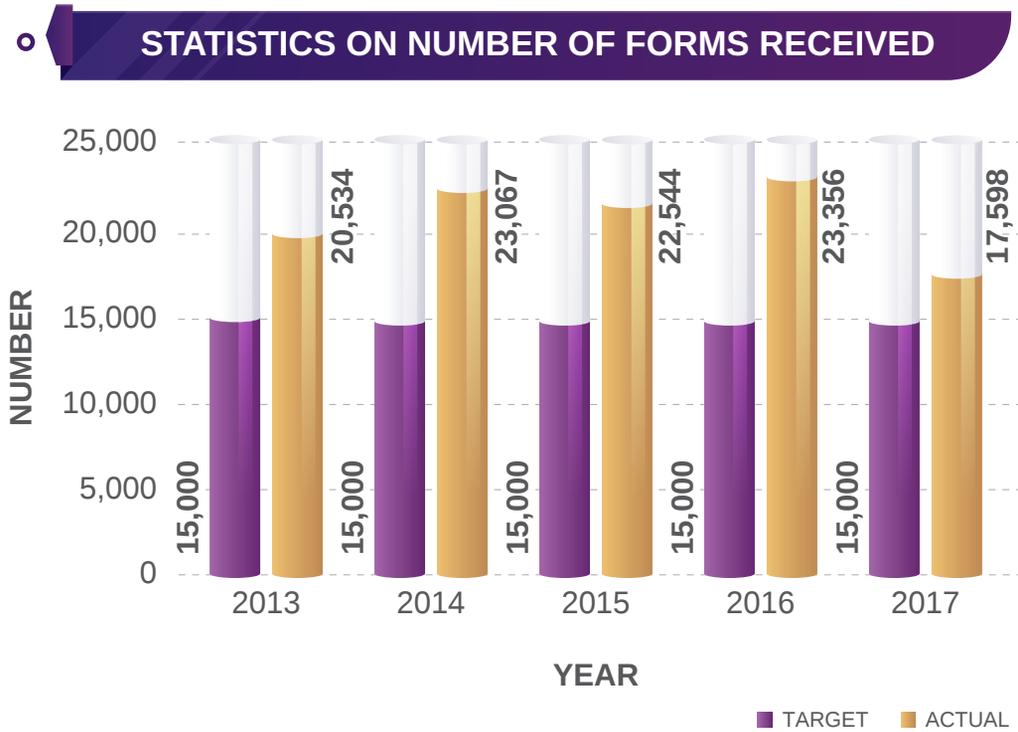


### TOTAL PROGRAMMES



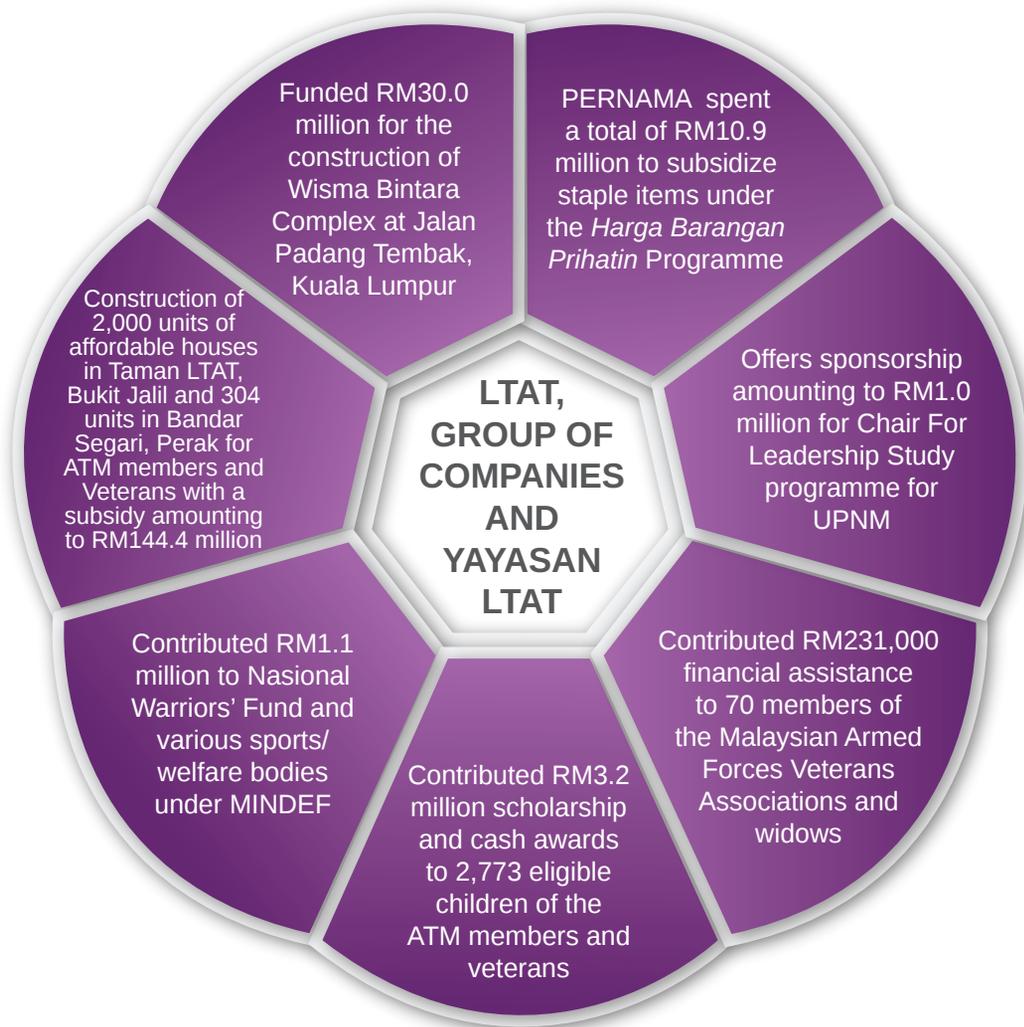
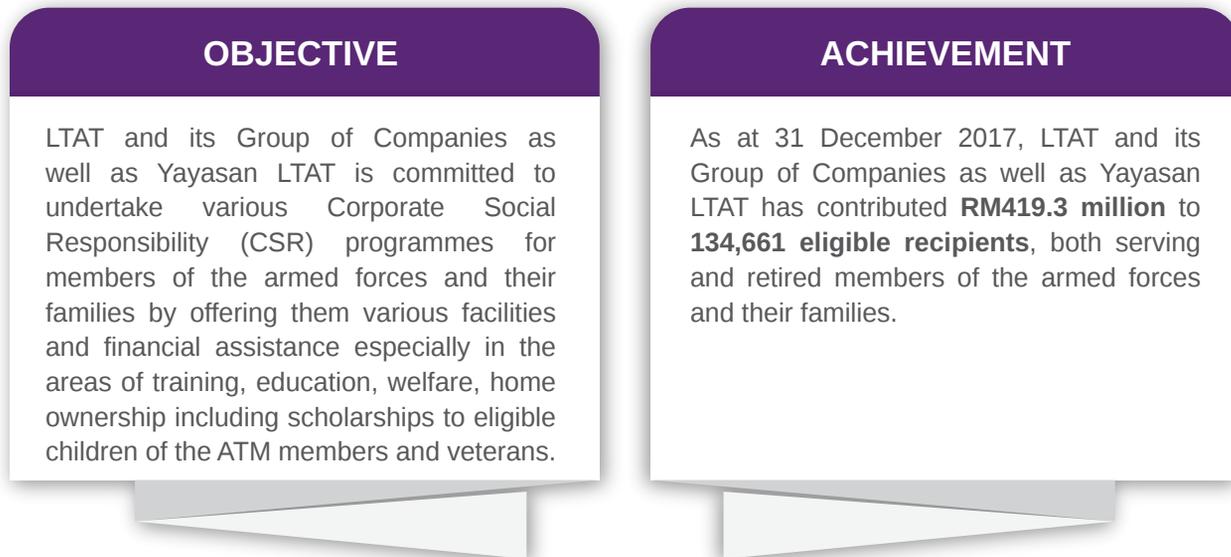
# 'Outcome And Impact' Assessment Report

## CUSTOMER SATISFACTION SURVEY



## 'Outcome And Impact' Assessment Report

### CORPORATE SOCIAL RESPONSIBILITY (CSR) CONTRIBUTION THROUGH LTAT AND GROUP OF COMPANIES AS WELL AS YAYASAN LTAT



## ANALYSIS OF FINANCIAL PERFORMANCE

### LTAT'S FIVE YEARS FINANCIAL PERFORMANCE

#### I. INCOME AND TOTAL DIVIDEND PAYMENT (RM MILLION)

	YEAR ENDED 31 DECEMBER				
	2017	2016	2015	2014	2013
1. TOTAL INCOME (Including Other Income)	731.2	811.0	766.8	1,015.5	961.4
2. EXPENSES	66.2	77.7	63.8	63.4	61.7
3. COST TO INCOME RATIO (%)	5.9	5.1	6.0	5.2	5.3
4. NET PROFIT FOR THE YEAR	662.2	595.0	684.5	843.2	850.9
5. DIVIDEND, BONUS AND SPECIAL BONUS FOR MEMBERS (%)	12.5	12.0	12.0	15.0	16.0

#### II. ASSET, EQUITY AND LIABILITY (RM MILLION)

	YEAR ENDED 31 DECEMBER				
	2017	2016	2015	2014	2013
<b>1. TOTAL ASSETS</b>	<b>10,061.8</b>	<b>9,597.8</b>	<b>9,352.0</b>	<b>9,318.5</b>	<b>9,217.8</b>
• Non Current Assets	2,170.6	8,430.1	7,900.0	8,209.9	7,012.9
• Current Assets	7,891.2	1,167.7	1,452.0	1,108.6	2,204.9
<b>2. TOTAL EQUITY</b>	<b>9,278.1</b>	<b>8,825.8</b>	<b>9,067.1</b>	<b>8,893.4</b>	<b>8,881.0</b>
• Member's Contribution Account	8,787.3	8,616.6	9,054.8	8,685.4	8,279.8
• Reserve Fund	175.7	172.3	181.1	173.7	165.6
• Available for Sale Securities Reserve	22.4	(267.8)	(564.1)	(385.7)	7.4
• Assets Revaluation Reserve	32.7	10.7	10.6	10.5	10.5
• Accumulated Profits	260.0	294.0	384.7	409.5	417.7
<b>3. TOTAL LIABILITIES</b>	<b>783.7</b>	<b>772.0</b>	<b>284.9</b>	<b>425.1</b>	<b>336.8</b>
<b>4. TOTAL EQUITY AND LIABILITIES</b>	<b>10,061.8</b>	<b>9,597.8</b>	<b>9,352.0</b>	<b>9,318.5</b>	<b>9,217.8</b>

## ANALYSIS OF FINANCIAL PERFORMANCE

### GROUP'S FIVE YEARS FINANCIAL PERFORMANCE

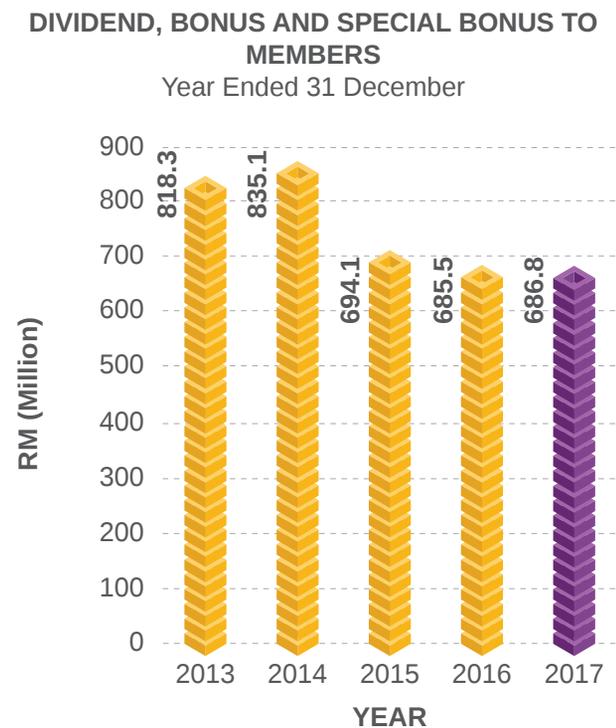
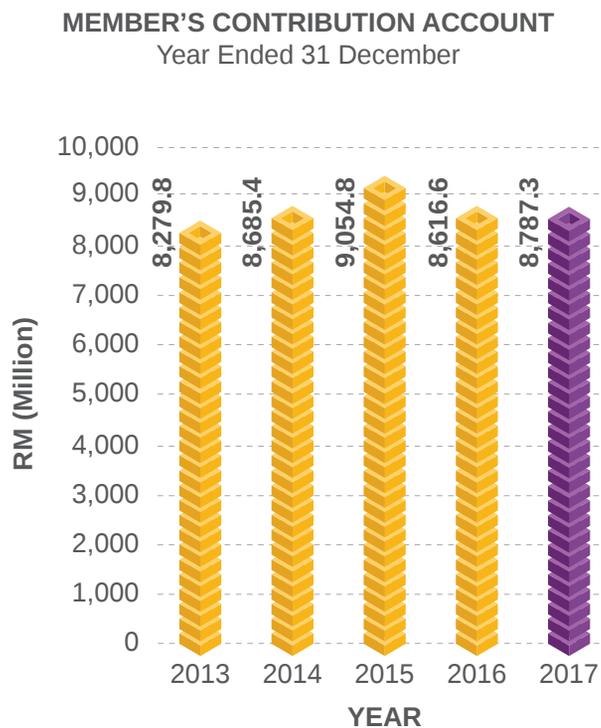
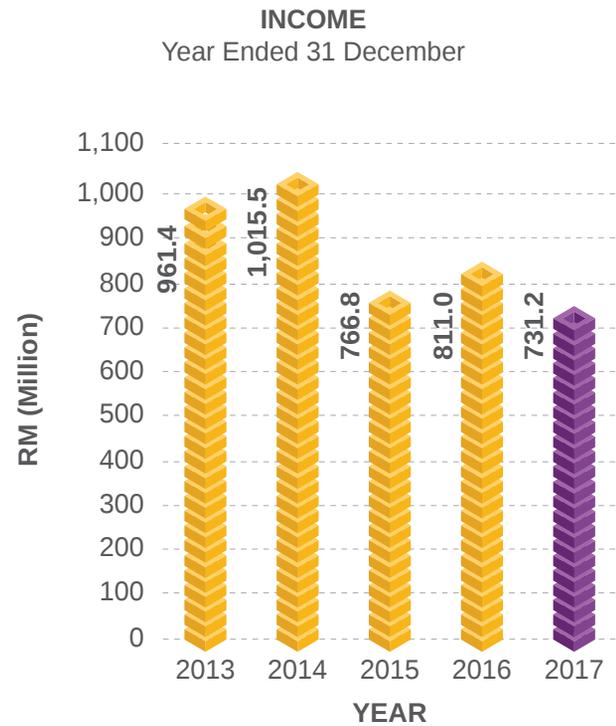
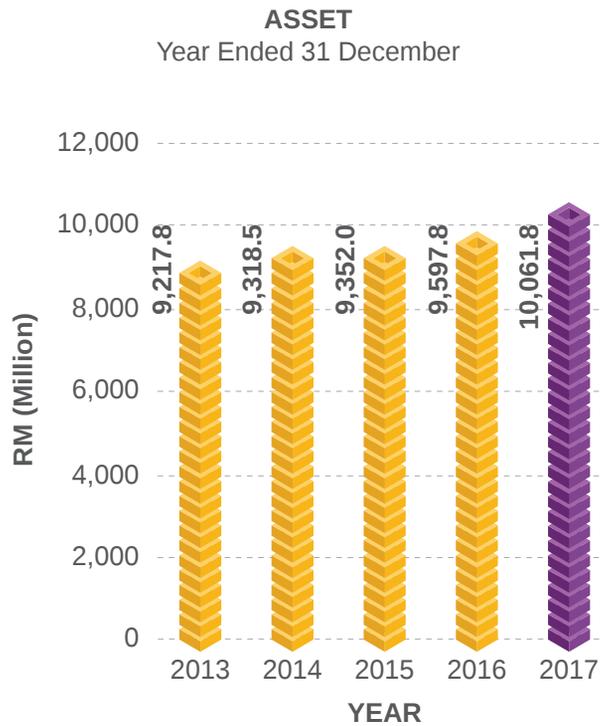
#### I. INCOME (RM MILLION)

	YEAR ENDED 31 DECEMBER				
	2017	2016	2015	2014	2013
<b>1. TOTAL INCOME</b> (Including Other Operating Income)	15,205.7	13,126.7	13,001.8	14,837.3	15,283.7
<b>2. PROFIT BEFORE TAXATION AND ZAKAT</b>	1,985.5	1,489.5	1,052.6	1,449.3	2,002.8
<b>3. PROFIT FOR THE YEAR</b>	1,613.3	1,161.9	777.9	1,071.4	1,624.1

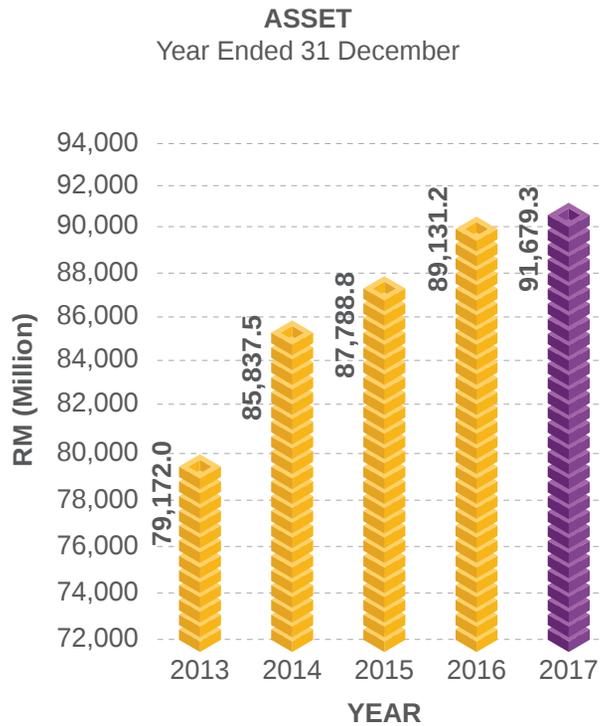
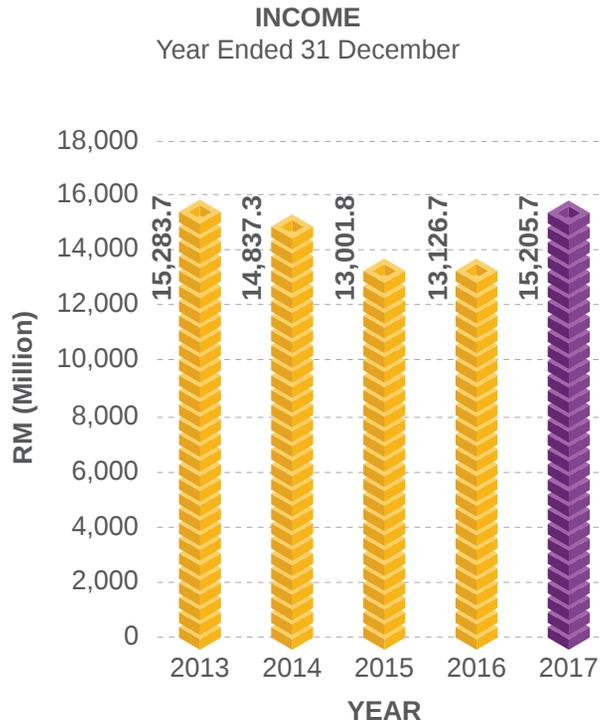
#### II. ASSET, EQUITY AND LIABILITY (RM MILLION)

	YEAR ENDED 31 DECEMBER				
	2017	2016	2015	2014	2013
<b>1. TOTAL ASSETS</b>	<b>91,679.3</b>	<b>89,131.2</b>	<b>87,788.8</b>	<b>85,837.5</b>	<b>79,172.0</b>
• <i>Non Current Assets</i>	31,415.6	31,444.0	30,710.5	30,014.5	24,408.7
• <i>Current Assets</i>	60,263.7	57,687.2	57,078.3	55,823.0	54,763.3
<b>2. TOTAL EQUITY</b>	<b>19,910.8</b>	<b>18,754.3</b>	<b>18,574.5</b>	<b>18,549.5</b>	<b>16,901.3</b>
• <i>Member's Contribution Account</i>	8,787.3	8,616.6	9,054.8	8,685.4	8,279.8
• <i>Reserves</i>	1,147.4	1,302.5	926.9	981.0	1,156.3
• <i>Funds</i>	4.0	4.2	37.6	38.4	19.4
• <i>Accumulated Profits</i>	1,176.5	691.0	1,169.3	1,597.0	2,631.6
• <i>Non-Controlling Interests</i>	7,733.3	7,077.7	6,323.6	6,252.4	4,135.6
• <i>Perpetual Sukuk</i>	1,062.3	1,062.3	1,062.3	995.3	678.6
<b>3. TOTAL LIABILITIES</b>	<b>71,768.5</b>	<b>70,376.9</b>	<b>69,214.3</b>	<b>67,288.0</b>	<b>62,270.7</b>
<b>4. TOTAL EQUITY AND LIABILITIES</b>	<b>91,679.3</b>	<b>89,131.2</b>	<b>87,788.8</b>	<b>85,837.5</b>	<b>79,172.0</b>

## LTAT'S FIVE YEARS FINANCIAL PERFORMANCE



# GROUP FIVE YEARS FINANCIAL PERFORMANCE



# Report On Government Assistance

Perbadanan Hal Ehwal Bekas Angkatan Tentera (PERHEBAT) is a wholly-owned corporation of LTAT which was established in 1994. PERHEBAT is responsible for managing and implementing various training programmes in technical, vocational and professional skills as well as entrepreneurial development for retiring Armed Forces personnel and veterans. PERHEBAT's operations are funded through Government grants amounting to RM27.0 million.

In 2017, an initiatives under the National Blue Ocean Strategy (NBOS) has been implemented which is the Recognition of Prior Experiential Learning (RPEL) programme, a joint partnership between the Ministry of Defence, PERHEBAT and the Ministry of Human Resources (Human Resource Development Fund) for the purpose of empowering ATM veterans. Key aspects of the RPEL programme include recognizing the skills, knowledge and experience of veterans who have a certificate that is lower than a diploma, to reduce the financial burden borne by veterans via raising the level of their qualifications and to help veterans getting

job offers with better incomes and the opportunity to pursue better education. RPEL aims to register 1,000 candidates in 2017 to support the Government's target of achieving a 35% skilled local workforce by the year 2020. Since its launch, a total of 300 ATM veterans have achieved their RPEL certificates under the RPEL Scheme nationwide. The certification program has received good response with 1,067 registered candidates of retiring ATM members and veterans in various sectors. Sectors offered include logistics, security controls, administration management and mechanical aircraft.

Overall, PERHEBAT is providing high quality training in line with the current market requirements, latest technological developments and fulfilling the certification requirements from local and international accreditation bodies. In 2017, a total of 8,135 retiring Armed Forces personnel and veterans have been trained in PERHEBAT compared with 8,814 participants in the previous year.





**REPORT OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
LEMBAGA TABUNG ANGKATAN TENTERA  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**Report on the Audit of the Financial Statements**

**Qualified Opinion**

The financial statements of Lembaga Tabung Angkatan Tentera and of the Group have been audited by me which comprise the Statements of Financial Position as at 31 December 2017 and Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 1 to 74.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion, the accompanying financial statements give a true and fair view of the financial position of the Lembaga Tabung Angkatan Tentera and of the Group as at 31 December 2017 and of their financial performance and cash flows for the year then ended in accordance with the approved financial reporting standards in Malaysia and Tabung Angkatan Tentera Act 1973 (Act 101).

**Basis for Qualified Opinion**

Drawing attention to the followings:

- i. Note 33 to the Financial Statements of Lembaga Tabung Angkatan Tentera for the year ended 31 December 2017 relating to Revenue amounting to RM720.99 million. The amount includes the proceed of sale from property development amounting to RM202.71 million which should not be taken into account in the Financial Statements for the year ended 31 December 2017. This transaction does not comply with Financial Reporting Standards 118 relating to revenue, does not comply with the materiality level against net profit, income, total asset and non-compliance to the clauses in the property sale and purchase agreement.
- ii. Note 13 to the Financial Statements of the Lembaga Tabung Angkatan Tentera a for the year ended 31 December 2017 in relation to Available For Sale Securities (Quoted Price)

amounting to RM1,602.52 million. Impairment for the two (2) Available For Sale Securities (Quoted Price) amounting to RM88.90 million was not reported in the Lembaga Tabung Angkatan Tentera Financial Statements for the year ended 31 December 2017. The fair value for the two (2) shares as at 31 December 2017 amounts to RM18.46 million as compared to the purchase cost of RM107.36 million. Significant or prolonged decline in fair value below cost is consideration to determine impairment for these two (2) shares.

- iii. Impact of these findings, causes the profit for the year to reduce from RM662.17 million to RM370.56 million and also affected the accumulated profits RM259.99 million to a deficit RM31.60 million as at 31 December 2017.

I conducted the audit in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Independence and Other Ethical Responsibilities**

I am independent of the Lembaga Tabung Angkatan Tentera and of the Group and I have fulfilled the other ethical responsibilities in accordance with the the International Standards of Supreme Audit Institutions.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Board is responsible for the other information in the Annual Report. My opinion on the financial statements of the Lembaga Tabung Angkatan Tentera and of the Group does not cover the information other than the financial statements and auditor's report thereon and I do not express any form of assurance conclusion thereon.

#### **Responsibilities of the Board for the Financial Statements**

The Board is responsible for the preparation of financial statements of the Lembaga Tabung Angkatan Tentera and of the Group that give a true and fair view in accordance with approved financial reporting standards in Malaysia and Tabung Angkatan Tentera Act 1973 (Act 101). The Board is also responsible for such internal control as it is necessary to enable the preparation of the financial statements of Lembaga Tabung Angkatan Tentera and of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Lembaga Tabung Angkatan Tentera and of the Group, the Board is responsible for assessing of the Lembaga Tabung Angkatan Tentera and of the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements of the Lembaga Tabung Angkatan Tentera and of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- a. Identify and assess the risks of material misstatement of the financial statements of Lembaga Tabung Angkatan Tentera and of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lembaga Tabung Angkatan Tentera and of the Group's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- d. Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Lembaga Tabung Angkatan Tentera or the Group's ability to continue as a going concern.

If I conclude that a material uncertainty exists, I have to draw attention in my auditor's report to the related disclosures in the financial statements of the Lembaga Tabung Angkatan Tentera and of the Group's or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of auditor's report.

- e. Evaluate the overall presentation of the financial statements of the Lembaga Tabung Angkatan Tentera and of the Group including the disclosures that achieve fair presentation.
- f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during my audit.

#### **Report on Other Legal and Regulatory Requirements**

Based on the requirements of the Tabung Angkatan Tentera Act 1973 (Act 101), I also report the following:

- a. In my opinion, the accounting records and other records required by the Act to be kept by the Lembaga Tabung Angkatan Tentera and its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act 101 except for the effects of the matter described in the Basis for Qualified Opinion.
- b. I have considered the accounts and the Auditors' Report of all the subsidiaries not audited by me as set out in Note 10 to the financial statements which have been included in the consolidated accounts.
- c. I am satisfied that the subsidiary's accounts are consolidated with the Financial Statements of the Lembaga Tabung Angkatan Tentera in the form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and I have also received such satisfactory information and explanations as may be required for those purposes.
- d. The auditor's reports on the subsidiary's accounts do not include any comment or observation that would affect the financial statements with exception to the financial

statement of Perwira Niaga Malaysia for the year ended 31 December 2017 which was issued a Qualified Opinion of the Auditor General's Report. Basis for the Qualified Opinion is on the dividend payment for RM35 million (2016: RM20 million) through the overdraft facilities.

**Other Matters**

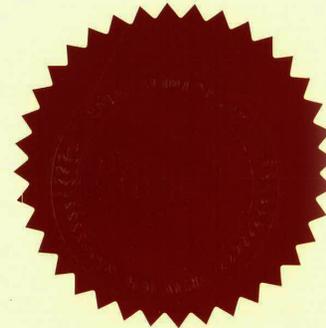
This report is made solely for the Board and for no other purpose. I do not assume responsibility to any other person for the content of this report.



(TAN SRI DR. MADINAH BINTI MOHAMAD)  
AUDITOR GENERAL  
MALAYSIA

PUTRAJAYA

**3** OCTOBER 2018



**LEMBAGA TABUNG ANGKATAN TENTERA**  
**Established Under Tabung Angkatan Tentera Act 1973 (Act 101)**

**STATEMENT OF THE CHAIRMAN AND A BOARD MEMBER**

We, Jen. Dato' Seri Diraja Tan Sri (Dr.) Mohd. Zahidi Bin Hj Zainuddin (Retired) and Lt. Jen. Dato' Sri Ackbal Bin Hj Abd Samad being the Chairman and a Board Member of the Lembaga Tabung Angkatan Tentera, do hereby state that, in the opinion of the Board, the accompanying Financial Statements comprising of the Statements of Financial Position, Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and Notes to the Financial Statements are drawn up so as to give a true and fair view of the state of affairs of Lembaga Tabung Angkatan Tentera and the Group as at 31 December 2017 and of the results and the cash flows for the year ended on that date.

On Behalf of the Board,

JEN. DATO' SERI DIRAJA TAN SRI (DR.)  
MOHD. ZAHIDI BIN HJ ZAINUDDIN  
(Retired)

**CHAIRMAN**

DATE: 21 SEP 2018  
KUALA LUMPUR

On Behalf of the Board,

LT. JEN. DATO' SRI ACKBAL BIN  
HJ ABD SAMAD

**BOARD MEMBER**

DATE: 21 SEP 2018  
KUALA LUMPUR

**STATUTORY DECLARATION BY PRINCIPAL OFFICER RESPONSIBLE  
FOR THE FINANCIAL MANAGEMENT  
OF LEMBAGA TABUNG ANGKATAN TENTERA**

I, Tan Sri Dato' Seri Lodin Wok Kamaruddin, being the principal officer primarily responsible for the financial management and accounting records of Lembaga Tabung Angkatan Tentera, do sincerely declare that the Statements Of Financial Position, Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes In Equity, Statements of Cash Flows and Notes to the Financial Statements are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and )  
solemnly declared by )  
the above named in )  
KUALA LUMPUR )  
on 7 SEP 2019 )



**TAN SRI DATO' SERI LODIN WOK KAMARUDDIN**

Before me



No. 86, Tingkat Bawah  
Jalan Putra  
50350 Kuala Lumpur



## CERTIFICATE OF APPROVAL

This is to certify that the Quality Management System of:

**Lembaga Tabung Angkatan Tentera  
Tingkat 12, Bangunan LTAT  
Jalan Bukit Bintang  
50748 Kuala Lumpur  
Malaysia**

has been approved by Lloyd's Register Quality Assurance  
to the following Quality Management System Standards:

**ISO 9001:2015  
EN ISO 9001:2015  
BS EN ISO 9001:2015  
MS ISO 9001:2015**

The Quality Management System is applicable to:

**Management of contribution fund for members of the Malaysian  
armed forces.**

Approval  
Certificate No: KLR 0403648

Original Approval: 05 April 2002

Current Certificate: 11 April 2017

Certificate Expiry: 04 April 2020

Issued by: Lloyd's Register of Shipping (M) Bhd  
for and on behalf of Lloyd's Register Quality Assurance Ltd.



Lloyd's Register of Shipping (M) Bhd (111008-K), Level 28, Tower A, Naza Tower Platinum Park, No. 10, 50088 Persiaran KLCC, Kuala Lumpur, Malaysia  
For and on behalf of Lloyd's Register Quality Assurance Ltd., 1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom

Lloyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.



SIRIM QAS International Sdn. Bhd. has issued an IQNet recognized certificate that the organization:

**LEMBAGA TABUNG ANGKATAN TENTERA**  
 TINGKAT 12, BANGUNAN LTAT  
 JALAN BUKIT BINTANG  
 50748 KUALA LUMPUR  
 WILAYAH PERSEKUTUAN  
 MALAYSIA

has implemented and maintains an

**INFORMATION SECURITY MANAGEMENT SYSTEM**

for the following scope:

INFORMATION SECURITY MANAGEMENT SYSTEM FOR THE MANAGEMENT OF MEMBERS' CONTRIBUTIONS USING THE SCAB SYSTEM.

*THIS IS IN ACCORDANCE TO STATEMENT OF APPLICABILITY: ISSUE 05 (17 APRIL 2018)*

which fulfils the requirements of the following standard:

**ISO/IEC 27001:2013**

Issued on : **04 June 2018**

First issued on : **02 July 2015**

Expires on : **01 July 2021**

This attestation is directly linked to the IQNet Partner's original certificate and shall not be used as a stand-alone document

Registration Number : **MY - ISMS 00250**



  
**Alex Stoichitoiu**  
 President of IQNet

  
**Mohd Azanuddin Salleh**  
 Managing Director  
 SIRIM QAS International Sdn Bhd



**IQNet Partners\*:**  
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 CQC China CQM China CQS Czech Republic Cro Cert Croatia DQS Holding GmbH Germany FCAV Brazil  
 FONDONORMA Venezuela ICONTEC Colombia Inspecta Sertifiointi Oy Finland INTECO Costa Rica  
 IRAM Argentina JQA Japan KFQ Korea MIRTEC Greece MSZT Hungary Nemko AS Norway NSAI Ireland  
 NYCE-SIGE Mexico PCBC Poland Quality Austria Austria RR Russia SII Israel SIQ Slovenia  
 SIRIM QAS International Malaysia SQS Switzerland SRAC Romania TEST St Petersburg Russia TSE Turkey YUQS Serbia  
 IQNet is represented in the USA by: AFNOR Certification, CISQ, DQS Holding GmbH and NSAI Inc.

\*\* The list of IQNet partners is valid at the time of issue of this certificate. Updated information is available under [www.ianet-certification.com](http://www.ianet-certification.com)

# Group Financial Statements

For The Year Ended 31 December 2017

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270	Statements of Profit or Loss and Other Comprehensive Income
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276	Statements of Cash Flows
280	Notes to the Financial Statements

# LEMBAGA TABUNG ANGKATAN TENTERA

## Established Under Tabung Angkatan Tentera Act 1973 (Act 101)

# Statements Of Financial Position

As At 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	3	5,640,596	5,689,723	103,539	84,429
Biological assets	4	1,234,927	1,248,585	-	-
Development properties	5	632,681	1,007,288	-	381,884
Investment properties	6	2,417,376	2,231,920	448,172	426,098
Prepaid land lease payments	7	51,707	53,999	-	-
Long term prepayments	8	201,787	183,105	-	-
Intangible assets	9	2,641,113	2,693,497	-	-
Subsidiary companies	10	-	-	5,109,026	5,052,347
Associated companies	11	1,473,812	1,201,790	209,958	201,539
Investment in joint ventures	12	534,834	562,978	-	-
Available for sale securities	13	16,193,799	15,931,639	1,602,520	1,862,817
Held to maturity securities	14	128,639	407,087	150,000	150,000
Deferred tax assets	15	85,278	71,591	-	-
Loan and receivables	16	179,044	160,821	268,000	271,000
<b>Total Non-Current Assets</b>		<b>31,415,593</b>	31,444,023	<b>7,891,215</b>	8,430,114
<b>Current Assets</b>					
Property development in progress	17	662,147	176,313	634,577	144,501
Inventories	18	743,569	877,072	45,283	45,283
Due from customers on contracts	19	1,246,037	878,042	-	-
Held for trading securities	20	329,885	437,202	161,092	135,433
Loans and receivables	16	49,979,232	46,949,725	1,176,117	667,487
Derivative assets	21	173,125	290,735	-	-
Deposits	22	2,277,217	2,214,992	130,070	167,794
Cash and bank balances	23	4,838,522	5,803,053	23,503	7,158
Assets held for sale	24	14,008	60,085	-	-
<b>Total Current Assets</b>		<b>60,263,742</b>	57,687,219	<b>2,170,642</b>	1,167,656
<b>TOTAL ASSETS</b>		<b>91,679,335</b>	89,131,242	<b>10,061,857</b>	9,597,770

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

## Statements Of Financial Position (continued)

As At 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
Members' contribution account	25	<b>8,787,262</b>	8,616,592	<b>8,787,262</b>	8,616,592
Funds	26	<b>3,984</b>	4,245	-	-
Reserves	27	<b>1,147,378</b>	1,302,517	<b>230,819</b>	(84,815)
Accumulated profits		<b>1,176,544</b>	690,989	<b>259,998</b>	294,046
		<b>11,115,168</b>	10,614,343	<b>9,278,079</b>	8,825,823
Non-controlling interests		<b>7,733,351</b>	7,077,726	-	-
Perpetual Sukuk	28	<b>1,062,277</b>	1,062,277	-	-
<b>Total Equity</b>		<b>19,910,796</b>	18,754,346	<b>9,278,079</b>	8,825,823
<b>Non-current Liabilities</b>					
Employee benefits liability	29	<b>75,718</b>	82,412	<b>64,779</b>	73,163
Borrowings	30	<b>3,550,159</b>	3,115,080	-	-
Payables	31	<b>42,169</b>	41,086	-	-
Deferred tax liabilities	15	<b>213,221</b>	183,495	-	-
<b>Total Non-Current Liabilities</b>		<b>3,881,267</b>	3,422,073	<b>64,779</b>	73,163
<b>Current Liabilities</b>					
Unit trust benefits	32	<b>188,422</b>	170,726	<b>188,422</b>	170,726
Borrowings	30	<b>62,310,658</b>	61,850,366	-	-
Due to customers on contracts	19	<b>201,176</b>	235,744	-	-
Payables	31	<b>4,880,625</b>	4,114,538	<b>530,577</b>	528,058
Derivative liabilities	21	<b>265,720</b>	553,378	-	-
Taxation		<b>40,671</b>	30,071	-	-
<b>Total Current Liabilities</b>		<b>67,887,272</b>	66,954,823	<b>718,999</b>	698,784
<b>Total Liabilities</b>		<b>71,768,539</b>	70,376,896	<b>783,778</b>	771,947
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>91,679,335</b>	89,131,242	<b>10,061,857</b>	9,597,770

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

# Statements Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income	33	<b>13,739,773</b>	12,316,474	<b>720,994</b>	809,390
Other income	34	<b>1,465,939</b>	810,260	<b>10,166</b>	1,655
<b>Total income for the year</b>		<b>15,205,712</b>	13,126,734	<b>731,160</b>	811,045
Interest expense - banking institution		<b>(1,588,761)</b>	(1,579,169)	-	-
Net fair value gain/(loss) on held for trading securities		<b>1,947</b>	3,621	<b>1,289</b>	(10,965)
Impairment on loans, advances, financing and shares	35	<b>(97,158)</b>	(182,606)	-	(122,238)
Impairment on property, plant and equipment and biological assets		<b>(56,952)</b>	(14,727)	-	-
Changes in inventories of finished goods and work in progress		<b>23,892</b>	(43,854)	-	-
Finished goods and work in progress purchases		<b>(6,072,667)</b>	(5,203,657)	-	-
Raw material and consumables used		<b>(2,001,945)</b>	(1,179,615)	-	-
Veterans Socio-Economic Development Programme (PPSEV)		<b>(2,992)</b>	(4,594)	-	-
Staff costs		<b>(1,680,452)</b>	(1,494,683)	<b>(37,300)</b>	(54,740)
Operating costs		<b>(1,153,671)</b>	(1,347,478)	<b>(28,944)</b>	(22,984)
Depreciation and amortisation		<b>(375,350)</b>	(392,374)	<b>(3,689)</b>	(4,648)
<b>Operating profit</b>		<b>2,201,603</b>	1,687,598	<b>662,516</b>	595,470
Finance cost		<b>(283,213)</b>	(347,930)	-	-
Share of profit after tax of associated companies		<b>113,930</b>	116,487	-	-
Share of (loss)/profit of investment in joint ventures		<b>(46,787)</b>	33,301	-	-
<b>Profit before taxation and zakat</b>	36	<b>1,985,533</b>	1,489,456	<b>662,516</b>	595,470
Taxation and zakat	37	<b>(372,267)</b>	(327,606)	<b>(350)</b>	(432)
<b>Profit for the year</b>		<b>1,613,266</b>	1,161,850	<b>662,166</b>	595,038

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

## Statement Of Profit Or Loss And Other Comprehensive Income (continued)

For The Year Ended 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Other comprehensive income</b>					
Items that will not be reclassified to profit or loss					
Adjustment on revaluation of land and building		22,028	-	22,028	-
Remeasurement of post retirement medical benefits		-	(822)	-	(822)
Remeasurement of gratuity plan benefits		-	(743)	-	(743)
		<b>22,028</b>	(1,565)	<b>22,028</b>	(1,565)
Items that may be reclassified to profit or loss					
Net gain on available for sale securities					
- Fair value changes		290,348	74,741	208,495	68,587
- Transfer to profit or loss upon disposal		70,487	80,899	81,698	108,134
- Cumulative loss reclassified to profit or loss		2,298	134,775	-	119,599
Share of other comprehensive income/(loss) of an associated companies		3,336	(3,393)	-	-
Share of other comprehensive income of investment in joint ventures		2,284	597	-	-
Foreign currency translation		(17,053)	9,189	-	-
Deferred tax on revaluation of available for sale securities		(16,301)	2,118	-	-
Recognition of proportionate share of effects of dilution of interest in associated companies		479	(2,210)	-	-
Other comprehensive income for the year		<b>357,906</b>	295,151	<b>312,221</b>	294,755
<b>Total comprehensive income for the year</b>		<b>1,971,172</b>	1,457,001	<b>974,387</b>	889,793
<b>Profit attributable to:</b>					
Group/LTAT		838,201	544,376	662,166	595,038
Non-controlling interests		701,391	543,800	-	-
Holders of Perpetual Sukuk		73,674	73,674	-	-
<b>Profit for the year</b>		<b>1,613,266</b>	1,161,850	<b>662,166</b>	595,038
<b>Total comprehensive income attributable to:</b>					
Group/LTAT		1,176,693	837,341	974,387	889,793
Non-controlling interests		720,805	545,986	-	-
Holders of Perpetual Sukuk		73,674	73,674	-	-
<b>Total comprehensive income for the year</b>		<b>1,971,172</b>	1,457,001	<b>974,387</b>	889,793

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

# Statements Of Changes In Equity

For The Year Ended 31 December 2017

Group	Note	Member's Contribution Account RM'000	Funds (note 26) RM'000	Reserves (note 27) RM'000	Accumulated Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Perpetual Sukuk (note 28) RM'000	Total Equity RM'000
<b>2017</b>									
<b>Balance at 1 January</b>		8,616,592	4,245	1,302,517	690,989	10,614,343	7,077,726	1,062,277	18,754,346
Profit for the year		-	-	-	838,201	838,201	701,391	73,674	1,613,266
Other comprehensive income for the year		-	-	338,492	-	338,492	19,414	-	357,906
Total comprehensive income for the year		-	-	338,492	838,201	1,176,693	720,805	73,674	1,971,172
<b>Transaction with owners</b>									
Changes in ownership interest in subsidiary companies/sub subsidiary companies with no change in control		-	-	(53,218)	(101,009)	(154,227)	238,293	-	84,066
Transfer to dormant account		(17,068)	-	-	-	(17,068)	-	-	(17,068)
Adjustments on contributions		(78)	-	-	17	(61)	-	-	(61)
Contributions received during the year	38	870,314	-	-	-	870,314	-	-	870,314
Withdrawals during the year		(1,160,735)	-	-	-	(1,160,735)	-	-	(1,160,735)
Housing withdrawals during the year		(20,147)	-	-	-	(20,147)	-	-	(20,147)
Dividends at 6% for the year and at 6% for withdrawals		498,384	-	-	(498,384)	-	-	-	-
Grant received in the year		-	142	-	-	142	-	-	142
Amortisation of fixed assets development fund		-	(623)	-	-	(623)	-	-	(623)
Adjustment		-	-	-	638	638	-	-	638
Deferred Income		-	333	-	-	333	-	-	333
Payment to death and disablement benefit scheme		-	-	-	(6,012)	(6,012)	-	-	(6,012)
Unit trust benefits at 6.5% for the year		-	-	-	(188,422)	(188,422)	-	-	(188,422)
Transfer (to)/from accumulated profit		-	(113)	(440,413)	440,526	-	-	-	-
Perpetual Sukuk - Distribution		-	-	-	-	-	-	(73,674)	(73,674)
Dividend paid to non-controlling interests by subsidiary companies		-	-	-	-	-	(303,473)	-	(303,473)
<b>Total transaction with owners</b>		<b>170,670</b>	<b>(261)</b>	<b>(493,631)</b>	<b>(352,646)</b>	<b>(675,868)</b>	<b>(65,180)</b>	<b>(73,674)</b>	<b>(814,722)</b>
<b>Balance as at 31 December</b>		<b>8,787,262</b>	<b>3,984</b>	<b>1,147,378</b>	<b>1,176,544</b>	<b>11,115,168</b>	<b>7,733,351</b>	<b>1,062,277</b>	<b>19,910,796</b>

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

## Statements of Changes In Equity (continued)

For The Year Ended 31 December 2017

Group	Note	Member's Contribution Account RM'000	Funds (note 26) RM'000	Reserves (note 27) RM'000	Accumulated Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Perpetual Sukuk (note 28) RM'000	Total Equity RM'000
2016									
Balance at 1 January		9,054,794	4,623	926,986	1,169,254	11,155,657	6,323,629	1,062,277	18,541,563
Profit for the year		-	-	-	544,376	544,376	543,800	73,674	1,161,850
Other comprehensive income for the year		-	-	294,530	(1,565)	292,965	2,186	-	295,151
Total comprehensive income for the year		-	-	294,530	542,811	837,341	545,986	73,674	1,457,001
Transaction with owners									
Changes in ownership interest in subsidiary companies/sub subsidiary companies with no change in control		-	-	542	(248,127)	(247,585)	493,335	-	245,750
Transfer to dormant account		(2,869)	-	-	-	(2,869)	-	-	(2,869)
Adjustments on contributions		(456)	-	-	163	(293)	-	-	(293)
Contributions received during the year	38	820,760	-	-	-	820,760	-	-	820,760
Withdrawals during the year		(1,754,525)	-	-	-	(1,754,525)	-	-	(1,754,525)
Housing withdrawals during the year		(15,935)	-	-	-	(15,935)	-	-	(15,935)
Dividends at 6% for the year and at 6% for withdrawals		514,823	-	-	(514,823)	-	-	-	-
Grant received in the year		-	556	-	-	556	-	-	556
Amortisation of fixed assets development fund		-	(652)	-	-	(652)	-	-	(652)
Staff loan fund - recoverable		-	97	-	-	97	-	-	97
Payment to death and disablement benefit scheme		-	-	-	(7,483)	(7,483)	-	-	(7,483)
Unit trust benefits at 6% for the year		-	-	-	(170,726)	(170,726)	-	-	(170,726)
Transfer (to)/from accumulated profit		-	(379)	80,459	(80,080)	-	-	-	-
Perpetual Sukuk		-	-	-	-	-	-	-	-
- Distribution		-	-	-	-	-	-	(73,674)	(73,674)
Dividend paid to non-controlling interests by subsidiary companies		-	-	-	-	-	(285,224)	-	(285,224)
Total transaction with owners		(438,202)	(378)	81,001	(1,021,076)	(1,378,655)	208,111	(73,674)	(1,244,218)
Balance as at 31 December		8,616,592	4,245	1,302,517	690,989	10,614,343	7,077,726	1,062,277	18,754,346

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

## Statements Of Changes In Equity (continued)

For The Year Ended 31 December 2017

LTAT	Note	Members' Contribution Account RM'000	Reserves (Note 27) RM'000	Accumulated Profits RM'000	Total RM'000
<b>2017</b>					
<b>Balance at 1 January</b>		<b>8,616,592</b>	<b>(84,815)</b>	<b>294,046</b>	<b>8,825,823</b>
Profit for the year		-	-	662,166	662,166
Other comprehensive income for the year		-	312,221	-	312,221
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>312,221</b>	<b>662,166</b>	<b>974,387</b>
<b>Transaction with owners</b>					
Transfer to dormant account		(17,068)	-	-	(17,068)
Transfer from accumulated profit		-	3,413	(3,413)	-
Adjustments on contributions	38	(78)	-	17	(61)
Contributions received during the year		870,314	-	-	870,314
Withdrawals during the year		(1,160,735)	-	-	(1,160,735)
Housing withdrawals during the year		(20,147)	-	-	(20,147)
Dividends at 6% for the year and at 6% for withdrawals		498,384	-	(498,384)	-
Unit trust benefits at 6.5% for the year		-	-	(188,422)	(188,422)
Payment to death and disablement benefit scheme		-	-	(6,012)	(6,012)
<b>Total transactions with owners</b>		<b>170,670</b>	<b>3,413</b>	<b>(696,214)</b>	<b>(522,131)</b>
<b>Balance at 31 December</b>		<b>8,787,262</b>	<b>230,819</b>	<b>259,998</b>	<b>9,278,079</b>

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

## Statements Of Changes In Equity (continued)

For The Year Ended 31 December 2017

LTAT	Note	Members' Contribution Account RM'000	Reserves (note 27) RM'000	Accumulated Profits RM'000	Total RM'000
<b>2016</b>					
Balance at 1 January		9,054,794	(372,371)	384,678	9,067,101
Profit for the year		-	-	595,038	595,038
Other comprehensive income for the year		-	296,320	(1,565)	294,755
Total comprehensive income for the year		-	296,320	593,473	889,793
<b>Transaction with owners</b>					
Transfer to dormant account		(2,869)	-	-	(2,869)
Transfer to accumulated profit		-	(8,764)	8,764	-
Adjustments on contributions	38	(456)	-	163	(293)
Contributions received during the year		820,760	-	-	820,760
Withdrawals during the year		(1,754,525)	-	-	(1,754,525)
Housing withdrawals during the year		(15,935)	-	-	(15,935)
Dividends at 6% for the year and at 6% for withdrawals		514,823	-	(514,823)	-
Unit trust benefits at 6% for the year		-	-	(170,726)	(170,726)
Payment to death and disablement benefit scheme		-	-	(7,483)	(7,483)
Total transactions with owners		(438,202)	(8,764)	(684,105)	(1,131,071)
Balance at 31 December		8,616,592	(84,815)	294,046	8,825,823

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

# Statements Of Cash Flows

For The Year Ended 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash Flow From Operating Activities</b>					
Cash receipts from other incomes		785,494	833,795	-	-
Grant received		31,538	6,446	20,250	5,000
Cash receipts from customers		12,497,986	11,637,022	5,674	15,131
Advances received from government for the development of Government Quarters		4,837	70,409	4,837	70,409
Rental received		33	41	820	858
Recoveries on loans previously written off		42,748	51,358	-	-
Cash payments to employees and suppliers (Advance paid to)/Received from PPHM		(10,887,749)	(8,801,835)	(82,582)	(80,822)
Repayments of staff loans fund		313	375	-	-
Payment for Veterans Socio-Economic Development Programme (PPSEV)		(1,644)	(4,881)	-	-
<b>(Increase)/Decrease in operating assets:</b>					
Loan, advances and financing		(2,087,869)	(471,542)	-	-
Held for trading securities		236,744	(102,848)	-	-
Trade receivables		(21,009)	21,851	-	-
Other receivables		237,781	63,341	-	-
<b>Decrease/(Increase) in operating liabilities:</b>					
Deposits from customers		(82,530)	1,086,891	-	-
Deposits and placements of bank and other financial institutions		1,754,874	508,598	-	-
Obligation on securities sold under repurchase agreements		(94,683)	(595,328)	-	-
Bills and acceptance payables		4,426	(39,388)	-	-
Other liabilities		(76)	(3,087)	-	-
Recourse obligation on loans sold to Cagamas Berhad		-	(134,585)	-	-
Trade payables		(47,532)	82,071	-	-
Cash generated from/(used in) operations		2,373,682	4,208,704	(163,001)	283,576

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

## Statements Of Cash Flows (continued)

For The Year Ended 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest payments		<b>(1,603,224)</b>	(1,642,579)	-	-
Taxation paid		<b>(346,997)</b>	(249,616)	-	-
Payment for unit trust benefits		<b>(170,726)</b>	(179,693)	<b>(170,726)</b>	(179,693)
Payment on advances to Bantuan Bakti Negara (BBN)		<b>(41,668)</b>	-	<b>(41,668)</b>	-
Payment to death and disablement benefits scheme		<b>(6,012)</b>	(7,472)	<b>(6,012)</b>	(7,472)
Payment of grant to PERHEBAT		-	-	<b>(20,250)</b>	(5,000)
Employee benefits paid		<b>(4,939)</b>	(2,297)	<b>(4,939)</b>	(2,297)
Advances to PPHM for the development of Government Quarters		-	-	<b>(4,837)</b>	(70,409)
Loan payment of Micro Entrepreneur Loan Scheme for PPP-SPM-UV-ATM		<b>(6,377)</b>	(8,764)	-	-
Repayment of Micro Entrepreneur Loan Scheme for MAF Veterans		<b>4,028</b>	2,994	-	-
Zakat paid		<b>(350)</b>	(432)	<b>(350)</b>	(432)
Net cash from/(used in) operating activities		<b>197,417</b>	2,120,845	<b>(411,783)</b>	18,273

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

## Statements Of Cash Flows (continued)

For The Year Ended 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash Flow From Investing Activities</b>					
Purchase of property, plant and equipment		<b>(400,570)</b>	(346,607)	<b>(958)</b>	(517)
Purchase of development properties		<b>(123,480)</b>	(477)	<b>(580)</b>	(477)
Investment properties		<b>(132,290)</b>	(205,887)	<b>(6,883)</b>	(215)
Acquisition of sub subsidiary companies (Note 49)		-	(22,432)	-	-
Acquisition of joint ventures		<b>(15,900)</b>	(39,950)	-	-
Additional investment in subsidiary companies		<b>(136,700)</b>	(142,800)	<b>(232,285)</b>	(866,366)
Purchase of shares in associated companies		<b>(190,002)</b>	(19,619)	<b>(8,420)</b>	-
Purchase of available for sale securities		<b>(418,150)</b>	(1,059,441)	<b>(23,353)</b>	(70,898)
Purchase of intangible assets		<b>(37,143)</b>	(70,684)	-	-
Profit from held to maturity securities		-	-	<b>9,150</b>	9,150
Investment in held for trading securities		<b>(2,034)</b>	6,020	<b>(2,034)</b>	6,020
Property development in progress		<b>(169,979)</b>	(47,195)	<b>(169,979)</b>	(47,195)
Interest and profit received		<b>538,455</b>	503,115	<b>13,360</b>	40,483
Disposal of property, plant and equipment		<b>624,819</b>	297,553	-	7
Disposal of development properties		-	2,644	-	19,922
Sales of completed properties		-	1,586	-	1,586
Disposal of foreclosed properties		<b>2,330</b>	588	-	-
Disposal of subsidiary companies		<b>215,320</b>	242,598	<b>215,320</b>	242,598
Disposal of associated companies		-	412,675	-	245,475
Sale of sub subsidiary companies (Note 49)		-	59,988	-	-
Disposal of available for sale securities		<b>524,510</b>	499,878	<b>524,210</b>	499,878
Net disposal held to maturity securities		<b>318,232</b>	48,744	-	-
Dividend received from subsidiary companies		-	-	<b>311,646</b>	340,412
Dividend received from associated companies		<b>25,702</b>	38,563	<b>25,702</b>	38,563
Dividend received from available for sale securities		<b>91,648</b>	165,006	<b>28,754</b>	109,916
Dividend received from held to maturity securities		<b>550</b>	614	-	-
Net (increase)/decrease in amount due from associate		<b>(43,942)</b>	13,428	-	-
Other income from associated companies		<b>1,237</b>	1,657	<b>1,057</b>	1,657
Capital repayment from Medium Term Notes		-	-	<b>3,000</b>	-
Rental received from investment properties		<b>30,525</b>	28,320	<b>31,422</b>	29,195
Refund of tax credit from Inland Revenue Board		-	1,907	-	1,907
Deposit pledged		<b>(9,071)</b>	17,443	-	-
Net cash from investing activities		<b>694,067</b>	387,235	<b>719,129</b>	601,101

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

## Statements Of Cash Flows (continued)

For The Year Ended 31 December 2017

	Note	Group		LTAT	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash Flow From Financing Activities</b>					
Members' contribution received		<b>870,759</b>	821,229	<b>870,759</b>	821,229
Members' withdrawals		<b>(1,199,484)</b>	(1,432,594)	<b>(1,199,484)</b>	(1,432,594)
Net decrease in other borrowings		<b>(403,668)</b>	(43,290)	-	-
Interest paid		<b>(359,378)</b>	(393,676)	-	-
Issue of shares to non-controlling interests		-	1,000	-	-
Distribution of Perpetual Sukuk		<b>(64,550)</b>	(64,550)	-	-
Dividend paid to non-controlling interests		<b>(340,119)</b>	(342,423)	-	-
Proceeds from long term loans		<b>1,032,100</b>	187,200	-	-
Repayment of long term loans		<b>(1,338,673)</b>	(780,469)	-	-
Net cash used in financing activities		<b>(1,803,013)</b>	(2,047,573)	<b>(328,725)</b>	(611,365)
<b>Net (Decrease)/Increase in cash and cash equivalents</b>		<b>(911,529)</b>	460,507	<b>(21,379)</b>	8,009
Effects of exchange rate changes		<b>(2,786)</b>	1,300	-	-
<b>Cash and cash equivalents at 1 January</b>		<b>7,987,358</b>	7,525,551	<b>174,952</b>	166,943
<b>Cash and cash equivalents at 31 December</b>	39	<b>7,073,043</b>	7,987,358	<b>153,573</b>	174,952

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

# Notes To The Financial Statements

For The Year Ended 31 December 2017

## 1. BACKGROUND AND PRINCIPAL ACTIVITIES

Lembaga Tabung Angkatan Tentera, better known as LTAT was established in August 1972 by an Act of Parliament. The registered office is located at 12th floor, Bangunan LTAT, Jalan Bukit Bintang, Post Office Box 11542, 50748 Kuala Lumpur.

The principal activities of Lembaga Tabung Angkatan Tentera (LTAT) as stipulated in the Tabung Angkatan Tentera 1973 (Act 101) are to manage and invest the members' contribution funds represents the compulsory contributions of officers and other ranks, Malaysian Armed Forces as well as voluntary contributions of mobilised members of volunteer forces. These activities involved the process of collection, management and investment of the contribution funds in development properties (note 5), investment properties (note 6), prepaid land lease payments (note 7), subsidiary companies (note 10), associated companies (note 11), available for sale securities (note 13), held to maturity securities (note 14), held for trading securities (note 20), derivative assets (note 21) and deposits (note 22).

LTAT also undertakes to offer retraining for the retiring and retired personnel of the armed forces.

The financial statements of the Group and LTAT are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) unless otherwise stated.

The audited financial statements for the year ended 31 December 2017 have been approved for issue by the Board of Directors dated 21 September 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

#### (a) Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of LTAT have been prepared in accordance with Financial Reporting Standards (FRSs) approved and issued by Malaysian Accounting Standards Board (MASB), for Entities Other Than Private Entities.

The Group and LTAT which falls within the scope definition of transitioning entities have opted to adopt the MFRS Framework for annual periods beginning on 1 January 2018. The Transitioning Entities are entities within the scope of MFRS 141: Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including their parents, significant investors and investment joint ventures.

When the Group and LTAT presents its first MFRS financial statements in 1 January 2018, the Group and LTAT will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustment required on transition will be made, retrospectively against opening accumulated profits.

However, three (3) subsidiary companies and two (2) corporations have opted to adopt MFRS framework for the financial year beginning 1 January 2012 and 1 January 2014. The adoption of different accounting framework with LTAT have no significant effect on the preparation of the financial statements of the Group and LTAT because the subsidiary companies and corporations do not fall under the scope of MFRS 141 and IC 15. The subsidiary companies and the corporation are as follows:

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of Preparation (continued)

##### (a) Statement of Compliance (continued)

- i. Affin Holdings Berhad
- ii. Power Cables Sdn. Bhd.
- iii. Irat Properties Sdn. Bhd.
- iv. Perwira Niaga Malaysia
- v. Perbadanan Hal Ehwal Bekas Angkatan Tentera

The accounting policies adopted by the Group in this financial statement are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2016 except for the adoption of the following new and amendments to FRSs for financial statements effective from 1 January 2017 as disclosed below:

- Amendments to FRS 12 Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014 – 2016 Cycle)
- Amendments to FRS 107 Statement of Cash Flows - Disclosure Initiative.
- Amendments to FRS 112 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses.

Adoption of the above new or amended standards did not have any effect on the financial performance or the position of the Group.

##### (b) Basis of Measurement

The financial statements of the Group and LTAT have been prepared under the cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as disclosed in the accounting policies below.

##### (c) Significant Accounting Estimates and Judgements

The preparation of the Group and LTAT financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

###### (i) Impairment of Intangible Assets

The Group and LTAT assesses whether there are any indicators of impairment of intangible assets at each reporting date. Intangible assets (goodwill and intangible assets with indefinite useful lives) are tested for impairment annually and at any other time when such indicators exist. Intangible assets are tested for impairment when there are indicators that their carrying values may exceed the recoverable amounts. When value in use (VIU) calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit (CGU) and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of Preparation (continued)

##### (c) Significant Accounting Estimates and Judgements (continued)

###### (i) Impairment of Intangible Assets (continued)

While the Group and LTAT believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment losses.

###### (ii) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

###### (iii) Impairment of Property, Plant and Equipment, Biological Assets, Prepaid Land Lease Payment and Investment in Subsidiaries

The Group and LTAT reviews the carrying amounts of the above non-financial at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the Group and LTAT shall estimate the recoverable amount of CGU or group of CGU. The recoverable amount is measured at the higher of fair value less costs of disposal (FVLCD) or VIU.

Where assessment of the recoverable amount of CGU or groups of CGU is determined on the basis of FVLCD, the Group and LTAT had amongst others, based the FVLCD on valuations by independent professional valuers which were derived from comparisons with recent transactions involving other similar assets and where applicable, the age, size and title tenure.

Determining the VIU of CGU or groups of CGU require the estimation of future cash flows expected to be derived from continuing use of the assets and from the ultimate disposal of suchs assets. In estimating the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

The estimation of the recoverable amounts involves significant judgement and estimations. While the Group and LTAT believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of Preparation (continued)

##### (c) Significant Accounting Estimates and Judgements (continued)

##### (iv) Impairment of Loans and Receivables

The Group and LTAT assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairments, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

##### (v) Property Development

The Group and LTAT recognise property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development cost.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

##### (vi) Long Term and Construction Contracts

When the outcome of a long term and construction contracts can be determined reliably, the Group recognises construction revenue and cost, including rendering of services, in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract cost incurred for work performed to date bear to the estimated total contract cost.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and cost, as well as the recoverability of the contract cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of internal specialists.

##### (vii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unused tax credits and unabsorbed capital allowances and agricultural allowances to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating cost, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of Preparation (continued)

##### (c) Significant Accounting Estimates and Judgements (continued)

##### (vii) Deferred Tax Assets (continued)

These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

#### 2.2 Summary of Significant Accounting Policies

##### (a) Basis of Consolidation

##### (i) Subsidiary Companies

Subsidiaries are entities, including structured entities, controlled by the Group and LTAT.

The Group and LTAT controls an entity when it exposed or has rights to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing controls only when such rights are substantive.

The Group and LTAT also considers its de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significant affect the investee's return.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year, are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests at the reporting date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Group, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and consolidation statement of changes in equity within equity, separately from equity attributable to the Group. Profit or loss and each component of other comprehensive income are attributable to the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Acquisition of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date. Acquisition costs are expensed and included in the administrative expenses. The difference between these fair values with the fair value of the consideration (including the fair value of any pre-existing investments in the acquiree) is goodwill or discount on acquisition. Discount on acquisition represents negative goodwill is recognised immediately as income in profit or loss. The accounting policy on goodwill on acquisition of subsidiaries as disclosed in Note 2.2 (l) (i).

If the business combination is achieved in stages, any previously held equity interest re-measured at its acquisition date fair value and any gains or loss is recognized in profit or loss. It is then considered the determination of goodwill.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (a) Basis of Consolidation (continued)

##### (i) Subsidiary Companies (continued)

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net asset.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interest in the subsidiary. Any difference between the amount of by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

Upon loss of control of a subsidiary, the Group derecognises the assets (including goodwill) and liabilities of the former subsidiary, any non-controlling interest and the other components of equity related to the former subsidiary from the consolidated statement of financial position. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earning. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost and subsequently accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

Investments in quoted and unquoted subsidiary companies are stated at cost less impairment losses.

Details of subsidiary companies are listed in Note 10.

##### (ii) Investment in Associates and Joint Ventures

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control or joint control over the financial and operating policy decisions.

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

Investment in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of these investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of an associates or a joint venture, the Group recognise its share of such change, when applicable, in the consolidated statement of changes in equity. Unrealised gains or losses on transactions between the Group and

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (a) Basis of Consolidation (continued)

##### (ii) Investment in Associates and Joint Ventures (continued)

its associates and joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates or joint venture.

The most recent available financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. When necessary, adjustments are made to these financial statements to ensure consistency of the accounting policies used with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value. Impairment loss is recognised in profit or loss.

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

##### (b) Financial Instruments

Financial instruments are categorised and measured based on accounting policies as follows:

##### (i) Initial Recognition and Measurement

Financial instruments are recognised in the statements of financial position when, and only when, the Group and LTAT become a party to the contractual provisions of the financial instrument.

When financial instruments are recognized initially, they are measured at fair value plus, in the case of financial instruments not a fair value through profit or loss, directly attributable transaction cost.

Purchase and sales of investments are recognised and derecognised at trade date, at the date of the Group and LTAT purchase and disposal of the assets.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (b) Financial Instruments (continued)

##### (ii) Categories and Measurement

The Group's and LTAT's financial instruments are categorised and measured as follows:

##### Financial Assets

##### 1) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment losses.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current where as financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### 2) Loan and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group's and LTAT's loans and receivables comprise receivables (exclude prepayments and advances paid to suppliers), deposits and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (b) Financial Instruments (continued)

##### (ii) Categories and Measurement (continued)

##### Financial Assets (continued)

#### 3) Available For Sale Securities

Available for sale securities are financial assets that are designated as available for sale or are not classified in any other categories of financial assets.

After initial recognition, available for sale securities are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available for sale equity instruments are recognised in profit or loss when the Group's and LTAT right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available for sale securities are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### 4) Held To Maturity Securities

Held to maturity securities are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity securities are measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

##### Financial Liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of financial liabilities at initial recognition.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (b) Financial Instruments (continued)

##### (ii) Categories and Measurement (continued)

##### Financial Liabilities (continued)

##### (1) Financial Liabilities at Fair Value Through Profit or Loss

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

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

##### (2) Other Financial Liabilities

The Group's and LTAT's other financial liabilities include loans and borrowings, trade payables and other payables.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

##### (iii) Regular Way Purchase or Sale of Financial Assets

Regular way purchases or sales are purchases or sales of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (b) Financial Instruments (continued)

##### (iii) Regular Way Purchase or Sale of Financial Assets (continued)

Regular way purchases or sales of financial assets are recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a) The recognition of an asset to be received and the liability to pay for it on the trade date; and
- b) The derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### (iv) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets expired, or the financial assets have been transferred to other parties without retaining any significant amount of risks and rewards from the transfers. On the derecognition of financial assets in its entirety, the difference between carrying amount and the sum of consideration received and any gain or loss that had been recognised in equity will be recognised in profit or loss.

##### (c) Impairment of Financial Assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment.

##### (i) Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that impairment exists for financial assets carried at amortised cost, the Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has occurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (c) Impairment of Financial Assets (continued)

###### (i) Financial Assets Carried at Amortised Cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

###### (ii) Available For Sale Financial Assets

In the case of equity instruments classified as available for sale, significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that these financial assets are impaired.

If an available for sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

##### (d) Impairment of Non-Financial Assets

Carrying amount of non-financial assets are reviewed at the end of each reporting date to determine whether there is any indication of impairment. If such indication exists, the carrying amount will be written down to its recoverable amount. Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income.

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

##### (e) Fair Value Measurement

The Group and LTAT measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Fair values of financial instruments measured at amortised cost.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (e) Fair Value Measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market, or in the absence of a principal market;
- in the most advantageous market for the asset or liability.

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

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

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

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

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

- Level 1 : unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted market prices that are observable either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

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

##### (f) Derivative Financial Instruments

Derivatives are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are classified as assets when fair values are positive and as liabilities when fair values are negative.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (f) Derivative Financial Instruments (continued)

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises fair value gain or loss immediately.

##### (g) Property, Plant and Equipment and Depreciation

All property, plant and equipment are initially recorded at cost. Certain land and buildings are subsequently shown at valuation less subsequent depreciation and impairment losses.

The Group and LTAT has not adopted a policy of regular valuation and have applied the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment which permits those assets to be stated at their prevailing valuations less accumulated depreciation. The valuations were determined by independent professional valuers on the open market basis, and no later valuations were recorded. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

The revaluation surplus arising from previous revaluation is accumulated in equity under revaluation reserve. Any impairment loss is first offset against the revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the assets. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated profit on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not amortised. Long term leasehold land is amortised over the period of the lease. Building-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following rates:

##### Buildings:

• Freehold	1.25% - 5.6%
• Short term leasehold and long term leasehold	1.25% - 20%
Air crafts and vessel	4.0% - 16.7%
Plant and equipment	6.0% - 33.3%

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

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

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (g) Property, Plant and Equipment and Depreciation (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss. Unutilised revaluation surplus on that item is taken directly to accumulated profits.

##### (h) Biological Assets

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is capitalised. Cost of development of the original produce crop is written off to profit or loss.

Depreciation charges and external borrowings costs related to the development of new plantations are included as part of the capitalisation of immature planting costs.

Replanting expenditure incurred in respect of the same crop is charged to profit or loss in the year in which it is incurred. Biological assets is not amortised.

##### (i) Development Properties and Property Development in Progress

###### (a) Development Properties

Development properties are classified within non-current assets and are stated at cost less accumulated impairment losses.

Development properties comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle.

Development properties are reclassified as property development in progress at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

###### (b) Property Development in Progress

Property development in progress comprises cost of land currently being developed together with related development cost common to the whole project and direct building cost.

Property development revenue and expenses are recognised in profit or loss using the stage of completion method when the financial outcome of the development activity can be reliably estimated. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development cost.

Where the financial outcome cannot be reliably estimated, revenue is recognised to the extent that costs are recoverable and costs on properties sold are expensed in the period incurred.

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

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (i) Development Properties and Property Development in Progress (continued)

###### (b) Property Development in Progress (continued)

The excess or shortfall of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables or progress billings within trade payables respectively.

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

##### (j) Investment Properties

Investment properties are properties that are held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Properties rented out to subsidiary companies of LTAT for business operation is considered owner occupied rather than as investment properties. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use.

Investment properties are initially measured at cost, including transaction costs. Investment properties under construction are measured at fair value, or where fair value cannot be determined reliably, are measured at cost less impairment.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value, which is determined by the Group by reference to market evidence of transaction prices for similar properties, and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the investment property is derecognised.

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

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (k) Lease

###### (i) Finance Leases

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

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

###### (ii) Operating Leases

Leases of assets under which substantial risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

##### (l) Intangible Assets

###### (i) 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, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

###### (ii) Computer Software

Cost associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable. Unique software products controlled by the Group and LTAT are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (i) Intangible Assets (continued)

##### (ii) Computer Software (continued)

- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software products;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Direct attributable costs are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives of five years.

##### (iii) Concession Right

A sub subsidiary of the Group was granted the concession relating to the privatisation of the Medical Laboratory and Store of the Ministry of Health for the distribution of selected medical products to Government-owned hospitals for 11 years since 1998. The concession was extended for a further ten years commencing 1 December 2009.

The right attached to this concession which was acquired as part of a business combination is initially measured at its fair value at the acquisition date. The fair value of the concession right was computed by discounting the estimated future net cash flows to be generated from the acquisition date until the expiry of the current concession term which ends on 30 November 2019.

The fair value of the concession right is amortised on a straight line basis over the remaining tenure of the concession contract.

##### (iv) Research and Development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of the development expenditure as an asset, the asset carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2.2 Summary of Significant Accounting Policies (continued)

#### (I) Intangible Assets (continued)

##### (v) Rights for Supply

Expenses incurred in providing and supplying to the Government of Malaysia certain hardware and software, being part and parcel of the ordinary contractual obligations under the concession agreement, are capitalised and carried at cost less accumulated amortisation and any accumulated impairment losses. The expenses are amortised over the concession period of 20 years. The title of these hardware and software vests with the Government of Malaysia.

Where an indication of impairment exists, the carrying amount of the rights to supply pharmaceutical products is assessed and written down immediately to its recoverable amount.

##### (vi) Pharmacy Manufacturing Licence, Trade Name and Intellectual Property

Pharmacy manufacturing licence and trade name acquired in a business combination are recognised at fair value at the acquisition date.

The pharmacy manufacturing licence represents the rights to manufacture pharmaceutical products in Malaysia and Indonesia. The licence has a finite useful life and is carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight line method to allocate the cost of pharmacy manufacturing licence over a period of 6 to 9 years.

Trade name represents the in-house branded generic products and have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trade name over a period of 15 years.

Intellectual property represents the patent right for stevia formula and has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of intellectual property over a period of 15 years.

##### (vii) Identifiable Intangible Assets Arising from Business Combination

Identifiable intangible assets arising from business combination are recognised at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. The fair value of intangible assets are generally determined using income approach methodologies such as the discounted cash flow method. Intangible assets with a definite useful life are amortised using straight-line method over their estimated useful economic life. Intangible assets with an indefinite useful life are not amortised. Generally, the identified intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits.

If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount. Intangible assets with indefinite useful life are annually tested for impairment and whenever there is an indication that the asset may be impaired.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (l) Intangible Assets (continued)

##### (vii) Identifiable Intangible Assets Arising from Business Combination (continued)

The identifiable intangible assets arising from business combination consist of brand and customer relationship. Brand and customer relationship are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows as follows:-

Brand	- 3 years
Customer relationship	- 7 years

##### (m) Inventories

Inventories are stated at the lower of cost or net realisable value, cost being determined on the weighted average basis. Cost includes all incidental costs incurred in bringing the inventories to their present location and condition; and in the case of produce stocks, includes harvesting, manufacturing and transport charges, where applicable. Inventories of completed properties comprise cost of land and the relevant development cost.

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.

##### (n) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract cost incurred that is likely to be recoverable. Contract cost is recognised as expense in the period in which it is incurred.

When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of cost incurred on construction contract plus recognised profit (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed cost incurred plus recognised profit (less recognised losses), the balance is classified as amount due to customers on contracts.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

##### (p) Bills and Acceptances Payable

Bills and acceptances payable in respect of a subsidiary companies in the banking and financial sector represent bills and acceptances rediscounted and outstanding in the market.

##### (q) Taxation

Taxation recognised in profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of taxation payable in respect of the taxable profit (including withholding tax and real property gains tax payable on disposals of property) for the year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

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

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

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

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

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

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (q) Taxation (continued)

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

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

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

##### (r) Currency Conversion

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Group. All transactions are recorded in RM. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### (i) Transactions and Balances

Transactions in foreign currencies are measured in the respective functional currencies of the Group and recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (r) Currency Conversion (continued)

##### (ii) Consolidated Financial Statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is recognised in profit or loss.

##### (s) Foreclosed Properties

Foreclosed properties are stated at the lower of the carrying amount and fair value less cost to sell.

##### (t) Employee Benefits

##### (i) Short Term Benefits

Salaries, bonuses and social security contributions 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 the employees whereas short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

##### (ii) Fixed Contribution Plans

Contribution made to Employees Provident Funds. This contribution is recognised as the Group expenses as an expense in profit or loss as incurred.

##### (iii) Post Retirement Medical Benefits

The Group and LTAT provide medical benefits to its retired personnel and spouse. Retirees who are reemployed on contract basis will utilise such benefits upon completion of the contract services. The provision of these medical benefits covers the full amount of medical costs in government and panel clinics/hospitals.

This provision is accrued as an expense in other comprehensive income and as a liability in the statements of financial position as provision for post retirement medical benefits.

The liability amount of post retirement medical benefits is computed based on actuarial valuation where the amount of the benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is determined by the actuaries using the Projected Unit Credit actuarial method. The Group and LTAT recognise actuarial gains or losses against accumulated profits through other comprehensive income.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (t) Employee Benefits (continued)

###### (iii) Post Retirement Medical Benefits (continued)

The principal assumptions used in this computation on the actuarial method are:

- (a) An inflation rate of 5% per annum (2016: 7%) on the medical treatment cost; and
- (b) A discount rate of 5.8% per annum (2016: 5.8%).

###### (iv) Gratuity Plan Benefits

The Gratuity Plan provides lump sum benefits that are defined by salary and period of service.

This provision is accrued as an expense in other comprehensive income and as a liability in the statement of financial position as provision for the gratuity plan benefits.

The principal assumptions used in this computation on the actuarial method are:

- (a) A discount rate of 5.3% per annum (2016: 5.3%); and
- (b) An increment rate of 4.5% per annum (2016: 6%).

##### (u) Revenue Recognition

Dividend income from investments are recognised when the shareholders' right to receive payment are established.

Revenue from the sale of goods are recognised when control, significant risks and rewards of the goods are passed to the customer.

Revenue from property development and construction contracts are recognised on the percentage of completion method.

##### (v) Grant

Annual grant received from the government under Section 23 and Section 3 (1A) (1994 - Section 3A), Tabung Angkatan Tentera Act 1973 (Act 101), is recognised on cash basis.

The grant received is divided into four categories of funds are as follows:

###### (i) Operating Fund

Grant received under this fund is for financing the operating expenses and is recognised as income in statement of comprehensive income.

###### (ii) Fixed Assets Development Fund

Grant received under this fund is for financing the purchase of property, plant and equipment are credited into the Fixed Assets Development Fund account and is amortised over the useful lives of the property, plant and equipment or when the property, plant and equipment are written off.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (v) Grant (continued)

##### (iii) Staff Loans Fund

Grant received under this fund is for financing loans for employees and are credited into the staff loans fund account.

##### (iv) The Micro Fund Public Private Partnership (PPP)- Micro Financing Scheme (SPM)- Veterans Entrepreneur (UV)- Malaysian Armed Forces (ATM)

The Micro Fund PPP-SPM-UV-ATM is received from UKAS (Public Private Partnership Unit) under the NBOS 7 (National Blue Ocean Strategy) for the purpose of financing loans to ATM veterans (Malaysian Armed Forces) for entrepreneurial development initiative. Receipts of the funds are credited to the Fund Micro PPP-SPM-UV-ATM. PERHEBAT has enter strategic collaboration with TEKUN for financing the Micro Fund PPP-SPM-UV-ATM to ATM Veterans.

##### (w) Non-Current Assets Held For Sale

Non-current assets or disposal groups are classified as being held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of carrying amount and fair value less costs to sell when sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to the terms that are usual and customary.

Non-current assets held for sale are not depreciated.

Assets and liabilities as held for sale are presented seperately as current items in the statements of financial position.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Properties		Long Term Leasehold Properties		Short Term Leasehold Properties		Aircraft and Vessels RM'000	Plant and Equipment RM'000	Building in Progress RM'000	Total RM'000
	Land RM'000	Building RM'000	Land RM'000	Building RM'000	Land RM'000	Building RM'000				
<b>2017</b>										
<b>Cost/Valuation</b>										
<b>Balance at 1 January</b>	1,237,896	1,423,658	759,382	848,623	20,218	271,455	999,465	1,818,314	594,441	7,973,452
Additions	8,909	1,515	3,864	54,043	-	155	-	220,637	35,544	324,667
Disposals/Adjustment/Write-off	(2,511)	(16,290)	(431)	(1,708)	-	(7)	-	(63,455)	-	(84,402)
Transfer to intangible asset (Note 9)	-	-	-	(12,226)	-	-	-	1,287	-	(10,939)
Transfer to assets held for sale (Note 24)	(9,872)	-	-	(566)	-	-	-	(117)	-	(10,555)
Revaluation on land and building	-	28	22,841	(842)	-	-	-	-	-	22,027
Reclassification	-	710	(520)	93,325	579	9,775	-	526,116	(629,985)	-
Exchange adjustment	(56)	(121)	-	(811)	-	(1,055)	-	(3,062)	-	(5,105)
Elimination of accumulated depreciation on revaluation	-	(13)	(3,841)	(6,990)	-	-	-	-	-	(10,844)
<b>Balance at 31 December</b>	<b>1,234,366</b>	<b>1,409,487</b>	<b>781,295</b>	<b>972,848</b>	<b>20,797</b>	<b>280,323</b>	<b>999,465</b>	<b>2,499,720</b>	<b>-</b>	<b>8,198,301</b>
<b>Accumulated depreciation</b>										
<b>Balance at 1 January</b>	2,500	186,936	52,729	299,756	9,651	102,547	298,322	1,186,063	145,225	2,283,729
Additions	-	16,806	8,526	38,569	2,052	9,568	50,767	162,457	-	288,745
Disposals/Adjustment/Write-off	-	(4,526)	-	579	-	(2)	-	(55,526)	-	(59,475)
Transfer to assets held for sale (Note 24)	-	-	-	(118)	-	-	-	(87)	-	(205)
Reclassification	-	-	-	-	-	-	-	145,225	(145,225)	-
Exchange adjustment	-	(75)	-	(128)	-	(592)	-	(1,112)	-	(1,907)
Impairment	-	4,033	-	-	-	-	42,905	13	-	46,951
Capitalised in contract costs	-	-	50	665	-	17	89	9,890	-	10,711
Elimination of accumulated depreciation on revaluation	-	(13)	(3,841)	(6,990)	-	-	-	-	-	(10,844)
<b>Balance at 31 December</b>	<b>2,500</b>	<b>203,161</b>	<b>57,464</b>	<b>332,333</b>	<b>11,703</b>	<b>111,538</b>	<b>392,083</b>	<b>1,446,923</b>	<b>-</b>	<b>2,557,705</b>
<b>Carrying amount</b>										
<b>Balance at 31 December</b>	<b>1,231,866</b>	<b>1,206,326</b>	<b>723,831</b>	<b>640,515</b>	<b>9,094</b>	<b>168,785</b>	<b>607,382</b>	<b>1,052,797</b>	<b>-</b>	<b>5,640,596</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold Properties		Long Term Leasehold Properties		Short Term Leasehold Properties		Aircraft and Vessels RM'000	Plant and Equipment RM'000	Building in Progress RM'000	Total RM'000
	Land RM'000	Building RM'000	Land RM'000	Building RM'000	Land RM'000	Building RM'000				
2016										
Cost/Valuation										
Balance at 1 January	1,292,040	1,405,131	751,783	860,546	20,218	261,990	1,020,336	1,637,826	591,683	7,841,553
Additions	945	8,301	5,914	19,103	-	120	94	88,978	198,673	322,128
Disposals/Adjustment/Write-off	(10,564)	(7,663)	-	(12,830)	-	(809)	(20,965)	(54,033)	(70)	(106,934)
Transfer to intangible assets (Note 9)	-	-	-	-	-	-	-	(14,844)	-	(14,844)
Transfer to assets held for sale (Note 24)	(48,654)	-	-	(1,692)	-	-	-	-	-	(50,346)
Acquisition of sub subsidiary (Note 49)	-	-	-	-	-	-	-	587	58	645
Disposal of sub subsidiary (Note 49)	-	-	-	(3,409)	-	-	-	(1,981)	-	(5,390)
Reclassification	4,066	17,841	1,685	1,135	-	9,911	-	161,307	(195,945)	-
Exchange adjustment	63	48	-	(14,230)	-	243	-	474	42	(13,360)
Balance at 31 December	1,237,896	1,423,658	759,382	848,623	20,218	271,455	999,465	1,818,314	594,441	7,973,452
Accumulated depreciation										
Balance at 1 January	2,500	176,585	43,979	267,992	7,599	93,714	251,110	1,064,481	142,770	2,050,730
Additions	-	16,697	8,749	41,141	2,052	9,052	60,180	154,789	2,819	295,479
Disposals/Adjustment/Write-off	-	(6,060)	-	(8,688)	-	(225)	(12,968)	(46,337)	159	(74,119)
Transfer to assets held for sale (Note 24)	-	-	-	(336)	-	-	-	-	-	(336)
Disposal of sub subsidiary (Note 49)	-	-	-	(967)	-	-	-	(1,547)	-	(2,514)
Reclassification	-	-	-	542	-	6	-	4	(552)	-
Exchange adjustment	-	39	-	72	-	-	-	421	29	561
Impairment	-	(325)	-	-	-	-	-	4,634	-	4,309
Capitalised in contract costs	-	-	1	-	-	-	-	9,618	-	9,619
Balance at 31 December	2,500	186,936	52,729	299,756	9,651	102,547	298,322	1,186,063	145,225	2,283,729
Carrying amount										
Balance at 31 December	1,235,396	1,236,722	706,653	548,867	10,567	168,908	701,143	632,251	449,216	5,689,723

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

LTAT	Freehold Properties RM'000	Long Term Leasehold Properties		Plant and Equipment RM'000	Total RM'000
		Land RM'000	Building RM'000		
<b>2017</b>					
<b>Cost/Valuation</b>					
<b>Balance at 1 January</b>	<b>130</b>	<b>50,000</b>	<b>38,954</b>	<b>36,373</b>	<b>125,457</b>
Additions	-	-	-	1,029	1,029
Adjustment/Disposal	-	-	(122)	(441)	(563)
Revaluation on land and building	28	22,841	(842)	-	22,027
Elimination of accumulated depreciation on revaluation	(13)	(3,841)	(6,990)	-	(10,844)
<b>Balance at 31 December</b>	<b>145</b>	<b>69,000</b>	<b>31,000</b>	<b>36,961</b>	<b>137,106</b>
<b>Accumulated depreciation</b>					
<b>Balance at 1 January</b>	<b>10</b>	<b>3,073</b>	<b>5,368</b>	<b>32,577</b>	<b>41,028</b>
Additions	3	768	1,622	1,407	3,800
Adjustment/Disposal	-	-	-	(417)	(417)
Elimination of accumulated depreciation on revaluation	(13)	(3,841)	(6,990)	-	(10,844)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,567</b>	<b>33,567</b>
<b>Carrying Amount</b>	<b>145</b>	<b>69,000</b>	<b>31,000</b>	<b>3,394</b>	<b>103,539</b>
<b>2016</b>					
<b>Cost/Valuation</b>					
Balance at 1 January	130	50,000	38,270	36,788	125,188
Additions	-	-	684	399	1,083
Adjustment/Disposal	-	-	-	(814)	(814)
<b>Balance at 31 December</b>	<b>130</b>	<b>50,000</b>	<b>38,954</b>	<b>36,373</b>	<b>125,457</b>
<b>Accumulated depreciation</b>					
Balance at 1 January	8	2,305	3,701	31,132	37,146
Additions	2	768	1,667	2,211	4,648
Adjustment/Disposal	-	-	-	(766)	(766)
<b>Balance at 31 December</b>	<b>10</b>	<b>3,073</b>	<b>5,368</b>	<b>32,577</b>	<b>41,028</b>
<b>Carrying amount</b>	<b>120</b>	<b>46,927</b>	<b>33,586</b>	<b>3,796</b>	<b>84,429</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 4. BIOLOGICAL ASSETS

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
<b>Balance at 1 January</b>	<b>1,293,341</b>	1,295,720
Transfer to assets held for sale (Note 24)	<b>(3,658)</b>	(10,075)
Additions	-	27,457
Disposal of sub subsidiary company (Note 49)	-	(19,482)
Disposal	-	(279)
<b>Balance at 31 December</b>	<b>1,289,683</b>	1,293,341
<b>Impairment</b>		
<b>Balance at 1 January</b>	<b>44,756</b>	34,338
Impairment for the year	<b>10,000</b>	10,418
<b>Balance at 31 December</b>	<b>54,756</b>	44,756
<b>Net book value</b>		
Balance at 31 December	<b>1,234,927</b>	1,248,585
Interest capitalised during the year	-	241

### 5. DEVELOPMENT PROPERTIES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>				
<b>Cost</b>				
- Freehold land	<b>317,987</b>	318,072	<b>34,541</b>	34,491
- Long term leasehold land	<b>350,924</b>	351,002	<b>347,343</b>	346,752
- Development cost	<b>338,377</b>	339,788	-	-
	<b>1,007,288</b>	1,008,862	<b>381,884</b>	381,243
<b>Additions</b>				
- Freehold land	<b>77</b>	132	<b>19</b>	50
- Long term leasehold land	<b>1,390</b>	591	<b>1,390</b>	591
	<b>1,467</b>	723	<b>1,409</b>	641

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 5. DEVELOPMENT PROPERTIES (continued)

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Transfer to property development in progress (Note 17)				
- Freehold land	(398)	(217)	-	-
- Long term leasehold land	(349,232)	(669)	(348,733)	-
- Development cost	(118,006)	(137,760)	-	-
	<b>(467,636)</b>	(138,646)	<b>(348,733)</b>	-
Sales	(34,560)	-	(34,560)	-
Development cost	126,505	144,578	-	-
Exchange adjustment	(383)	(8,229)	-	-
<b>Balance at 31 December</b>	<b>632,681</b>	1,007,288	-	381,884
Interest capitalised during the year	15,960	6,107	-	-

### 6. INVESTMENT PROPERTIES

Group	Completed Investment Properties RM'000	Investment Properties Under Construction at Cost RM'000	Total RM'000
	<b>2017</b>		
<b>Balance at 1 January</b>	<b>2,103,951</b>	<b>127,969</b>	<b>2,231,920</b>
Net fair value gain (Note 34)	35,048	-	35,048
Additions	40,137	104,126	144,263
Additions from subsequent expenditure	8,042	-	8,042
Adjustment	(1,897)	-	(1,897)
<b>Balance at 31 December</b>	<b>2,185,281</b>	<b>232,095</b>	<b>2,417,376</b>
<b>2016</b>			
Balance at 1 January	2,052,615	83,630	2,136,245
Net fair value gain (Note 34)	37,517	-	37,517
Additions	1,102	44,339	45,441
Additions from subsequent expenditure	12,717	-	12,717
<b>Balance at 31 December</b>	<b>2,103,951</b>	<b>127,969</b>	<b>2,231,920</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 6. INVESTMENT PROPERTIES (continued)

	Completed Investment Properties RM'000	Investment Properties Under Construction at Cost RM'000	Total RM'000
<b>LTAT</b>			
<b>2017</b>			
<b>Balance at 1 January</b>	<b>425,726</b>	<b>372</b>	<b>426,098</b>
Net fair value gain (Note 34)	9,793	-	9,793
Additions	12,281	-	12,281
<b>Balance at 31 December</b>	<b>447,800</b>	<b>372</b>	<b>448,172</b>
<b>2016</b>			
Balance at 1 January	425,400	372	425,772
Net fair value gain (Note 34)	-	-	-
Additions	326	-	326
Balance at 31 December	425,726	372	426,098

### 7. PREPAID LAND LEASE PAYMENTS

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
<b>Balance at 1 January</b>	<b>66,886</b>	72,948
Exchange adjustment	(195)	122
Disposal of sub subsidiary (Note 49)	-	(6,150)
Disposals	-	(34)
<b>Balance at 31 December</b>	<b>66,691</b>	66,886
<b>Accumulated amortisation</b>		
<b>Balance at 1 January</b>	<b>12,887</b>	11,330
Amortisation for the year (Note 36)	2,097	2,162
Disposal of sub subsidiary (Note 49)	-	(693)
Adjustments	-	90
Disposals	-	(2)
<b>Balance at 31 December</b>	<b>14,984</b>	12,887

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 7. PREPAID LAND LEASE PAYMENTS (continued)

	Group	
	2017 RM'000	2016 RM'000
<b>Net book value</b>		
Balance at 31 December	<b>51,707</b>	53,999
Amortised amount		
- Not exceed 1 year	<b>2,098</b>	2,162
- Exceed 1 year and less than 5 years	<b>8,392</b>	8,649
- Exceed 5 years	<b>41,217</b>	43,188
	<b>51,707</b>	53,999

### 8. LONG TERM PREPAYMENTS

	Group	
	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>	<b>183,105</b>	170,330
Additions	<b>30,394</b>	22,600
Amortisation for the year (Note 36)	<b>(11,396)</b>	(9,825)
Disposal	<b>(316)</b>	-
<b>Balance as at 31 December</b>	<b>201,787</b>	183,105

Long term prepayments comprise mainly prepaid rentals made to service station operators and land owners in respect of the subsidiary companies's service station activities. These prepayments are amortised over the tenure of the agreements.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 9. INTANGIBLE ASSETS

Group	Goodwill RM'000	Computer Software RM'000	Concession Right RM'000	Rights for Supply RM'000	Pharmacy Manufacturing License & Trade Name RM'000	Brand & Customers Relationship RM'000	Assets Under Construction RM'000	Total RM'000
<b>2017</b>								
<b>Cost</b>								
<b>Balance at 1 January</b>	2,381,201	193,952	200,603	234,668	23,845	89,037	-	3,123,306
Transfer from property, plant and equipment (Note 3)	-	10,939	-	-	-	-	-	10,939
Additions	-	7,136	2,626	24,322	3,063	-	66	37,213
Disposal/Adjustment/Write-off	(383)	1,104	(5,127)	-	564	-	602	(3,240)
Exchange adjustment	(3,844)	-	-	-	(3,162)	-	-	(7,006)
	2,376,974	213,131	198,102	258,990	24,310	89,037	668	3,161,212
<b>Accumulated amortisation and impairment</b>								
<b>Balance at 1 January</b>	10,104	156,489	154,865	62,130	8,406	37,815	-	429,809
Amortisation for the year (Note 36)	-	13,406	26,020	14,869	2,728	12,396	-	69,419
Disposal/Adjustment/Write-off	-	1,120	-	-	-	-	-	1,120
Impairment	22,200	-	-	-	-	-	-	22,200
Exchange adjustment	-	-	-	-	(2,449)	-	-	(2,449)
	32,304	171,015	180,885	76,999	8,685	50,211	-	520,099
<b>Carrying amount</b>								
<b>Balance at 31 December</b>	2,344,670	42,116	17,217	181,991	15,625	38,826	668	2,641,113

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 9. INTANGIBLE ASSETS (continued)

Group	Goodwill RM'000	Computer Software RM'000	Concession Right RM'000	Rights for Supply RM'000	Pharmacy Manufacturing License & Trade Name RM'000	Brand & Customers Relationship RM'000	Total RM'000
2016							
Cost							
Balance at 1 January	2,382,500	174,461	223,342	177,167	21,855	89,037	3,068,362
Acquisition of sub subsidiary (Note 49)	3,404	-	-	-	150	-	3,554
Transfer to non-controlling interests	(1,366)	-	-	-	-	-	(1,366)
Transfer from property, plant and equipment (Note 3)	-	14,844	-	-	-	-	14,844
Additions	-	4,803	6,184	57,501	-	-	68,488
Disposal/Adjustment/Write-off	(5,791)	(156)	(28,923)	-	-	-	(34,870)
Exchange adjustment	2,454	-	-	-	1,840	-	4,294
	2,381,201	193,952	200,603	234,668	23,845	89,037	3,123,306
Accumulated amortisation and impairment							
Balance at 1 January	7,423	144,794	135,053	50,364	4,895	24,064	366,593
Amortisation for the year (Note 36)	-	11,834	41,007	11,766	2,736	13,751	81,094
Disposal/Adjustment/Write-off	-	(139)	(21,195)	-	-	-	(21,334)
Impairment	2,681	-	-	-	-	-	2,681
Exchange adjustment	-	-	-	-	775	-	775
	10,104	156,489	154,865	62,130	8,406	37,815	429,809
Carrying amount							
Balance at 31 December	2,371,097	37,463	45,738	172,538	15,439	51,222	2,693,497

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 9. INTANGIBLE ASSETS (continued)

#### Goodwill

The carrying amount of goodwill has been allocated to the respective subsidiary companies (based on their principal activities), representing the cash-generating units (CGUs) of the Group as follows:

	<b>2017</b>	2016
	<b>RM'000</b>	RM'000
<b>Cash generated units</b>	<b>Carrying amount</b>	
Commercial banking	<b>816,515</b>	816,515
Heavy industries	<b>1,035,888</b>	1,062,315
Others	<b>492,267</b>	492,267
	<b>2,344,670</b>	2,371,097

Goodwill is allocated to the Group's CGUs which are expected to benefit from the synergies of the acquisitions. For annual impairment, the recoverable amount of the CGUs are based on their value-in-use calculations using the cash flow projections based on 5 years financial budgets of the respective subsidiaries, which were approved. The cash flows beyond the fifth year are assumed to grow on perpetual basis based on forecasted Gross Domestic Product (GDP) growth rate of Malaysia, adjusted for specific risk of the respective CGUs.

For Heavy Industries Division, pre-tax discount rates of 13.2% to 15.1% (2016: 12.5% to 15.1%) and a terminal growth rate at 0% to 1% (2016:1%) have been applied in the value in use calculations.

Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumption would cause the carrying value of the CGU to exceed its recoverable amount.

### 10. SUBSIDIARY COMPANIES

	LTAT	
	<b>2017</b>	2016
	<b>RM'000</b>	RM'000
<b>At Cost</b>		
Quoted Corporations	<b>4,556,646</b>	4,520,967
Unquoted	<b>123,000</b>	108,000
	<b>429,380</b>	423,380
	<b>5,109,026</b>	5,052,347
<b>At Market Value</b>		
Quoted	<b>5,500,099</b>	5,379,665

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. SUBSIDIARY COMPANIES (continued)

#### Subsidiaries with material non-controlling interests

The Group regard Boustead Holdings Berhad and Affin Holdings Berhad as subsidiaries that have material non-controlling interest. These subsidiaries are incorporated and operate primarily in Malaysia. Financial information of these subsidiaries are as follows:

	Boustead Holdings Bhd		Affin Holdings Bhd	
	2017 %	2016 %	2017 %	2016 %
Equity interest held by non-controlling interests	<b>41</b>	40	<b>52</b>	52

The summarised financial information of these subsidiary companies before inter-company eliminations.

#### (a) Summarised profit or loss and other comprehensive income

	Boustead Holdings Bhd		Affin Holdings Bhd	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income	<b>10,020,058</b>	8,371,293	<b>4,243,890</b>	3,848,033
Profit for the year	<b>923,287</b>	589,117	<b>534,938</b>	579,810
Other comprehensive income	<b>(13)</b>	7,089	<b>57,772</b>	(8,455)
Total comprehensive income for the year	<b>923,274</b>	596,206	<b>592,710</b>	571,355
<b>Attributable to:</b>				
Group	<b>472,197</b>	371,026	<b>573,282</b>	555,490
Non-controlling interests	<b>377,403</b>	151,506	<b>19,428</b>	15,865
Holder of Perpetual Sukuk	<b>73,674</b>	73,674	-	-
	<b>923,274</b>	596,206	<b>592,710</b>	571,355
Dividend paid to non-controlling interest	<b>180,674</b>	148,640	<b>9,000</b>	12,000

#### (b) Summarised statements of financial position

Total Assets:				
Non-current assets	<b>12,865,497</b>	12,747,838	<b>13,202,154</b>	12,418,788
Current assets	<b>4,828,175</b>	5,123,513	<b>57,603,093</b>	56,467,557
Assets held for sale	<b>14,008</b>	60,085	-	-
	<b>17,707,680</b>	17,931,436	<b>70,805,247</b>	68,886,345
Total Liabilities:				
Non-current liabilities	<b>1,653,011</b>	1,600,939	<b>2,121,499</b>	1,636,139
Current liabilities	<b>7,136,914</b>	7,829,571	<b>59,547,005</b>	58,519,201
	<b>8,789,925</b>	9,430,510	<b>61,668,504</b>	60,155,340
Net assets	<b>8,917,755</b>	8,500,926	<b>9,136,743</b>	8,731,005

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. SUBSIDIARY COMPANIES (continued)

#### (b) Summarised statements of financial position (continued)

	Boustead Holdings Bhd		Affin Holdings Bhd	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Attributable to:</b>				
Group	<b>7,043,030</b>	6,820,404	<b>9,078,735</b>	8,682,494
Non-controlling interests	<b>1,801,051</b>	1,606,848	<b>58,008</b>	48,511
Perpetual Sukuk	<b>73,674</b>	73,674	-	-
	<b>8,917,755</b>	8,500,926	<b>9,136,743</b>	8,731,005

#### (c) Statements of cash flows

Operating activities	<b>886,600</b>	1,112,077	<b>(812,737)</b>	1,054,220
Investing activities	<b>(11,800)</b>	(112,859)	<b>127,440</b>	(556,971)
Financing activities	<b>(1,972,900)</b>	(586,100)	<b>194,495</b>	76,510
Net (decrease)/increase in cash and cash equivalent	<b>(1,098,100)</b>	413,118	<b>(490,802)</b>	573,759

Details of subsidiary companies are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Quoted</b>			
Affin Holdings Berhad @	Investment holdings	<b>48</b>	48
Boustead Holdings Berhad @	Investment holdings and oil palm plantation	<b>59</b>	60
<b>Unquoted</b>			
Irat Properties Sdn Bhd @	Investment holdings	<b>79</b>	80
Perbadanan Perwira Harta Malaysia #	Property developer	<b>100</b>	100
Perwira Niaga Malaysia #	Trading of consumer goods	<b>100</b>	100
Perbadanan Hal Ehwal Bekas Angkatan Tentera #	Promotion of socio-economic development programmes for the retired and retiring Malaysian Armed Forces personnel	<b>100</b>	100
Power Cables Malaysia Sdn Bhd @	Manufacture and sale of power cables	<b>60</b>	60

@ The Group has power directly or indirectly controlled the financial and operating policies.

# The accounts of Perbadanan were audited by the Auditor General Office.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. SUBSIDIARY COMPANIES (continued)

Details of sub subsidiary companies are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Quoted</b>			
Boustead Properties Berhad *	Investment holdings and property investments	<b>59</b>	60
Boustead Plantations Berhad *	Investment holdings and oil palm cultivation	<b>46</b>	46
Boustead Heavy Industries Corporation Berhad *	Investment holdings	<b>46</b>	47
UAC Berhad *	Manufacture of fibre cement products, project management and property investment	<b>59</b>	60
Pharmaniaga Berhad *	Investment holdings	<b>43</b>	44
Pharmaniaga Manufacturing Bhd *	Manufacture and sale of pharmaceutical products	<b>43</b>	44
MHS Aviation Bhd *	Provision of air transportation, flight support, engineering and technical services	<b>30</b>	31
Affin Bank Berhad +	Provision of commercial banking services and hire purchase	<b>48</b>	48
Affin Islamic Bank Berhad +	Islamic banking business	<b>48</b>	48
Affin Recoveries Berhad +	Dormant	<b>48</b>	48
Affin Hwang Investment Bank Berhad +	Provision of investment banking services	<b>48</b>	48
Affin Hwang Asset Management Berhad +	Asset management and management of unit trust and private retirement scheme	<b>33</b>	33
Affin Capital Services Berhad +	Investment holdings	<b>33</b>	23
Affin Hwang Trustee Berhad + (formerly known as: ABB Trustee Berhad)	Trustee management services	<b>48</b>	48
<b>Unquoted</b>			
PAB Properties Sdn Bhd +	Property management services	<b>48</b>	48
ABB Nominee (Tempatan) Sdn Bhd +	Share nominee services	<b>48</b>	48
ABB Nominee (Asing) Sdn Bhd +	Dormant	<b>48</b>	48
Affin Moneybrokers Sdn Bhd +	Money-broking	<b>48</b>	48
AIIMAN Asset Management Sdn Bhd +	Islamic fund management	<b>33</b>	23
Affin Hwang AIIMAN Global Sukuk Fund +	Investment in Shariah compliant fixed income instruments	<b>47</b>	34
Affin Hwang Nominees (Asing) Sdn Bhd +	Nominee services	<b>48</b>	48
Affin Hwang Nominees (Tempatan) Sdn Bhd +	Nominee services	<b>48</b>	48
AHC Global Sdn Bhd + (formerly known as: Classic Uptrend Sdn Bhd)	Investment holdings	<b>48</b>	48
AHC Associates Sdn Bhd + (formerly known as: Sole Delta Sdn Bhd)	Investment holdings	<b>48</b>	48
Affin-ACF Holding Sdn Bhd +	Voluntary winding up	<b>48</b>	48
Mutiara Rini Sdn Bhd *	Property developer	<b>59</b>	60

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. SUBSIDIARY COMPANIES (continued)

Details of sub subsidiary companies are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Unquoted</b>			
Boustead DCP Sdn Bhd *	Produce and supply of chilled water for air-conditioning	<b>59</b>	60
Boustead Curve Sdn Bhd *	Property investment	<b>59</b>	60
Damansara Entertainment Centre Sdn Bhd *	Property investment	<b>59</b>	60
U.K. Realty Sdn Bhd *	Property development	<b>59</b>	60
Boustead Hotels & Resorts Sdn Bhd *	Hotel operations	<b>59</b>	60
Boustead Realty Sdn Bhd *	Property investment	<b>59</b>	60
Boustead Balau Sdn Bhd *	Property developer	<b>59</b>	60
Bakti Wira Development Sdn Bhd *	Investment holdings	<b>59</b>	60
Boustead Weld Quay Sdn Bhd *	Property investment and hotel operations	<b>59</b>	60
Midas Mayang Sdn Bhd *	Operating hotels and resorts	<b>47</b>	48
Astacanggih Sdn Bhd *	Investment holdings	<b>47</b>	48
Cebur Megah Development Sdn Bhd *	Investment holdings	<b>37</b>	38
Mecuro Properties Sdn Bhd *	Property investment	<b>59</b>	60
Boustead Hyde Park Ltd *	Hotel operations	<b>59</b>	60
Boustead Weld Court Sdn Bhd *	Property investment	<b>59</b>	60
Nam Seng Bee Hoon Sdn Bhd *	Property investment	<b>59</b>	60
Boustead Ventures Limited *	Hotel operations	<b>59</b>	60
Mutiara Nusa Sdn Bhd *	Property development	<b>59</b>	-
Bounty Crop Sdn Bhd *	Ceased operation	<b>46</b>	46
Boustead Telok Sengat Sdn Bhd *	Processing of FFB and investment holdings	<b>46</b>	46
Boustead Eldred Sdn Bhd *	Cultivation of oil palm	<b>46</b>	46
Boustead Sungai Manar Sdn Bhd *	Ceased operations	<b>46</b>	46
Boustead Rimba Nilai Sdn Bhd *	Cultivation of oil palm and processing of FFB	<b>46</b>	46
Boustead Gradient Sdn Bhd *	Cultivation of oil palm and processing of FFB	<b>46</b>	46
Boustead Solandra Sdn Bhd *	Cultivation of oil palm	<b>46</b>	46
Boustead Emastulin Sdn Bhd *	Cultivation of oil palm and processing of FFB	<b>46</b>	46
Boustead Trunkline Sdn Bhd *	Cultivation of oil palm	<b>46</b>	46
Boustead Estates Agency Sdn Bhd *	Plantation management and engineering consultancy	<b>46</b>	46
BHIC Allied Defence Technology Sdn Bhd *	Supply of electronics and system technology to defence related industry	<b>46</b>	47
BHIC Defence Technologies Sdn Bhd *	Investment holdings	<b>46</b>	47
BHIC Defence Techservices Sdn Bhd *	Provision of maintenance and services for defence related products	<b>46</b>	47
BHIC Electronics and Technologies Sdn Bhd *	Provision of maintenance and services for defence weapons and related products	<b>46</b>	47
BHIC Marine Carriers Sdn Bhd *	Provision of engineering services for oil and gas industry	<b>46</b>	47

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. SUBSIDIARY COMPANIES (continued)

Details of sub subsidiary companies are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Unquoted</b>			
BHIC Marine Technology Academy Sdn Bhd *	Provision of marine and defence management training	46	47
BHIC Navaltech Sdn Bhd *	In-service support for the maintenance, services and supply of spare parts for vessels	46	47
BHIC Trading Sdn Bhd *	Property investment	46	47
BHIC Shipbuilding & Engineering Sdn Bhd *	Ship repair, shipbuilding and fabrication of steel structures	46	47
Boustead Penang Shipyard Sdn Bhd *	Heavy engineering construction, ship repair and shipbuilding	46	47
Dominion Defence & Industries Sdn Bhd *	Supply and services of marine and defence related products	46	47
BHIC Submarine Engineering Services Sdn Bhd *	Provision of maintenance and service of submarines	46	47
Naval and Defence Communication System Sdn Bhd *	Provision of maintenance and services for telecommunication systems	46	47
Perstim Industries Sdn Bhd *	Investment holdings	46	47
BHIC AeroTech Sdn Bhd *	Provision of maintenance repair and overhaul of aircraft wheels and brakes	46	47
Pharmaniaga LifeScience Sdn Bhd *	Manufacture and sale of pharmaceutical products	43	44
Pharmaniaga Logistic Sdn Bhd *	Distribution of pharmaceutical and medical products	43	44
Pharmaniaga Biomedical Sdn Bhd *	Supply, trading and installation of medical and hospital equipment	43	44
Idaman Pharma Manufacturing Sdn Bhd *	Manufacture and sale of pharmaceutical products	43	44
Pharmaniaga Marketing Sdn Bhd *	Trading and marketing of pharmaceutical and medical products	43	44
Pharmaniaga Research Centre Sdn Bhd *	Conduct research and development of pharmaceutical products	43	44
Pharmaniaga Pristine Sdn Bhd *	Trading and wholesaling of consumer products	43	44
Paradigm Industry Sdn Bhd *	Manufacture and sale of food supplement	35	-
Pharmaniaga International Corporation Sdn Bhd *	Investment holdings	43	44
PT Millennium Pharmacon International TBK*	Distribution and trading of pharmaceutical and diagnostic products and food supplements	32	24
PT Errita Pharma *	Manufacture and sale of pharmaceutical products in Indonesia	42	37
PT Mega Pharmaniaga *	Ceased operation	41	42
Bio-Collagen Technologies Sdn Bhd *	Research and manufacture of collagen medical device	30	31

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. SUBSIDIARY COMPANIES (continued)

Details of sub subsidiary companies are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Unquoted</b>			
Boustead Shipping Agencies Sdn Bhd *	Shipping agent	<b>59</b>	60
AB Shipping Sdn Bhd *	Dormant	<b>59</b>	60
Cargo Freight Shipping Sdn Bhd *	Shipping agent	<b>59</b>	60
Boustead Petroleum Sdn Bhd *	Investment holdings	<b>35</b>	36
Boustead Petroleum Marketing Sdn Bhd *	Marketing of petroleum products	<b>55</b>	55
Boustead Management Services Sdn Bhd *	Dormant	<b>59</b>	60
Boustead Segaria Sdn Bhd *	Investment holdings	<b>59</b>	60
Boustead Global Trade Network Sdn Bhd *	Insurance agent	<b>59</b>	60
Boustead Construction Sdn Bhd *	Project management, construction and property development	<b>59</b>	60
Boustead Building Materials Sdn Bhd *	Building products distributor and project management	<b>59</b>	60
Boustead Sissons Paints Sdn Bhd *	Ceased operations	<b>59</b>	60
Boustead Engineering Sdn Bhd *	Ceased operations	<b>59</b>	60
Boustead Information Technology Sdn Bhd *	Ceased operations	<b>59</b>	60
Boustead Idaman Sdn Bhd *	Dormant	<b>59</b>	60
Boustead Atlas Hall Sdn Bhd*	Ceased operations	<b>30</b>	31
Boustead Credit Sdn Bhd *	Hire purchase and lease financing	<b>59</b>	60
Boustead Cruise Centre Sdn Bhd *	Provision of port facilities and services to cruise and navy vessels	<b>59</b>	60
Boustead Naval Shipyard Sdn Bhd *	Construction, repair and maintenance of naval and merchant ships	<b>59</b>	60
Boustead Langkawi Shipyard Sdn Bhd *	Construction, repair and maintenance of boats and yachts	<b>59</b>	60
Boustead Travel Services Sdn Bhd *	Travel agent	<b>59</b>	60
UAC Steel Systems Sdn Bhd *	Ceased operations	<b>59</b>	60
MHS Assets Sdn Bhd *	Dormant	<b>30</b>	31
The University of Nottingham in Malaysia Sdn Bhd *	Operation of an university	<b>39</b>	40
Irat Hotels & Resorts Sdn Bhd @	Hotel and resort operator	<b>86</b>	86
Beta Tegap Sdn Bhd @	Operator of automated traffic enforcement system	<b>79</b>	80
A.T.E.S. Sdn Bhd @	Operator of automated traffic enforcement system	<b>79</b>	80
Automated Traffic Enforcement System Sdn Bhd @	Dormant	<b>79</b>	79
Irat Civil Works Sdn Bhd @	Provide civil, mechanical and electrical (CME) works, maintenance of sites and network services	<b>79</b>	-
Pembinaan Perwira Harta Sdn Bhd #	Dormant	<b>100</b>	100
Usahasama PPHM-Juwana Sdn Bhd #	Dormant	<b>51</b>	51

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. SUBSIDIARY COMPANIES (continued)

- + Subsidiary companies of Affin Holdings Berhad
- \* Subsidiary companies of Boustead Holdings Berhad
- @ Subsidiary companies of Irat Properties Sdn Bhd
- # Subsidiary companies of Perbadanan Perwira Harta Malaysia

All subsidiary and sub subsidiary companies above were incorporated in Malaysia except for Bousted Hyde Park Ltd were incorporated in British Virgin Island, Boustead Ventures Limited were incorporated in United Kingdom, and PT Errita Pharma, PT Mega Pharamaniaga and PT Millennium Pharmacom International TBK were incorporated in Indonesia.

### 11. ASSOCIATED COMPANIES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>At cost</b>				
Unquoted	<b>624,029</b>	436,601	<b>209,958</b>	204,116
Share of post acquisition reserves	<b>848,621</b>	769,940	-	-
Other reserves	<b>1,162</b>	(2,174)	-	-
	<b>1,473,812</b>	1,204,367	<b>209,958</b>	204,116
Impairment loss on shares (Note 35)	-	(2,577)	-	(2,577)
	<b>1,473,812</b>	1,201,790	<b>209,958</b>	201,539

#### i) Summarised statements of profit or loss and other comprehensive income

	2017		2016	
	Perumahan Kinrara RM'000	Ketengah Perwira RM'000	Perumahan Kinrara RM'000	Ketengah Perwira RM'000
Equity interest	<b>25%</b>	<b>49%</b>	25%	49%
Income	<b>185,120</b>	<b>63,757</b>	227,353	49,341
Profit or loss for the year	<b>44,079</b>	<b>21,727</b>	15,093	13,340

#### ii) Summarised statement of financial position

Total assets	<b>872,716</b>	<b>203,046</b>	863,237	177,257
Total liabilities and non-controlling interests	<b>140,449</b>	<b>41,886</b>	153,319	30,929
<b>Net assets</b>	<b>732,267</b>	<b>161,160</b>	709,918	146,328

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 11. ASSOCIATED COMPANIES (continued)

Reconciliation of the summarised financial information presented below to the carrying amount of the Group in associated companies:

	2017		2016	
	Perumahan Kinrara RM'000	Ketengah Perwira RM'000	Perumahan Kinrara RM'000	Ketengah Perwira RM'000
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets	183,067	78,968	177,480	71,701
Goodwill	14,305	-	14,305	-
<b>Carrying amount in the statement of financial position</b>	<b>197,372</b>	<b>78,968</b>	191,785	71,701
<b>Group's share of results for the year ended 31 December</b>				
Group's share of profit or loss	11,020	10,646	3,773	6,537
<b>Dividend received by the group</b>	<b>5,767</b>	<b>3,491</b>	5,709	2,793

Summarised on financial information of the associated companies that are not individually material as follows:

	2017 RM'000	2016 RM'000
Group's share of net assets	1,396,826	1,253,273
Share of Group's net profit for the year	26,675	25,851
Share of Group's other comprehensive income	105	33
Share of Group's total comprehensive income	26,780	25,884

Details of associated companies are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Unquoted</b>			
Anglo-Eastern Plantations (M) Sdn Bhd	Development and operation of oil palm estates	30	30
AXA Affin General Insurance Bhd +	Underwriting of general insurance business	24	18
Bond Pricing Agency Malaysia Sdn Bhd	Bond information services	23	23
Boustead Wah Seong Sdn Bhd *	Investment holdings	29	30
BP Malaysia Holdings Sdn Bhd	Investment holdings	30	30

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 11. ASSOCIATED COMPANIES (continued)

Details of associated companies are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Unquoted</b>			
Cargill Feed Sdn Bhd	Manufacture and sale of animal feeds	<b>40</b>	40
Chery Holdings (Malaysia) Sdn Bhd	Manufacturing, assembling and distribution of automobile	<b>20</b>	20
Drew Ameroid (Malaysia) Sdn Bhd *	Industrial chemicals distributor	<b>29</b>	30
Dhaya Maju LTAT Sdn Bhd	Infrastructure construction contractor	<b>20</b>	-
Ericsson (Malaysia) Sdn Bhd	Design and planning of network, supply and installation of telecommunication equipments	<b>30</b>	30
Guocera Tile Industries (Meru) Sdn Bhd	Manufacture of ceramic tiles	<b>30</b>	30
Kao (Malaysia) Sdn Bhd *	Toiletries, household products distributor	<b>26</b>	27
Ketengah Jaya Sdn Bhd	Oil palm plantation and cultivation of fruits	<b>29</b>	29
Ketengah Perwira Sdn Bhd	Development and cultivation of oil palm	<b>49</b>	49
LTP Wibawa Sdn Bhd	Property development	<b>30</b>	30
Muhibbah-LTAT JV Sdn Bhd	Civil, marine and structural engineering contract work	<b>49</b>	49
Pavilion Entertainment Centre (M) Sdn Bhd *	Property development	<b>29</b>	30
Perumahan Kinrara Berhad	Property and golf course development	<b>25</b>	25
Prima Prai Sdn Bhd	Project management services and investment holdings	<b>30</b>	30
Restonic (M) Sdn Bhd	Investment holdings	<b>20</b>	20
San Miguel Yamamura Plastic Films Sdn Bhd	Manufacture and sale of metallised film products	<b>30</b>	30
Strong Elegance Sdn Bhd	Constructs and develops solar photovoltaic plants	<b>30</b>	-
Sapura-LTAT Communications Technologies Sdn Bhd	Supply of communications equipment and training	<b>30</b>	30
Usahasama SPNB-LTAT Sdn Bhd	General construction	<b>49</b>	49
Wah Seong Boustead Co Ltd *	Consumer and building products distributor	<b>29</b>	30
Warisan Pinang Sdn Bhd	Construction of army camp, management services and investment holdings	<b>20</b>	20
Wasco Coatings Malaysia Sdn Bhd	Coating of pipes for the oil and gas industry	<b>30</b>	30
Xtend Services Sdn Bhd	General trading and telecommunication services	<b>26</b>	26

+ Associated companies of Affin Holdings Berhad

\* Associated companies of Boustead Holdings Berhad

All associated companies above were incorporated in Malaysia with the exception for Wah Seong Boustead Co. Ltd were incorporated in Myanmar.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 12. INVESTMENT IN JOINT VENTURES

	Group	
	2017 RM'000	2016 RM'000
<b>At cost</b>		
Unquoted shares	478,417	428,916
Share of post acquisition profit	56,417	134,062
	<b>534,834</b>	562,978

#### Material joint ventures

The summarised financial information of the material investment in joint ventures are set out below. These represents the amounts investment in joint ventures financial statements and not the Group's share of those amounts.

#### i) Summarised statements of profit or loss and other comprehensive income

	2017		2016	
	Boustead Ikano Sdn Bhd RM'000	AXA Affin Life Insurance Berhad RM'000	Boustead Ikano Sdn Bhd RM'000	AXA Affin Life Insurance Berhad RM'000
Equity Holding	29%	24%	30%	24%
Income	56,684	490,380	2,495	385,589
Profit or loss for the year	(45,626)	(21,094)	32,743	(8,382)
Other comprehensive income/(loss)	4,404	-	(6,655)	-
Total comprehensive (loss)/income	<b>(41,222)</b>	<b>(16,615)</b>	26,088	(7,212)

#### ii) Summarised statement of financial position

Total assets	2,026,077	1,771,203	1,885,278	1,496,405
Total liabilities and non-controlling interests	1,461,131	1,456,313	1,279,113	1,194,900
<b>Net Assets</b>	<b>564,946</b>	<b>314,890</b>	606,165	301,505

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 12. INVESTMENT IN JOINT VENTURES (continued)

Reconciliation of summarised financial information for the carrying amount of the Group's share in investment in joint ventures:

	2017		2016	
	Boustead Ikano Sdn Bhd RM'000	AXA Affin Life Insurance Berhad RM'000	Boustead Ikano Sdn Bhd RM'000	AXA Affin Life Insurance Berhad RM'000
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets	<b>163,834</b>	<b>75,574</b>	181,850	72,361
<b>Group's share of results for the year ended 31 December</b>				
Group's share of profit or loss	<b>(13,232)</b>	<b>(5,063)</b>	9,823	(2,012)
Group's share of other comprehensive income/ (loss)	<b>1,278</b>	<b>1,075</b>	(1,997)	(1,936)
Group's share of total comprehensive (loss)/ income	<b>(11,954)</b>	<b>(3,988)</b>	7,826	(3,948)

The summarised financial information of Group's share in the investment in joint ventures that are not individually material as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Reconciliation of net assets to carrying amount as at 31 December</b>		
Group's share of profit or loss for the year	<b>(13,458)</b>	21,225
Group's share of total comprehensive (loss)/income	<b>(13,458)</b>	21,225

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 12. INVESTMENT IN JOINT VENTURES (continued)

Details of investment in joint ventures are as follows:

Name of Company	Principal Activities	Equity Holding	
		2017 %	2016 %
<b>Unquoted</b>			
AXA Affin Life Insurance Berhad +	Underwriting of life insurance business	<b>24</b>	24
Affin-I Nadayu Sdn Bhd +	Property developer	<b>24</b>	24
KL South Development Sdn Bhd +	Property developer	<b>14</b>	14
Boustead Ikano Sdn Bhd *	Property investment	<b>29</b>	30
BHIC MSM Sdn Bhd *	Provision for maintenance and repair of MTU product	<b>28</b>	28
Boustead DCNS Naval Corporation Sdn Bhd *	Vessels maintenance	<b>28</b>	28
Contraves Advanced Devices Sdn Bhd *	Manufacturing of electronic product	<b>24</b>	24
BYO Marine Sdn Bhd *	Construction of vessels	<b>24</b>	24
BHIC Bofors Asia Sdn Bhd *	Providing, supplying and servicing of BOFORS weapons system	<b>24</b>	24
BHIC Aeroservices Sdn Bhd *	Maintenance, repair and overhaul of rotary and fixed wing aircraft	<b>24</b>	24
BHIC System Integration Sdn Bhd *	Project management, contract administration and other related services for defence industry	<b>24</b>	-
Pyrotechnical Ordnance Malaysia Sdn Bhd *	Production and selling of double based propellant for locally used artillery shells and rockets in defence sector	<b>24</b>	-
Konsortium PPHM-ASSB #	Construction contractors	<b>60</b>	60
Konsortium PPHSB-Jastac #	Construction contractors	<b>51</b>	51

+ Investment in joint ventures of Affin Holdings Berhad

\* Investment in joint ventures of Boustead Holdings Berhad

# Investment in joint ventures of Perbadanan Perwira Harta Malaysia

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 13. AVAILABLE FOR SALE SECURITIES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>At fair value</b>				
Quoted shares	925,522	1,281,307	780,816	1,114,384
Malaysian Unit Trust	208,907	190,278	-	-
REITS outside Malaysia	10,977	78,540	-	-
REITS in Malaysia	13,083	50,266	-	-
Impairment on shares	(8,174)	(23,594)	-	-
	<b>1,150,315</b>	1,576,797	<b>780,816</b>	1,114,384
Unquoted shares	10,572,300	9,668,546	582,212	508,941
Malaysian Government Investment Issuance	2,398,206	1,816,434	-	-
Cagamas Bonds	137,598	66,597	-	-
Khazanah Bonds	384,575	439,219	-	-
Negotiable instruments of deposit	760,323	1,494,956	-	-
Sukuk Perumahan Kerajaan	450,475	485,574	-	-
Malaysian Government Securities	262,298	318,324	-	-
Malaysian Government Treasury Bills	12,517	-	-	-
	<b>16,128,607</b>	15,866,447	<b>1,363,028</b>	1,623,325
<b>At cost</b>				
Unquoted shares	55,165	55,165	55,165	55,165
Unquoted redeemable preference shares				
- Subsidiary companies	-	-	174,300	174,300
- Associated companies	10,027	10,027	10,027	10,027
	<b>65,192</b>	65,192	<b>239,492</b>	239,492
	<b>16,193,799</b>	15,931,639	<b>1,602,520</b>	1,862,817

### 14. HELD TO MATURITY SECURITIES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>At amortised cost</b>				
Unquoted shares				
- Corporate Bond and/or Sukuk in Malaysia	124,085	402,532	-	-
- Redeemable Convertible Secured Loan Stock	15,041	15,042	-	-
Junior Sukuk Musharakah	-	-	150,000	150,000
	<b>139,126</b>	417,574	<b>150,000</b>	150,000
Impairment on shares	(10,487)	(10,487)	-	-
	<b>128,639</b>	407,087	<b>150,000</b>	150,000

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 15. DEFERRED TAX ASSETS/LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>	<b>(111,904)</b>	(90,235)
Recognised in the statements of profit or loss	<b>(2,547)</b>	(21,572)
Charged to equity	<b>(16,301)</b>	2,118
Adjustment of currency exchange	<b>2,171</b>	397
Adjustments	<b>638</b>	(146)
Acquisition of sub subsidiary (Note 49)	-	(111)
Disposal of sub subsidiary (Note 49)	-	(2,355)
<b>Balance at 31 December</b>	<b>(127,943)</b>	(111,904)
Presented after appropriate offsetting as follows:		
- Deferred tax assets	<b>85,278</b>	71,591
- Deferred tax liabilities	<b>(213,221)</b>	(183,495)
	<b>(127,943)</b>	(111,904)

The components and movements of deferred tax assets and liabilities for the Group during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Tax Losses & Unabsorbed Capital Allowances RM'000	Available For Sale Securities RM'000	Others RM'000	Total RM'000
<b>2017</b>				
<b>Balance at 1 January</b>	<b>268,004</b>	<b>18,412</b>	<b>(214,825)</b>	<b>71,591</b>
Recognised in the statements of profit or loss	<b>(32,281)</b>	-	<b>17,893</b>	<b>(14,388)</b>
Credited to equity	-	<b>(16,301)</b>	-	<b>(16,301)</b>
Offsetting	-	-	<b>44,829</b>	<b>44,829</b>
Adjustment of currency exchange	-	-	<b>2,171</b>	<b>2,171</b>
Adjustment	<b>(1,947)</b>	-	<b>(677)</b>	<b>(2,624)</b>
<b>Balance at 31 December</b>	<b>233,776</b>	<b>2,111</b>	<b>(150,609)</b>	<b>85,278</b>
<b>2016</b>				
Balance at 1 January	263,808	11,369	(202,017)	73,160
Recognised in the statements of profit or loss	6,659	-	12,090	18,749
Credited to equity	-	7,043	-	7,043
Disposal of sub subsidiary (Note 49)	(2,977)	-	(7)	(2,984)
Offsetting	263	-	(24,891)	(24,628)
Adjustment of currency exchange	397	-	-	397
Adjustment	(146)	-	-	(146)
Balance at 31 December	268,004	18,412	(214,825)	71,591

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 15. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax liabilities of the Group:

	Accelerated Depreciation RM'000	Fair Value Gain on Investment Properties RM'000	Available For Sale Securities RM'000	Others RM'000	Total RM'000
<b>2017</b>					
Balance at 1 January	(249,713)	(20,548)	(35,915)	122,681	(183,495)
Recognised in the statements of profit or loss	15,663	(1,503)	-	(2,319)	11,841
Offsetting	-	-	-	(44,829)	(44,829)
Adjustment	-	-	-	3,262	3,262
<b>Balance at 31 December</b>	<b>(234,050)</b>	<b>(22,051)</b>	<b>(35,915)</b>	<b>78,795</b>	<b>(213,221)</b>
<b>2016</b>					
Balance at 1 January	(234,802)	(15,148)	(30,990)	117,545	(163,395)
Recognised in the statements of profit or loss	(15,540)	(5,400)	-	(19,381)	(40,321)
Credited to equity	-	-	(4,925)	-	(4,925)
Acquisition of sub subsidiary (Note 49)	-	-	-	(111)	(111)
Disposal of sub subsidiary (Note 49)	629	-	-	-	629
Offsetting	-	-	-	24,628	24,628
<b>Balance at 31 December</b>	<b>(249,713)</b>	<b>(20,548)</b>	<b>(35,915)</b>	<b>122,681</b>	<b>(183,495)</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 16. LOANS AND RECEIVABLES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-Current</b>				
Trade receivables	158,485	149,988	-	-
Other receivables	20,559	16,556	-	-
Allowance for impairment losses	-	(5,723)	-	-
	20,559	10,833	-	-
Medium Term Notes	-	-	268,000	271,000
	179,044	160,821	268,000	271,000
<b>Current</b>				
Trade receivables	2,219,151	1,907,128	-	-
Allowance for impairment losses	(86,078)	(83,685)	-	-
	2,133,073	1,823,443	-	-
Other receivables	823,658	541,913	11,534	12,428
Allowance for impairment losses	(712)	(6,235)	-	-
	822,946	535,678	11,534	12,428
Amount receivable from sale of development properties	736,979	417,985	736,979	417,985
Tax recoverable from Inland Revenue Board	91,101	110,297	26,857	26,065
Interest accrued on deposits	340	598	-	5
Profit accrued on deposit - Islamic Banking	-	1	-	1
Dividend receivables	362	395	362	395
Bantuan Bakti Negara advances	52,033	-	52,033	-
Staff housing loans	10,515	10,346	9,068	8,643
Staff conveyance loans	2,224	2,681	1,649	1,988
Foreclosed properties	19,912	7,970	-	-
Cheque clearing accounts	17,535	10,721	-	-
Other prepayment	43,343	62,779	8,639	6,372
Loans, advances and financing	45,597,267	43,641,592	-	-
Amounts due from subsidiary companies	-	-	301,756	162,472
Amounts due from associated/related companies	110,288	311,449	15,930	17,343
Amounts due from joint ventures	330,004	-	-	-
Amount due from portfolio management	5,512	7,265	5,512	7,265
Building management control accounts	4,803	5,530	4,803	5,530
Deposit and guarantee	995	995	995	995
	47,023,213	44,590,604	1,164,583	665,059
	49,979,232	46,949,725	1,176,117	667,487

Other receivables, amounts due from subsidiary companies, associated and related companies are unsecured, and have no interest and fixed terms of repayment.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 16. LOANS AND RECEIVABLES (continued)

Analysis of the trade receivables ageing for Group is as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	<b>1,306,477</b>	1,035,172
Past due but not impaired		
1 to 30 days	<b>756,005</b>	735,882
31 to 60 days	<b>68,553</b>	48,611
61 to 90 days	<b>26,946</b>	29,858
91 to 120 days	<b>29,526</b>	19,738
More than 120 days	<b>87,562</b>	86,380
	<b>968,592</b>	920,469
Impairment loss	<b>102,567</b>	101,475
	<b>2,377,636</b>	2,057,116

The Group's trade receivables that are impaired at the reporting date and the movement of the impairment accounts are as follows:

	2017		
	Collectively Impaired RM'000	Individually Impaired RM'000	Total RM'000
Trade receivables	<b>30,021</b>	<b>72,546</b>	<b>102,567</b>
Allowance for impairment	<b>(27,622)</b>	<b>(58,456)</b>	<b>(86,078)</b>
	<b>2,399</b>	<b>14,090</b>	<b>16,489</b>
	2016		
	Collectively Impaired RM'000	Individually Impaired RM'000	Total RM'000
Trade receivables	19,708	81,767	101,475
Allowance for impairment	(19,712)	(63,973)	(83,685)
	(4)	17,794	17,790

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 16. LOANS AND RECEIVABLES (continued)

Movement in allowance accounts :

	2017 RM'000	2016 RM'000
<b>Balance as at 1 January</b>	<b>83,685</b>	80,148
Impairment recognised	<b>20,722</b>	19,239
Impairment written off	<b>(7,455)</b>	(9,224)
Reversal of impairment	<b>(10,518)</b>	(6,811)
Exchange adjustment	<b>(339)</b>	333
Others	<b>(17)</b>	-
<b>Balance as at 31 December</b>	<b>86,078</b>	83,685

Analysis of the other receivables ageing at the date of Statement of Financial Position are as follows:

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Less than 1 year	<b>788,377</b>	530,719	<b>2,259</b>	3,120
1 to 3 years	<b>38,350</b>	13,857	-	-
More than 3 years	<b>15,879</b>	12,738	<b>9,275</b>	9,308
More than 5 years	<b>1,611</b>	1,155	-	-
	<b>844,217</b>	558,469	<b>11,534</b>	12,428
Allowance for impairment	<b>(712)</b>	(11,958)	-	-
	<b>843,505</b>	546,511	<b>11,534</b>	12,428

### 17. PROPERTY DEVELOPMENT IN PROGRESS

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>				
<b>Cost</b>				
Long term leasehold land	<b>75,177</b>	164,855	<b>67,908</b>	154,964
Development cost	<b>269,732</b>	401,775	<b>76,593</b>	61,978
	<b>344,909</b>	566,630	<b>144,501</b>	216,942
Cost recognised in the statements of profit or loss				
<b>Balance at 1 January</b>	<b>(290,459)</b>	(252,049)	<b>(122,098)</b>	(660)
Recognised during the year	<b>(198,932)</b>	(399,100)	<b>40,371</b>	(121,438)
Reversal of completed projects	<b>216,765</b>	360,690	-	-
	<b>(272,626)</b>	(290,459)	<b>(81,727)</b>	(122,098)

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 17. PROPERTY DEVELOPMENT IN PROGRESS (continued)

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Transfer from development properties (Note 5)	467,636	138,646	348,733	-
Transfer to inventories	(13,983)	(33,574)	-	-
Reversal of completed projects	(216,765)	(360,690)	-	-
	<b>236,888</b>	(255,618)	<b>348,733</b>	-
Development cost incurred during the year	352,976	155,760	223,070	49,657
<b>Balance at 31 December</b>	<b>662,147</b>	176,313	<b>634,577</b>	144,501
Interest capitalised during the year	5,590	6,046	-	-

### 18. INVENTORIES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Raw materials	135,180	186,307	-	-
Work in progress	4,112	3,428	-	-
Finished goods	476,653	540,195	-	-
Estate produce	13,799	11,199	-	-
Consumables	36,596	37,549	-	-
Completed properties	77,229	98,394	45,283	45,283
	<b>743,569</b>	877,072	<b>45,283</b>	45,283

### 19. DUE FROM/TO CUSTOMERS ON CONTRACTS

	Group	
	2017 RM'000	2016 RM'000
Construction contract costs	8,095,718	7,409,981
Attributable profits	1,365,681	1,197,889
	<b>9,461,399</b>	8,607,870
Progress billings	(8,416,538)	(7,965,572)
	<b>1,044,861</b>	642,298
Presented as follows:		
Due from customers on contracts	1,246,037	878,042
Due to customers on contracts	(201,176)	(235,744)
	<b>1,044,861</b>	642,298

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 20. HELD FOR TRADING SECURITIES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>At fair value</b>				
Quoted shares				
- LTAT revolving fund	7,204	8,893	7,204	8,893
- Portfolio management	153,888	126,540	153,888	126,540
	<b>161,092</b>	135,433	<b>161,092</b>	135,433
Quoted shares				
- Shares in Malaysia	38,696	18,763	-	-
- Unit trusts in Malaysia	6,979	4,864	-	-
Unquoted shares				
- Corporate Bonds and/or Sukuk in Malaysia	1,775	31,218	-	-
- Corporate Bonds and/or Sukuk outside Malaysia	17,028	15,442	-	-
Negotiable instruments of deposit	72,117	231,482	-	-
	<b>297,687</b>	437,202	<b>161,092</b>	135,433
Commodity at fair value through profit or loss	32,198	-	-	-
	<b>329,885</b>	437,202	<b>161,092</b>	135,433

### 21. DERIVATIVE ASSETS/LIABILITIES

Group	Contracts/ Notional Amount RM'000	Assets RM'000	Contracts/ Notional Amount RM'000	Liabilities RM'000
<b>2017</b>				
<b>At fair value</b>				
Foreign exchange derivatives				
- Currency swaps	2,402,127	50,211	529,884	5,147
- Forward currency contracts	515,361	6,075	3,371,465	107,049
- Cross currency swaps	3,075,603	96,883	2,544,896	133,757
Interest rate derivative				
- Swap interest rate	1,801,000	19,956	2,146,148	19,767
	<b>7,794,091</b>	173,125	<b>8,592,393</b>	265,720

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 21. DERIVATIVE ASSETS/LIABILITIES (continued)

Group	Contracts/ Notional Amount RM'000	Assets RM'000	Contracts/ Notional Amount RM'000	Liabilities RM'000
2016				
At fair value				
Foreign exchange derivatives				
- Currency swaps	1,228,794	11,928	420,367	75,681
- Forward currency contracts	1,945,856	168,692	1,331,879	18,068
- Cross currency swaps	2,272,949	36,441	3,141,252	442,370
- Currency options	-	53,472	-	-
Interest rate derivative				
- Swap interest rate	1,373,500	20,202	1,806,773	17,259
	6,821,099	290,735	6,700,271	553,378

### 22. DEPOSITS

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed deposits				
- licensed banks	483,680	509,533	-	-
Short term deposits and money market				
- sub subsidiary companies	-	-	104,173	114,575
- other institutions	-	15,946	-	15,946
	-	15,946	104,173	130,521
Short term deposits and money market Islamic Banking				
- sub subsidiary companies	-	-	5,000	7,500
- other institutions	-	1,993	-	1,993
	-	1,993	5,000	9,493
Portfolio management short term deposits	20,897	27,780	20,897	27,780
Statutory deposit with Bank Negara Malaysia	1,772,640	1,659,740	-	-
	2,277,217	2,214,992	130,070	167,794

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 23. CASH AND BANK BALANCES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank balances				
- licensed banks	<b>4,836,399</b>	5,801,247	-	-
- subsidiary companies	-	-	<b>23,012</b>	6,439
	<b>4,836,399</b>	5,801,247	<b>23,012</b>	6,439
Cash	<b>1,635</b>	1,092	<b>3</b>	5
Cash held by portfolio management	<b>488</b>	714	<b>488</b>	714
	<b>4,838,522</b>	5,803,053	<b>23,503</b>	7,158

### 24. ASSETS HELD FOR SALE

	Group	
	2017 RM'000	2016 RM'000
Transfer from property, plant and equipment (Note 3)	<b>10,350</b>	50,010
Transfer from biological assets (Note 4)	<b>3,658</b>	10,075
	<b>14,008</b>	60,085

### 25. MEMBERS' CONTRIBUTION ACCOUNT

The total of members' contribution accounts at 31 December 2017 amounted to RM8,787.26 million (2016: RM8,616.59 million). This is arrived at after adding contributions received during the year, crediting dividends at 6% (2016: 6%) per annum, dividend on withdrawals at 6% (2016: 6%) per annum and deducted withdrawals during the year and transfer to dormant account during the year.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 26. FUNDS

Group	Staff Loans Fund RM'000	Fixed Assets Development Fund RM'000	Total RM'000
<b>2017</b>			
<b>Balance at 1 January</b>	<b>1,881</b>	<b>2,364</b>	<b>4,245</b>
Grant received in the year	-	142	142
Transfer to accumulated profits	(113)	-	(113)
Amortisation of fixed assets development fund (Note 33)	-	(623)	(623)
Deferred Income	-	333	333
<b>Balance at 31 December</b>	<b>1,768</b>	<b>2,216</b>	<b>3,984</b>
<b>2016</b>			
Balance at 1 January	2,163	2,460	4,623
Grant received in the year	-	556	556
Transfer to accumulated profits	(379)	-	(379)
Amortisation of fixed assets development fund (Note 33)	-	(652)	(652)
Staff loans fund - recoverable	97	-	97
Balance at 31 December	1,881	2,364	4,245

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 27. RESERVES

Group	Undistributable Reserves						
	Reserve Fund RM'000	Capital Reserve RM'000	Statutory Reserve RM'000	Available For Sale Securities Reserve RM'000	Asset Revaluation Reserve RM'000	Regulatory Reserve RM'000	Total RM'000
<b>2017</b>							
Balance at 1 January	172,332	435,336	797,152	(249,514)	10,676	136,535	1,302,517
Total Comprehensive Income	-	(3,740)	-	320,204	22,028	-	338,492
Transaction with owners							
Changes in ownership interest in subsidiary companies with no change in control	-	(30,706)	(51,881)	(196)	-	29,565	(53,218)
	-	(34,446)	(51,881)	320,008	22,028	29,565	285,274
Transfer from/(to) accumulated profit	3,413	-	(745,271)	-	-	301,445	(440,413)
<b>Balance at 31 December</b>	<b>175,745</b>	<b>400,890</b>	<b>-</b>	<b>70,494</b>	<b>32,704</b>	<b>467,545</b>	<b>1,147,378</b>
<b>2016</b>							
Balance at 1 January	181,096	438,041	707,088	(543,057)	10,676	133,142	926,986
Total Comprehensive Income	-	1,157	-	293,373	-	-	294,530
Transaction with owners							
Changes in ownership interest in subsidiary companies with no change in control	-	(4,022)	3,740	170	-	654	542
	-	(2,865)	3,740	293,543	-	654	295,072
Transfer (to)/from accumulated profit	(8,764)	160	86,324	-	-	2,739	80,459
<b>Balance at 31 December</b>	<b>172,332</b>	<b>435,336</b>	<b>797,152</b>	<b>(249,514)</b>	<b>10,676</b>	<b>136,535</b>	<b>1,302,517</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 27. RESERVES (continued)

LTAT	Undistributable Reserves			
	Reserve Fund RM'000	Available For Sale Securities Reserve RM'000	Asset Revaluation Reserve RM'000	Total RM'000
<b>2017</b>				
<b>Balance at 1 January</b>	<b>172,332</b>	<b>(267,823)</b>	<b>10,676</b>	<b>(84,815)</b>
Total Comprehensive Income	-	<b>290,193</b>	<b>22,028</b>	<b>312,221</b>
Transaction with owners				
Transfer from accumulated profit	<b>3,413</b>	-	-	<b>3,413</b>
<b>Balance at 31 December</b>	<b>175,745</b>	<b>22,370</b>	<b>32,704</b>	<b>230,819</b>
<b>2016</b>				
Balance at 1 January	181,096	(564,143)	10,676	(372,371)
Total Comprehensive Income	-	296,320	-	296,320
Transaction with owners				
Transfer to accumulated profit	(8,764)	-	-	(8,764)
Balance at 31 December	172,332	(267,823)	10,676	(84,815)

### 28. PERPETUAL SUKUK

The Perpetual Sukuk was issued pursuant to the Junior Islamic Medium Term Note Programme of up to RM1.2 billion in nominal value which was approved by the Securities Commission on 15 November 2013. The Perpetual Sukuk is accounted as equity as there is no contractual obligation to redeem the instrument.

At year end, total Perpetual Sukuk in issue stood at RM1,200.0 million (2016: RM1,200.0 million).

The salient features of the Perpetual Sukuk are as follows:

- i. The Perpetual Sukuk is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the period distributions, if any;
- ii. Being perpetual in tenure, subsidiary company has a call option to redeem the Perpetual Sukuk at the end of the 5th year and on each periodic distribution date thereafter;
- iii. The subsidiary company also has the option to redeem the Perpetual Sukuk under the following circumstances:
  - a. Accounting Event - change in accounting standards resulting Perpetual Sukuk no longer being recognised as an equity instrument;
  - b. Change in control - change in the shareholding of the subsidiary company which resulted in LTAT, its major shareholder, to hold less than the agreed percentage of interest in the subsidiary company;
  - c. Leverage Event - the finance to equity ratio of the subsidiary company has exceeded the agreed amount;
  - d. Privatisation Event - the shares of the subsidiary company are no longer listed on Bursa Malaysia Securities Berhad; and
  - e. Tax Event - if the subsidiary company is and will become obliged to pay additional amount due to changes in tax laws or regulations.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 28. PERPETUAL SUKUK (continued)

- iv. The periodic distribution rate of the Perpetual Sukuk for the first five years since issuance ranges from 6.1% to 6.25% per annum and is payable six months from the issue date of the relevant tranche and every six months thereafter;
- v. If subsidiary company does not exercise its option to redeem at the end of the 5th year, the periodic distribution rate shall increase by 1.5% per annum for the 6th year. For the 7th year onwards, the periodic distribution rate will be further increased by 1% per annum for every year thereafter, subject to the maximum of 15% per annum;
- vi. The subsidiary company can elect to defer the periodic distribution indefinitely provided that the subsidiary company has not within the last six months declared or paid any dividend or payment or other distributions in respect of or repurchase or redeem its ordinary shares, or any other securities of the subsidiary company ranking junior to the Perpetual Sukuk. The deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e. there will be no compounding of the periodic distribution being deferred).
- vii. In the event the periodic distribution is deferred, no dividend or payment or other distributions shall be made in respect of or repurchase or redeem in respect of its ordinary shares, or any other securities of the subsidiary company ranking junior to the Perpetual Sukuk until the subsidiary company has paid any periodic distribution or deferred periodic / additional distribution in full.
- viii. Payment obligations on the Perpetual Sukuk will, at all times, rank senior to other equity instruments for the time being outstanding or obligations of the subsidiary company that are subordinated to the Junior Sukuk, but junior to the claims of present and future creditors of subsidiary company (other than obligations ranking pari passu with the Perpetual Sukuk);
- ix. The Perpetual Sukuk is unsecured and not rated.

### 29. EMPLOYEE BENEFITS LIABILITY

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Post retirement medical benefits</b>				
Defined benefits obligation	<b>48,887</b>	55,279	<b>37,948</b>	46,030
<b>Gratuity plan benefits</b>				
Defined benefits obligation	<b>26,831</b>	27,133	<b>26,831</b>	27,133
Net Liability	<b>75,718</b>	82,412	<b>64,779</b>	73,163

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 29. EMPLOYEE BENEFITS LIABILITY (continued)

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Movements in net liability recognised in statement of financial position</b>				
<b>Post retirement medical benefits</b>				
<b>Net liability as at 1 January</b>	<b>55,279</b>	49,315	<b>46,030</b>	40,763
Expenses recognised in profit or loss statements	<b>(5,582)</b>	6,016	<b>(7,400)</b>	4,919
Remeasurement of post retirement medical benefits	-	822	-	822
Post retirement medical benefits paid	<b>(810)</b>	(874)	<b>(682)</b>	(474)
	<b>48,887</b>	55,279	<b>37,948</b>	46,030
<b>Gratuity plan benefits</b>				
<b>Net liability as at 1 January</b>	<b>27,133</b>	25,548	<b>27,133</b>	25,548
Expenses recognised in profit or loss statements	<b>3,950</b>	2,732	<b>3,950</b>	2,732
Remeasurement of gratuity plan benefits	-	743	-	743
Gratuity plan benefits paid	<b>(4,252)</b>	(1,890)	<b>(4,252)</b>	(1,890)
	<b>26,831</b>	27,133	<b>26,831</b>	27,133
<b>Net liability at 31 December</b>	<b>75,718</b>	82,412	<b>64,779</b>	73,163

### 30. BORROWINGS

	Group	
	2017 RM'000	2016 RM'000
<b>Non Current</b>		
Bank guaranteed medium term notes	<b>992,519</b>	763,668
Term loans	<b>2,093,634</b>	1,606,597
Secured bank loans	-	67,921
Other long term loans	<b>687,937</b>	1,168,451
Asset backed bond	<b>758,925</b>	758,246
	<b>4,533,015</b>	4,364,883
Repayable in 1 year	<b>(982,856)</b>	(1,249,803)
	<b>3,550,159</b>	3,115,080

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 30. BORROWINGS (continued)

	Group	
	2017 RM'000	2016 RM'000
<b>Current</b>		
Deposits from customers	50,734,568	50,831,986
Deposits from banks and other financial institutions	5,648,911	3,894,037
Obligation on securities sold under repurchase agreements	1,050,935	1,145,618
Bills and acceptances payable	42,152	37,726
Short term loans	983,984	1,251,075
Other bank loans	73,224	31,946
Bank overdrafts	42,696	30,687
Bankers acceptance	352,636	392,217
Revolving credit	3,381,552	4,235,074
	<b>62,310,658</b>	<b>61,850,366</b>

Bank guaranteed medium term notes and term loans of certain subsidiary companies bear weighted average effective interest rate at the rate ranging at 5.9% (2016: 5.9%) per annum.

Interest charged on bank overdrafts, bankers acceptances and revolving credit in the current year is BLR + 0.75% to 1.00% (2016 : BLR + 0.75% to 1.00%), 3.90% to 5.35% (2016: 3.95% to 5.05%) and 7.85% (2016: 7.85%) per annum.

### 31. PAYABLES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non Current</b>				
Deposit from tenant	42,076	40,940	-	-
Trade payables	93	146	-	-
	<b>42,169</b>	<b>41,086</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
Trade payables	2,453,999	2,148,946	-	-
Dormant account	16,006	3,292	16,006	3,292
Accrued interest	44,579	36,789	-	-
Deposit received	91,994	89,647	6,442	6,336
Bank Negara Malaysia and Credit Guarantee Corporation funding programmes	37,944	38,563	-	-
Margin and collateral deposits	131,494	149,616	-	-
Trust accounts for clients and remisiers	49,119	47,090	-	-

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 31. PAYABLES (continued)

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
Other payables	<b>1,870,530</b>	1,525,521	<b>486,980</b>	493,022
Amounts due to associated/related companies	<b>181,983</b>	42,036	-	-
Amounts due to subsidiary companies	-	-	<b>18,172</b>	23,859
Amounts due to portfolio management	<b>2,977</b>	1,549	<b>2,977</b>	1,549
	<b>4,880,625</b>	4,083,049	<b>530,577</b>	528,058

The amount due to subsidiary companies is unsecured, interest-free and has no fixed term of repayment.

Dormant account has been transferred from Members' Contribution Account in accordance with Section 4 of the Tabung Angkatan Tentera Regulations (Contributions Repayment & Handling for Dormant Account) 2009, Tabung Angkatan Tentera Act, 1973 (Act 101).

### 32. UNIT TRUST BENEFITS

	Group/LTAT	
	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>	<b>170,726</b>	179,693
Provision for the year	<b>188,422</b>	170,726
	<b>359,148</b>	350,419
Payment during the year	<b>(170,726)</b>	(179,693)
<b>Balance at 31 December</b>	<b>188,422</b>	170,726

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 33. INCOME

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest from fixed and other deposits	<b>376,583</b>	324,777	<b>1,935</b>	6,787
Income from held for trading securities	<b>92,337</b>	38,533	<b>20,427</b>	12,050
Income from securities held to maturity	<b>39,784</b>	-	<b>9,150</b>	9,175
Income from loan and receivables				
- Medium Term Note	-	-	<b>18,827</b>	19,022
- Advance to PPHM	-	-	<b>3,500</b>	7,474
Dividends from subsidiary companies	-	-	<b>311,174</b>	345,295
Dividends from associated companies	-	-	<b>25,016</b>	35,774
Dividends from available for sale securities	<b>64,711</b>	83,499	<b>46,826</b>	63,611
Dividends from preference shares	<b>16,204</b>	7,252	<b>16,204</b>	20,770
Net loss on fair value available for sale securities				
- transfer from equity	<b>(70,334)</b>	(80,899)	<b>(81,698)</b>	(108,134)
Gains on disposal of investment in subsidiaries	-	33,390	<b>108,403</b>	54,864
Gains on disposal of investment in associated companies	-	196,038	-	69,575
Adjustment on disposal of associated companies shares	<b>(2,830)</b>	-	<b>(2,830)</b>	-
Gains/(Loss) on disposal of available for sale securities	<b>55,859</b>	32,202	<b>8,474</b>	(1,069)
Rental income from investment properties	<b>137,010</b>	143,722	<b>31,290</b>	31,074
Other rental income	<b>18,967</b>	17,171	<b>822</b>	856
Sale of power cables	<b>196,342</b>	136,029	-	-
Sale of goods	<b>6,918,706</b>	6,099,548	-	-
Sale of commodities	<b>758,532</b>	705,677	-	-
Income from cable installation & cable accessories	<b>5,522</b>	4,691	-	-
Income from construction contracts	<b>10,257</b>	11,570	-	-
Interest income from banking and financial institutions	<b>2,514,674</b>	2,532,099	-	-
Income from ship repairing & shipbuilding	<b>1,547,151</b>	811,785	-	-
Amortisation of fixed assets development fund (Note 26)	<b>623</b>	652	-	-
Amortisation of PPP-SPM-UV ATM Micro Financing Scheme Fund	<b>880</b>	6,467	-	-
Amortisation of Veterans Socio-Economic Development Programme (PPSEV)	<b>2,992</b>	4,594	-	-
Amortisation of Learning Factory Program	<b>433</b>	-	-	-
Commissions and agency fees	<b>31,075</b>	19,350	-	-
Hotel management	<b>162,565</b>	162,175	-	-
Air transportation and services	<b>128,732</b>	171,086	-	-
Net gain on disposal of development properties	<b>521,909</b>	629,437	<b>202,706</b>	240,120
Income from sale of completed properties	-	322	-	322
Other investment income				
- associated companies	<b>768</b>	1,824	<b>768</b>	1,824
Other income	<b>210,321</b>	223,483	-	-
	<b>13,739,773</b>	12,316,474	<b>720,994</b>	809,390

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 34. OTHER INCOME

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Grant	28,305	26,831	-	-
Portfolio management fees	283,959	184,271	-	-
Corporate advisory fees	8,685	7,283	-	-
Service charges and fees	56,871	64,589	-	-
Guarantee fees	22,024	25,037	-	-
Net brokerage fees	78,127	89,937	-	-
Other fees income	163,473	92,854	-	-
Gain on disposal of plantation land	554,868	-	-	-
Gain on disposal of property, plant and equipment	2,307	166,840	-	6
Gain on disposal of foreclosed properties	2,260	153	-	-
Net fair value gain on investment properties (Note 6)	35,048	37,517	9,793	-
Underwriting fees	6,361	4,445	-	-
Net foreign exchange gains realised/unrealised	90,554	46,909	-	-
Agency and arrangement fees	6,952	7,749	-	-
Other income	126,145	55,845	373	1,649
	<b>1,465,939</b>	810,260	<b>10,166</b>	1,655

### 35. IMPAIRMENT ON LOANS, ADVANCES, FINANCING AND SHARES

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loans, advances and financing				
Impairments				
- allowance during the year	(111,836)	(66,565)	-	-
Receivables				
- recovered	42,748	51,358	-	-
- written-off	(1,305)	(8,748)	-	(62)
- impairment during the year	(11,384)	(11,545)	-	-
Associated companies				
- Impairment during the year	-	(2,577)	-	(2,577)
Available for sale securities				
- Impairment during the year	(3,052)	(140,992)	-	(119,599)
Held for maturity securities				
- Impairment during the year	(12,329)	(3,537)	-	-
	<b>(97,158)</b>	(182,606)	-	(122,238)

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 36. PROFIT BEFORE TAXATION AND ZAKAT

The profit before taxation and zakat is stated after charging/(crediting):

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors' emoluments	<b>18,458</b>	12,293	<b>592</b>	542
Audit fees	<b>8,593</b>	7,934	<b>176</b>	319
Gain on sale of property, plant and equipment	<b>(2,307)</b>	(166,840)	-	(6)
Employee benefits liability	<b>(6,264)</b>	6,364	<b>(8,082)</b>	5,267
Property, plant and equipment written off	<b>2,415</b>	11,758	-	-
Research and development	<b>17,302</b>	16,592	-	-
Hire of plant and machinery	<b>6,471</b>	7,581	-	-
Rental of land and buildings	<b>32,703</b>	41,947	-	-
Net foreign exchange gains realised/unrealised	<b>(90,554)</b>	(46,909)	-	-
Inventories written off	<b>5,985</b>	38,751	-	-
Amortisation on prepaid land lease payment (Note 7)	<b>2,097</b>	2,162	-	-
Amortisation on intangible asset (Note 9)	<b>69,419</b>	81,094	-	-
Amortisation on long term prepayment (Note 8)	<b>11,396</b>	9,825	-	-

### 37. TAXATION AND ZAKAT

The taxation and zakat charge for the year is as follows:

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysian income tax	<b>351,941</b>	313,042	-	-
Deferred tax expense relating to origination and reversal of temporary differences	<b>2,547</b>	21,572	-	-
Under/(Over) provision in prior years	<b>12,927</b>	(11,551)	-	-
	<b>367,415</b>	323,063	-	-
Zakat	<b>4,852</b>	4,543	<b>350</b>	432
	<b>372,267</b>	327,606	<b>350</b>	432

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2016: 24%) of the estimated assessable profit for the year.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 37. TAXATION AND ZAKAT (continued)

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

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before taxation and zakat	<b>1,985,533</b>	1,489,456	<b>662,516</b>	595,470
Taxation at Malaysian statutory rate of 24% (2016: 24%)	<b>476,529</b>	357,470	<b>159,004</b>	142,913
Income not subject to tax	<b>(79,042)</b>	(46,808)	<b>(159,004)</b>	(142,913)
Expenses not deductible for tax purposes	<b>111,206</b>	29,836	-	-
Tax incentives	<b>(3,330)</b>	(4,484)	-	-
Deferred tax assets previously not recognised	<b>47,859</b>	61,464	-	-
Effect of different tax rates	<b>(124,580)</b>	(6,403)	-	-
Benefit from previously unrecognised tax losses and unabsorbed capital allowances	<b>(60,640)</b>	(22,610)	-	-
Expenses subject to double deduction	<b>(4,504)</b>	(4,052)	-	-
Share of profit from associated companies and investment in joint ventures	<b>(10,579)</b>	(30,528)	-	-
Effect of recognising deferred tax for real property gains tax rate	<b>2,395</b>	(1,756)	-	-
Under/(Over) provision on deferred tax	<b>1,793</b>	(281)	-	-
Recognition deferred tax not recognised in prior years	<b>(2,619)</b>	1,526	-	-
Reversal of deferred taxation due to changes in tax treatment	-	889	-	-
Others	-	351	-	-
	<b>354,488</b>	334,614	-	-
Under/(Over) provision in prior years	<b>12,927</b>	(11,551)	-	-
Tax expense for the year	<b>367,415</b>	323,063	-	-
Zakat	<b>4,852</b>	4,543	<b>350</b>	432
	<b>372,267</b>	327,606	<b>350</b>	432

Under the Income Tax (Exemption) (No.5) 1974, LTAT is exempted from taxation on income received from investment, other than rental income, made pursuant to Section 15, Tabung Angkatan Tentera Act 1973 (Act 101).

On 22 March 2017, The Finance Minister in accordance with Section 127 (3A) Income Tax Act 1967 has approved the exemption at statutory level for LTAT's rental income for 10 years from year assessment 2017 to year assessment 2026.

Zakat represents business zakat paid by the Group and LTAT to comply with the principles of Syariah. LTAT zakat is calculated based on alternative method approved by the Board of LTAT at 2.5% of cash and bank balances (excluding cash and bank balances held by the portfolio management) at 31 December 2016 (2016: RM 0.43 million at the rate of 2.5% from the cash and bank balances at 31 December 2015).

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 38. ADJUSTMENT ON CONTRIBUTIONS

	Group/LTAT	
	2017 RM'000	2016 RM'000
Contribution over credited	(102)	(212)
Dividend under/(over) credited	24	(244)
	(78)	(456)
Adjustment on dividend	17	163
	(61)	(293)

### 39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Group's statements of cash flows include cash and bank balances, bank overdrafts and fixed and other deposits as follows:

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	4,838,034	5,802,339	23,015	6,444
Cash held by portfolio management	488	714	488	714
	4,838,522	5,803,053	23,503	7,158
Deposits	2,277,217	2,214,992	130,070	167,794
Bank overdrafts	(42,696)	(30,687)	-	-
	7,073,043	7,987,358	153,573	174,952

### 40. COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
Capital expenditure authorised and contracted for		
Plant and equipment	180,633	298,226
Share of joint venture's capital commitment in relation to investment properties	36,194	66,909
Acquisition of plantation land	675,000	-
Investment properties	-	29,661
Acquisition of sub subsidiary company	-	547
	891,827	395,343
Capital expenditure authorised but not contracted for		
Plant and equipment	400,941	302,306
Additional investment in joint venture	20,250	20,250
Investment properties	-	10,269
	421,191	332,825

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 41. COMMITMENTS AND CONTINGENCIES

During the year, the Group make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group	
	2017 RM'000	2016 RM'000
Direct credit substitutes	573,469	533,615
Transaction related contingent items	2,091,113	2,252,924
Short term self-liquidating trade related contingencies	431,400	496,339
Obligation under underwriting commitments	-	19,481
Foreign exchange related contracts		
- less than one year	12,007,480	9,668,916
- one year to less than five years	380,815	603,046
- five years and above	42,485	42,485
Interest rate related contracts		
- less than one year	986,000	893,125
- one year to less than five years	2,116,148	1,457,148
- five years and above	1,115,000	830,000
Irrecoverable commitments to extend credit		
- maturity less than one year	8,349,806	7,842,971
- maturity more than one year	3,255,925	1,515,422
Unutilised credit card lines	364,163	230,550
Commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	571,760	566,296
	<b>32,285,564</b>	<b>26,952,318</b>

### 42. CAPITAL MANAGEMENT

The Group actively manages its capital to counter underlying risks in its business activities and to enable future business growth. The Group's capital management strategy is to continue to maximise shareholders via efficient capital structure, whilst ensuring compliance with regulatory capital requirements. The allocation of capital resources forms part of the Group's strategic planning review and is subject to the approval of the Board of Directors.

### 43. CONTINGENT LIABILITIES

- (a) On 4 September 2012, the Group's Subsidiary Boustead Naval Shipyard Sdn Bhd (BN Shipyard) was served with a Writ of Summons by Ingat Kawan (M) Sdn Bhd (Plaintiff). The Plaintiff was claiming against BN Shipyard for unspecified general damages, special damages of RM50 million, interest at 10% per annum on the said amount of RM50 million calculated from 7 September 2011 until full settlement, interest at 8% per annum on the said amount of RM50 million calculated from the date of filing the Writ of Summons until full settlement, costs and other reliefs that the Court deems fit, arising from an alleged breach of contract by BN Shipyard. On 11 September 2012, BN Shipyard filed its defence and counterclaims and sought to add 5 parties as co-defendants in the said counterclaims. On 30 November 2012, the Court dismissed the Plaintiff's objections to BN Shipyard's addition of the 5 co-defendants.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 43. CONTINGENT LIABILITIES (continued)

On 14 March 2013, the High Court allowed with cost BN Shipyard's application to strike out the Plaintiff's claims. Thus, on 1 April 2013, BN Shipyard withdrew its counterclaims against the Plaintiff, but with liberty to file afresh. On 22 March 2013, the Plaintiff filed a Notice of Appeal to the Court of Appeal. On 11 November 2013, the Court of Appeal allowed the Plaintiff's appeal and ordered the case to be tried at the High Court. On 10 December 2013, BN Shipyard filed a Notice of Motion for the leave to appeal to the Federal Court. This leave to appeal was granted by the Federal Court to BN Shipyard on 13 July 2016. The Federal Court also allowed six leave questions and ordered that cost be in the cause.

During the hearing of appeal at the Federal Court on 22 August 2017, the judges unanimously set aside the decision of the Court of Appeal and High Court and ordered the matter to be tried at the Ipoh High Court. The Federal Court also ordered cost to be in cause and deposit to be refunded.

During the case management on 16 November 2017, High Court had directed the Plaintiff to file the application to examine the evidence of the case on or before 24 November 2017.

During the Hearing on 26 January 2018, the Court directed the parties to file additional Affidavits and the Hearing of the Plaintiffs application will be continued on 28 March 2018. Case Management of the main suit has also been fixed to 28 March 2018.

The Group, upon consultation with the solicitors, is of the view that the Group has a good defence to the claim by the Plaintiff.

- (b) On 10 July 2017, Boustead DCNS Naval Corporation Sdn Bhd (BDNC), a joint venture of the Group received a letter from the Ministry of Defence Malaysia (MINDEF) claiming for Liquidated Damages (LD) amounting to RM53.2 million and EUR19.3 million for the In-Service Support for the Royal Malaysian Navy SCORPENE Submarines contract.

BDNC has made adequate provisions for the LD claim to the extent that it is deemed to be sufficient in the financial statements as at 31 December 2017 and no further losses is expected to be incurred. The provisions were made taking into consideration of appropriate justifications and supporting documentations which were submitted to MINDEF for their consideration and approval.

- (c) The amount of bank guarantee issued by the Group to third parties are as follows:

	<b>Group</b>	
	<b>2017</b>	2016
	<b>RM'000</b>	RM'000
Performance bonds in respect of contracts awarded to subsidiaries		
- Government of Malaysia	<b>645,920</b>	671,846
- Other third parties	<b>71,368</b>	80,813
	<b>717,288</b>	752,659

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT

#### LTAT

As a trust fund manager, LTAT is responsible for managing financial risks prudently to ensure that LTAT's contributors fund is managed more effectively to preserve the value of the fund and provide the best return on investment.

Therefore, LTAT has taken various risk management measures, particularly financial risk management in a more effective and efficient manner. Risks will be managed in accordance with LTAT Risk Management Policies and Procedures and based on LTAT's risk appetite tolerance strategy.

The primary function of LTAT's financial risk management is to protect the contributors fund from unexpected losses while ensuring that the risk management is in line with the requirements of the regulatory bodies and stakeholders.

To achieve this, the financial risk management of LTAT identifies, reviews and monitors risks involving operational risk, investment risk, liquidity risk and interest rate risk.

#### (i) Operational Risk

Operational Risk is the risk resulting from the failure or weakness in internal work processes, human resources, systems used or from external influences.

The establishment of Enterprise Risk Management in LTAT has ensured strategies, processes, human resources, technologies and knowledge are aligned with the purpose of identifying, evaluating, controlling and monitoring so that operational risks at LTAT can be managed properly.

#### (ii) Investment Risk

Investment risk is the risk which exists when LTAT is involved in investments which do not provide the expected rate of return including in circumstances whereby a part or all of the invested capital is lost.

This risk is monitored by analyzing scenarios of sensitivity changes in the changing market conditions.

The changes in the market value of quoted investments are as in the following table:-

	<b>Changes in Equity Market Prices %</b>	<b>Sensitivity of Revaluation RM'000</b>
<b>2017</b>	<b>+/-10</b>	<b>78,802</b>
2016	+/-2	22,466

In 2017, LTAT made changes in the percentage market price sensitivity to 10% in line with volatile current market price changes as well as effective monitoring of the market.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### LTAT (continued)

#### (iii) Liquidity Risk

Liquidity risk occurs when LTAT is not able to meet payment commitments such as members' withdrawal, daily operating expenses, investment payments and claims from related parties.

Regular preparation of Cash Flow Statements and sufficient cash equivalents to meet the payment commitments would address this risk.

An analysis of LTAT's financial liabilities based on maturity is as follows:-

	Carrying Amount RM'000	Less Than 1 year RM'000	Between 1-5 years RM'000	More Than 5 years RM'000
<b>2017</b>				
<b>Payables</b>	<b>530,577</b>	<b>521,673</b>	<b>3,483</b>	<b>5,421</b>
<b>2016</b>				
Payables	528,058	518,931	8,614	513

#### (iv) Interest Rate Risk

Interest rate risk is the risk which exists when there is a significant change in the interest rate offered by the banking institution and affects the interest/ profit returns deposited in the banking institution.

Placement of deposits by LTAT is guided by LTAT's internal policies and procedures guidelines with approved banking institutions to address or minimise this risk in addition to only placing deposits of not exceeding 1 year period.

Deposits analysis based by period:-

Year/ Types Of Deposit	Period Less Than 3 months RM'000
<b>2017</b>	
<b>Deposits</b>	<b>130,070</b>
<b>Cash and bank balances</b>	<b>23,503</b>
<b>2016</b>	
Deposits	167,794
Cash and bank balances	7,158

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### Subsidiary companies/Corporation

- (a) Boustead Holdings Berhad (BHB)
- (b) Power Cables Malaysia Sdn. Bhd. (PCMSB)
- (c) Irat Properties Sdn. Bhd. (IPSB)
- (d) Perbadanan Perwira Harta Malaysia (PPHM)
- (e) Perbadanan Hal Ehwal Bekas Angkatan Tentera (PERHEBAT)
- (f) Perwira Niaga Malaysia (PERNAMA)

Subsidiary companies/Corporations are exposed to a variety of financial risk, including liquidity and cash flow risk, interest rate risk, credit risk, market risk and foreign currency exchange risk. The overall financial risk management objective is to ensure that the companies creates value for its shareholders while minimising the potential adverse effects on the performance of the companies.

#### (i) Liquidity And Cash Flow Risk

The practice of prudent liquidity risk management by maintaining the availability of funding through an adequate amount of committed credit facilities.

The maturity profile analysis of Group's financial liabilities based on contractual undiscounted cash flows as per table below:

Group	Carrying Amount RM'000	Less Than 1 year RM'000	Between 1-5 years RM'000	More Than 5 years RM'000
<b>2017</b>				
Payables	2,765,261	2,619,045	146,216	-
<b>2016</b>				
Payables	2,215,281	2,015,028	150,102	50,151

#### (ii) Interest Rate Risk

The BHB and PCMSB finances their operation through operating cash flows and borrowings which are principally denominated in Ringgit Malaysia. The policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities.

Group	Carrying Amount RM'000	Less Than 1 year RM'000
<b>2017</b>		
Deposits	49,882	49,882
Cash and bank balances	698,614	698,614
<b>2016</b>		
Deposits	336,662	336,662
Cash and bank balances	966,112	966,112

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### Subsidiary companies/Corporation (continued)

##### (iii) Credit Risk

In order to control credit risk is to invest cash assets safely and profitably. The credit risk is also controlled by setting counterparty limits, obtained bank guarantees where appropriate and ensuring that sale of product and services are made to customers with an appropriate credit history, and monitoring customers' financial standing through periodic credit review and credit checks at point of sales. BHB and PCMSB consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

##### (iv) Market Risk

For key product purchases, PCMSB establishes floating and fixed priced levels that considers acceptable and enters physical supply, where necessary, to achieve these levels.

##### (v) Foreign Currency Exchange Risk

BHB's group is exposed to foreign currency risk as a result of its normal operating activities, both external and inter BHB's group where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The BHB's group policy is to minimise the exposure of overseas operating subsidiaries/activities to transaction risks by matching local currency income against local currency costs. The currency giving rise to this risk is primarily US Dollar, Euro and Great Britain Pound. Foreign exchange exposures are kept to an acceptable level.

##### (g) Affin Holdings Berhad (AHB)

The AHB's Group has set up objectives and policies to manage the risk that arise in connection with financial instruments. The risk management framework and policies of AHB's Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in the operations of AHB's Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value whilst guided by a prudent and robust framework of risk management policies.

In achieving the objective of maximising returns to shareholders, the Board of AHB's Group takes cognisance of the risk elements that the AHB's Group is confronted with in its operations. In view of the multi-faceted risks inherent especially in the AHB's Group operations in the banking sector, the AHB's Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

##### (i) Market Risk

Market risk is the risk of losses in on and off-balance-sheet positions arising from movements in market prices. The AHB's Group exposure to market risk results largely from interest rate and foreign exchange rate risks.

The Market Risk Management Framework governs the market risk activities of the AHB's Group which is supported by a set of approved market risk management policies, guidelines and procedures.

Risk control parameters are established based on risk appetite, market liquidity and business strategies as well as macroeconomic conditions. These parameters are reviewed at least annually.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### Subsidiary companies/Corporation (continued)

#### (g) Affin Holdings Berhad (AHB) (continued)

##### (i) Market Risk (continued)

Market risk arising from the Trading book is primarily controlled through the imposition of Stop-loss and Value-at-Risk ('VaR') risk control parameters.

Interest rate risk is quantified by analysing the mismatches in timing repricing of the rate sensitive assets and rate sensitive liabilities. Earnings-at-Risk ('EaR') or Net Interest Income ('NII') simulation is conducted to assess the variation in short term earnings under various rates scenarios. The potential long term effect of the overall exposure is tracked by assessing the impact on Economic Value of Equity ('EVE'), also known as Economic Value-at-Risk ('EVAR'). Thresholds are set for EaR and EVaR as management triggers.

Periodic stress tests are conducted to quantify market risk arising from probability abnormal market movements.

##### (ii) Credit Risk

Credit risk is the potential financial loss resulting from the failure of the customer to settle financial and contractual obligations through lending/financing, hedging, trading and investing activities. It includes both pre-settlement and settlement risks of trading counterparties. Credit risk emanates mainly from loans, advances, and financing, loan/financing commitments arising from such lending activities, as well as through financial transaction with counterparties including interbank money market activities as well as derivative instruments used for hedging and debt securities.

The management of credit risk in the AHB's Group is governed by the Credit Risk Management Framework which is supported by a set of approved credit policies, guidelines and procedures. Approval authorities are delegated to Senior Management and the Group Management Loan Committee of its banking subsidiaries to implement the credit policies and ensure sound credit granting standards. The Board Loan Review and Recovery Committee ("BLRRC") has veto power.

At the respective subsidiary level, an independent Group Credit Management ("GRM") function is headed by Group Chief Credit Officer ("GCCO") with direct reporting line to MD/CEO to ensure sound credit appraisal and approval process. GRM with direct reporting line to Board Risk Management Committee ("BRMC") has functional responsibilities for the management of credit risk, to ensure adherence to risk standards and discipline.

Credit guidelines and procedures are incorporated within the Credit Policy. The Credit Authority Framework facilitates the approval of all new, restructured and continuing credit facilities. New and existing businesses are governed by Credit Plan which is developed as part of the annual business planning and budgeting process. The Credit Plan is reviewed at least annually to ensure the guidelines and criteria reflect portfolio strategy and market environment.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### Subsidiary companies/Corporation (continued)

#### (g) Affin Holdings Berhad (AHB) (continued)

##### (iii) Liquidity Risk

Liquidity risk is the risk of inability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk includes the inability to manage sudden decreases or changes in funding sources. Liquidity risk also arises from the failure to recognise changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

The Liquidity Risk Management Framework governs the liquidity risk management activities of the AHB's Group. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory obligations without incurring unacceptable losses as well as to undertake new transactions. The Group's liquidity management process involves establishing liquidity risk management policies and prudential thresholds, liquidity risk threshold monitoring, stress testing and establishing contingency funding plans. These building blocks of liquidity risk management are subject to regular reviews to ensure relevance in the context of prevailing market conditions.

The AHB's Group short term liquidity risk management is premised on BNM's Liquidity Coverage Ratio ('LCR') final standards. The LCR is a quantitative requirement which seeks to ensure that the AHB's Group holds sufficient high-quality liquid assets ('HQLA') to withstand a significant stress scenario over a 30-day horizon.

Long term liquidity risk profile is assessed via Net Stable Funding Ratio ('NSFR') which promotes resilience over a longer time horizon for the respective banking subsidiary to fund its activities with more stable sources of funding on an ongoing basis.

The LCR and NSFR are tracked to assess the short term and long term liquidity risk profile of the AHB's Group, in line with BNM's Liquidity Coverage Ratio ('LCR') final standards re-issued on 25th August 2016 as well as BNM's revised Basel III Observation Period reporting for Net Stable Funding Ratio ('NSFR') and Leverage Ratio ('LR') issued on 7th August 2015.

The AHB's Group also employs a set of liquidity risk indicators as an early alert of any structural change for liquidity risk management. The liquidity risk indicators include internal and external qualitative as well as quantitative indicators.

Liquidity stress tests are conducted periodically and on ad-hoc basis to gauge the AHB's Group resilience in the event of a liquidity disruption.

The Contingency Funding Plan provides a systematic approach in handling liquidity disruption. The document encompasses strategies, decision-making authorities, and courses of actions to be taken in the event of liquidity crisis and emergencies, enabling the AHB's Group to respond to an unexpected liquidity disruption in an effective and efficient manner.

The Board Risk Management Committee ('BRMC') is responsible for the AHB's Group liquidity policy and the strategic management of liquidity has been delegated to the Group Asset Liability Management Committee ('GALCO'). The Liquidity Management Committee ('LMC'), which is a sub-committee of GALCO, augments the functions of GALCO by directing its focus specifically to liquidity issues. The BRMC is informed regularly on the liquidity position of the AHB's Group.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### Subsidiary companies/Corporation (continued)

#### (g) Affin Holdings Berhad (AHB) (continued)

#### (iii) Liquidity Risk (continued)

The maturity profile analysis of AHB's Group's financial liabilities based on contractual undiscounted cash flows as per table below:

AHB	Carrying Amount RM'000	Less Than 1 year RM'000	Between 1-5 years RM'000
<b>2017</b>			
Payables	<b>1,626,956</b>	<b>1,604,232</b>	<b>22,724</b>
<b>2016</b>			
Payables	1,380,796	1,378,456	2,340

#### (iv) Operational Risk Management

Operational risk is defined as the risk of direct and indirect loss resulting from inadequate or failed internal processes, people and systems or events. The definition includes legal risk, and exposure to litigation from all aspects of the AHB's Group activities, but excludes strategic business, reputational and systemic risks.

The Group Operational Risk Management Framework governs the management of operational risk across the AHB's Group.

BRMC approves all policies/policy changes relating to operational risk. Group Operation Risk Management Committee ("GORMC") supports BRMC in the review and monitoring of operational risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The Operational Risk Management ("ORM") function within GRM operates in independent capacity to manage the risks in activities associated with the operational function of the AHB's Group.

The AHB's Group adopts the Basic Indicator Approach for the purpose of calculating the capital requirement for operational risk. The capital requirement is calculated by taking 15% of the AHB's Group average annual gross income over the previous three years.

Operational risks are managed daily through established systems and processes to ensure compliance with policies, guidelines and control procedures. To identify and assess operational risk issues and exposure, the following tools are employed:-

- Risk Control Self Assessment ("RCSA")
- Key Control Standards ("KCS")
- Key Risk Indicator ("KRI")
- Loss Event Database ("LED")

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### Subsidiary companies/Corporation (continued)

#### (g) Affin Holdings Berhad (AHB) (continued)

##### (iv) Operational Risk Management (continued)

Information Technology (“IT”) and cyber risks are managed as part of the operational risk activities. The IT systems and processes are assessed and tested regularly for resilience and continuity, and that they are secure from internal and external threats.

Introduction of new products or services are evaluated to assess suitability, potential risks and operational readiness.

Operational Risk Coordinators (“ORC”) are appointed at business and support units as champions of ORM activities within respective units. The ORC is responsible for the reporting of ORM activities and to liaise with Group Operational Risk Management on all operational defects and results. As an internal requirement, all Operational Risk Coordinators must satisfy an Internal Operational Risk (including business continuity management) Certification Program. These coordinators will first go through an on-line self-learning exercise before attempting on-line assessments to measure their skills and knowledge level. This will enable Group Risk Management to prescribe appropriate training and development activities for the coordinators.

##### (v) Interest Rate Risk

The AHB’s Group assets and liabilities are categorised by the earlier of contractual repricing or maturity dates. The off-balance sheet gap represents the interest rate sensitive commitments and contingencies.

AHB	Carrying Amount RM’000	Less Than 1 year RM’000	Between 1-5 years RM’000	Non-interest Sensitive RM’000
<b>2017</b>				
Deposits	2,237,086	450,000	10,000	1,777,086
Cash and bank balances	4,146,831	3,227,683	-	919,148
<b>2016</b>				
Deposits	1,832,611	150,014	20,000	1,662,597
Cash and bank balances	4,836,222	4,238,452	-	597,770

##### (vi) Shariah Non-Compliance Risk

Shariah non-compliance is the risk of failure to comply with the Shariah rules and principles as determined by SC and/or any other relevant bodies, such as BNM Shariah Advisory Council.

The Shariah Governance Framework for Islamic Financial Institutions issued by BNM is the main reference for the Shariah governance process and oversight within Affin Islamic Bank Berhad.

Shariah Committee (“SC”) is established to deliberate on Shariah issues and provide resolution as well as guidance. GORMC together with BRMC and GBRMC assist in the overall oversight of Shariah risk management of the AHB’s Group.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 44. FINANCIAL RISK MANAGEMENT (continued)

#### Subsidiary companies/Corporation (continued)

#### (g) Affin Holdings Berhad (AHB) (continued)

##### (vi) Shariah Non-Compliance Risk (continued)

Shariah Risk Management is part of an integrated risk management control function to identify all possible risks of Shariah non-compliance and where appropriate, to provide mitigating measures that need to be taken to reduce the risk. The scope covers overall business activities and operations, commencing from Islamic product origination until maturity.

Each business and support unit is responsible to identify and assess potential Shariah Non-Compliance Risk using the RCSA process. Half yearly RCSA checklist is performed to gauge the level of Shariah compliance.

All Islamic products, services and strategies related matters must be approved by the SC.

Shariah Resolutions/Circulars are issued and training on Shariah Compliance is conducted by the Shariah Review Team on a regular basis.

Shariah non-compliance reports are regularly submitted for further deliberation, decision and remedial action.

##### (vii) Business Continuity Risk

Business continuity risk is the risk of losses in assets, revenue, reputation and stakeholder/customer confidence due to the discontinuation of services in both business and technology operations.

The Business Continuity Management Framework governs the management of business continuity issues, in line with BNM Guidelines on Business Continuity Management ("BCM").

BRMC approves all policies and its changes relating to business continuity management. It also reviews, monitors and discusses business continuity management reports tabled at its meetings. GORMC supports BRMC in the review and monitoring of Business Continuity Risk and provides the forum to discuss and manage all aspects of operational risk including control lapses.

The BCM function is an independent body overseeing the management of the overall business continuity risk.

Annual Risk Assessment and Business Impact Analysis are made compulsory for each business and support unit in the AHB's Group to undertake. The outcome of this assessment will translate into a risk listing that require business and support units to derive action plans to address the risks.

Risk control is established through adherence with established BCM guidelines and standards throughout the implementation of BCM programs. Rigorous testing on business continuity and disaster recovery plans are diligently performed to ensure effective and smooth execution of the plan for resumption and recovery of disrupted business.

Policies and processes are in place to support the monitoring and reporting of business continuity risks.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 45. FAIR VALUE MEASUREMENTS

#### a) Determination of fair value

Financial instruments comprise financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of the financial assets and financial liabilities approximated to their respective carrying value as at reporting date, except for the following:

Group	Note	Carrying Amount RM'000	Fair Value			Total RM'000
			Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>2017</b>						
<b>Financial Assets</b>						
Loan, advances and financing	16	45,597,267	-	47,927,075	-	47,927,075
<b>Financial Liabilities</b>						
Deposit from customer	30	50,734,568	-	50,931,606	-	50,931,606
<b>2016</b>						
<b>Financial Assets</b>						
Loan, advances and financing	16	43,641,592	-	42,936,834	-	42,936,834
<b>Financial Liabilities</b>						
Deposit from customer	30	50,831,986	-	51,520,279	-	51,520,279

#### b) Fair value hierarchy

Assets and liabilities which are measured at fair value at the reporting date analysed by various levels within the fair value hierarchy are as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2017</b>				
<b>Financial Assets</b>				
Available for sale securities				
- Quoted	1,150,315	-	-	1,150,315
- Unquoted	2,548	9,707,687	862,065	10,572,300
- Others	-	4,405,992	-	4,405,992
Held for trading securities	270,380	59,505	-	329,885
Derivative assets	-	173,125	-	173,125
	<b>1,423,243</b>	<b>14,346,309</b>	<b>862,065</b>	<b>16,631,617</b>
<b>Non-Financial Assets</b>				
Investment properties	-	-	2,185,281	2,185,281
<b>Financial Liabilities</b>				
Derivative liabilities	-	265,720	-	265,720

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 45. FAIR VALUE MEASUREMENTS (continued)

#### b) Fair value hierarchy (continued)

LTAT	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Financial Assets</b>				
Available for sale securities				
- Quoted	780,816	-	-	780,816
- Unquoted	-	-	582,212	582,212
Held for trading securities	161,092	-	-	161,092
	<b>941,908</b>	<b>-</b>	<b>582,212</b>	<b>1,524,120</b>
<b>Non-Financial Assets</b>				
Investment properties	-	-	447,800	447,800
2016				
Group				
<b>Financial Assets</b>				
Available for sale securities				
- Quoted	1,555,751	-	21,046	1,576,797
- Unquoted	-	8,891,001	777,545	9,668,546
- Others	-	4,621,104	-	4,621,104
Held for trading securities	190,475	246,727	-	437,202
Derivative assets	-	290,735	-	290,735
	<b>1,746,226</b>	<b>14,049,567</b>	<b>798,591</b>	<b>16,594,384</b>
<b>Non-Financial Assets</b>				
Investment properties	-	-	2,103,951	2,103,951
<b>Financial Liabilities</b>				
Derivative liabilities	-	553,378	-	553,378
LTAT				
<b>Financial Assets</b>				
Available for sale securities				
- Quoted	1,114,384	-	-	1,114,384
- Unquoted	-	-	508,941	508,941
Held for trading securities	135,433	-	-	135,433
	<b>1,249,817</b>	<b>-</b>	<b>508,941</b>	<b>1,758,758</b>
<b>Non-Financial Assets</b>				
Investment properties	-	-	425,726	425,726

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 45. FAIR VALUE MEASUREMENTS (continued)

#### b) Fair value hierarchy (continued)

In estimating its significance, the Group and LTAT used an approach that is currently based on discounted cash flow methodology approved for fair value valuation. These adjustment reflect the values that the Group and LTAT estimates are appropriate to adjust from the valuations produced to reflect the uncertainties in the inputs used.

Investment properties were revalued by independant professional valuations using the open market value basis. Valuations are performed by accredited independant valuers with recent experience in the location and categories of properties being valued. Changes in Level 3 fair values are analysed annually after obtaining valuation report from the independant valuers.

### 46. OPERATING LEASE OBLIGATIONS

Group as a lessee

The non-cancellable operating lease commitments arising from the above are as follows:

	Group	
	2017 RM'000	2016 RM'000
Within 1 year	13,776	14,309
Later than 1 year but not later than 5 years	12,874	7,229
Later than 5 years	9,201	9,060
	<b>35,851</b>	30,598

Group and LTAT as a lessor

The Group and LTAT has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one to six years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions.

Total future minimum lease payments under these non-cancellable operating lease are as follows:

	Group		LTAT	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Within 1 year	135,215	132,627	27,580	26,166
Later than 1 year but not later than 5 years	67,714	98,564	8,008	26,395
	<b>202,929</b>	231,191	<b>35,588</b>	52,561

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 47. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions are as follow:

	Group/LTAT	
	2017 RM'000	2016 RM'000
<b>a) Transaction with subsidiary companies/corporation</b>		
<b>i) Income</b>		
Interest from short term deposits and money markets	1,663	3,053
Profits on short term deposit and money markets Islamic Banking	134	233
Interest on Medium Term Notes	18,827	19,022
Profit from Junior Sukuk Musharakah	9,150	9,175
Interest from Advances to PPHM	3,500	7,474
Rental	787	817
Dividend received	311,174	345,295
Profit on sale of shares	108,403	54,864
	<b>453,638</b>	<b>439,933</b>
<b>ii) Expenses</b>		
Building's maintenance and inventories	744	497
Building's maintenance	3,252	3,039
Fees on portfolio management	302	266
Multimedia services	83	49
	<b>4,381</b>	<b>3,851</b>
<b>iii) Amounts due from subsidiary companies</b>		
Advances to PPHM	112,000	376
Sale of shares	2,501	-
Interest/profit accrued from deposits and money markets	62	28
Interest accrued from Medium Term Notes	41,227	31,859
Interest accrued from advances to PPHM	3,500	1,991
Profit accrued from Junior Sukuk Musharakah	88	88
Dividend receivables	142,377	127,818
Income from portfolio management	1	312
	<b>301,756</b>	<b>162,472</b>
<b>iv) Amounts due to subsidiary companies</b>		
Building's maintenance management fees	433	860
Purchase of shares	8,346	16,756
Taman LTAT Project, Bukit Jalil	8,480	5,433
Deposit and guarantee	271	271
Fees on portfolio management	76	67
Others	566	472
	<b>18,172</b>	<b>23,859</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 47. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### b) Transaction with Government of Malaysia

##### Boustead Holdings Berhad

- i) On 23 March 2017, a sub subsidiary signed a formal contract with the Government of Malaysia for the provision of design, construction, installation, commissioning, integration, tests and trial and delivery of first four units of Littoral Mission Ships (LMS) valued at RM1.2 billion. The sub subsidiary has executed a sub-contract with China Shipbuilding Industry Corporation (CSIC) on 22 April 2017. The aggregate revenue recognised under the contract for the year ended 31 December 2017 amounted to RM138.2 million (2016: RM0.2 million).

On 19 March 2015, the sub subsidiary received and accepted a letter of award from Ministry of Defence Malaysia (MINDEF) for the administration and implementation of the contract for the supply and delivery of spares, maintenance, Integrated Logistic Support (ILS) and training for the 17th Patrol Vessel Squadron of the Royal Malaysian Navy (RMN) for a period of 3 years with total contract value of RM96.3 million. The aggregate revenue recognised for the year ended 31 December 2017 amounted to RM45.1 million (2016: RM30.2 million).

On 7 September 2013, a sub subsidiary received a letter of award from the MINDEF to supply and deliver spare parts, maintenance services and training for the 23rd frigate squadron of the RMN at a contract value of RM70 million for a period of 3 years from the date of acceptance of the award. The aggregate revenue recognised for the year ended 31 December 2017 amounted to RM5.4 million (2016: RM8.2 million).

On 16 December 2011, the sub subsidiary received a letter of award from MINDEF to design, construct, equip, install, commission, integrate, test and trials and deliver 6 units of "Second Generation Patrol Vessels Littoral Combat Ships (Frigate Class)" (LCS) at a contract value of RM9 billion. The aggregate revenue recognised under the letter of award for the year ended 31 December 2017 amounted to RM1.0 billion (2016: RM501.4 million). The finalisation of this contract was on 17 July 2014.

- ii) On 16 March 2011, a sub subsidiary entered into a Concession Agreement with the Government of Malaysia represented by the Ministry of Health Malaysia (MOH) for a period of ten years expiring on 30 November 2019 for the right and authority to purchase, store, supply and distribute the Approved Products (drugs and non-drugs approved by MOH) to the Public Sector Customers such as government hospital, health office, health clinic, dental clinic or any health institution or other similar facility within Malaysia which is operated and controlled by MOH and as determined by MOH from time to time. The aggregate revenue recognised for the year amounted to RM1,411 million (2016: RM1,380 million).

In 2015, the sub subsidiary entered into Supply Agreements with three teaching hospitals under Ministry of Higher Education (MOHE), namely Universiti Sains Malaysia, Universiti Kebangsaan Malaysia and University Malaya for the services of purchasing, storing, supplying and delivering to drugs and non-drugs. The Supply Agreement shall expire on 30 November 2019. The aggregate revenue recognised for the year amounted to RM71 million (2016: RM70 million).

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 48. SIGNIFICANT EVENTS

#### (a) Bantuan Bakti Negara

On 31 July 2017, the Malaysian Government has announced a special fund for the non-pensionable veterans of Malaysian Armed Forces (ATM) known as Bantuan Bakti Negara (BBN). The establishment of the fund is aimed to express the Government's concerns and responsibilities to ensure the welfare of all ATM veterans who have sacrificed safeguarding the country's sovereignty is preserved.

The Ministry of Finance Malaysia via letter dated 30 November 2017 agreed that LTAT to advance payments up to RM85.8 million or actual amount paid whichever is lower each year for the first three (3) years to implement the BBN initiatives and channel to eligible recipients. The amount of BBN's payment up to 31 December 2017 is as follows:

	No. of recipients	Total Payments RM'000
Total of BBN	43,000	52,115
Total of payments	(34,892)	(41,668)
Remaining payable	8,108	10,447

#### (b) Affin Bank Berhad

Affin Holdings Berhad (AHB) and Affin Bank Berhad (ABB) implemented a restructuring exercise in 2017 which lead to ABB becoming the new holding company of the Affin Group. This results in the transfer of listing status in Bursa Securities from AHB to ABB on 2 February 2018. AHB is now a dormant company.

### 49. ACQUISITION AND DISPOSAL

#### a) Acquisition of sub subsidiaries

The fair value of the assets and liabilities assumed upon the acquisition are as follows:

	Group	
	2017 RM'000	2016 RM'000
Net assets acquired:		
Property, plant and equipment (Note 3)	-	(645)
Intangible assets (Note 9)	-	(3,554)
Current assets	-	(19,589)
Current liabilities	-	692
Deferred tax liabilities (Note 15)	-	111
Purchase consideration	-	(22,985)
Retention sum classified as other payables	-	553
Net cash outflow on acquisition	-	(22,432)

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 49. ACQUISITION AND DISPOSAL (continued)

#### b) Disposal of sub subsidiaries

The effects on the financial position of the Group arising from the disposal are as follows:

	<b>Group</b>	
	<b>2017</b>	2016
	<b>RM'000</b>	RM'000
Net assets acquired:		
Property, plant and equipment (Note 3)	-	2,876
Biological assets (Note 4)	-	19,482
Prepaid land lease payments (Note 7)	-	5,457
Current assets	-	1,953
Current liabilities	-	(308)
Deferred tax liabilities (Note 15)	-	2,355
Non controlling interest	-	(5,365)
Net assets disposed	-	26,450
Disposal expenses	-	160
Gain on disposal	-	33,390
Disposal proceeds	-	60,000
Cash and bank balances disposed	-	(12)
Net cash inflow on disposal	-	59,988

### 50. COMPARATIVE FIGURES

The presentation and classification of certain items have been amended. The comparative figures of such items have been modified to conform with the current year's presentation.

# Lembaga Tabung Angkatan Tentera Financial Statements

For The Year Ended 31 December 2017

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# LEMBAGA TABUNG ANGKATAN TENTERA

## Established Under Tabung Angkatan Tentera Act 1973 (Act 101)

# Statements Of Financial Position

As At 31 December 2017

	Note	2017 RM'000	2016 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	103,539	84,429
Development properties	4	-	381,884
Investment properties	5	448,172	426,098
Subsidiary companies	6	5,109,026	5,052,347
Associated companies	7	209,958	201,539
Available for sale securities	8	1,602,520	1,862,817
Held to maturity securities	9	150,000	150,000
Loans and receivables	10	268,000	271,000
<b>Total Non-Current Assets</b>		<b>7,891,215</b>	8,430,114
<b>Current Assets</b>			
Property development in progress	11	634,577	144,501
Inventories	12	45,283	45,283
Held for trading securities	13	161,092	135,433
Loans and receivables	10	1,176,117	667,487
Deposits	14	130,070	167,794
Cash and bank balances		23,503	7,158
<b>Total Current Assets</b>		<b>2,170,642</b>	1,167,656
<b>TOTAL ASSETS</b>		<b>10,061,857</b>	9,597,770
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Members' contribution accounts	15	8,787,262	8,616,592
Reserve fund	16	175,745	172,332
Available for sale securities reserve		22,370	(267,823)
Asset revaluation reserve		32,704	10,676
Accumulated profits		259,998	294,046
<b>Total Equity</b>		<b>9,278,079</b>	8,825,823
<b>Non-Current Liabilities</b>			
Employee benefits liability	17	64,779	73,163
<b>Total Non-Current Liabilities</b>		<b>64,779</b>	73,163
<b>Current Liabilities</b>			
Provision for unit trust benefits	18	188,422	170,726
Payables	19	530,577	528,058
<b>Total Current Liabilities</b>		<b>718,999</b>	698,784
<b>TOTAL LIABILITIES</b>		<b>783,778</b>	771,947
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,061,857</b>	9,597,770

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

# Statements Of Profit Or Loss And Other Comprehensive Income

For The Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
Income	20	<b>720,994</b>	809,390
Other income	21	<b>10,166</b>	1,655
<b>Total income for the year</b>		<b>731,160</b>	811,045
Net fair value gain/(loss) on held for trading securities	22	<b>1,289</b>	(10,965)
Impairment loss on shares	23	-	(122,176)
Impairment loss on loans and receivables	24	-	(62)
Staff costs	25	<b>(37,300)</b>	(54,740)
Operating costs	26	<b>(28,944)</b>	(22,984)
Depreciation		<b>(3,689)</b>	(4,648)
<b>Profit before zakat</b>		<b>662,516</b>	595,470
Zakat	27	<b>(350)</b>	(432)
<b>Net profit for the year</b>		<b>662,166</b>	595,038
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Revaluation on land and building		<b>22,028</b>	-
Remeasurement of post retirement medical benefits		-	(822)
Remeasurement of gratuity plan benefits		-	(743)
		<b>22,028</b>	(1,565)
Items that may be reclassified to profit or loss			
Net gain on available for sale securities			
- Fair value changes		<b>208,495</b>	68,587
- Transfer to profit or loss upon disposal		<b>81,698</b>	108,134
- Cumulative loss reclassified to profit or loss		-	119,599
		<b>290,193</b>	296,320
<b>Other comprehensive income for the year</b>		<b>312,221</b>	294,755
<b>Total comprehensive income for the year</b>		<b>974,387</b>	889,793

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

# Statements Of Changes In Equity

For The Year Ended 31 December 2017

	Note	Members' Contribution Accounts RM'000	Reserve Fund RM'000	Available for Sale Securities Reserve RM'000	Asset Revaluation Reserve RM'000	Accumulated Profits RM'000	Total RM'000
<b>2017</b>							
<b>Balance at 1 January</b>		<b>8,616,592</b>	<b>172,332</b>	<b>(267,823)</b>	<b>10,676</b>	<b>294,046</b>	<b>8,825,823</b>
Net profit for the year		-	-	-	-	662,166	662,166
Other comprehensive income for the year		-	-	290,193	22,028	-	312,221
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>290,193</b>	<b>22,028</b>	<b>662,166</b>	<b>974,387</b>
<b>Transactions with owners</b>							
Transfer to dormant account		(17,068)	-	-	-	-	(17,068)
Transfer from accumulated profit		-	3,413	-	-	(3,413)	-
Adjustments on contributions	28	(78)	-	-	-	17	(61)
Contribution received during the year		870,314	-	-	-	-	870,314
Dividends at 6% for the year and at 6% for withdrawal		498,384	-	-	-	(498,384)	-
Withdrawals during the year		(1,160,735)	-	-	-	-	(1,160,735)
Housing withdrawals during the year		(20,147)	-	-	-	-	(20,147)
Unit trust benefits at 6.5% for the year		-	-	-	-	(188,422)	(188,422)
Payment to death and disablement benefit scheme		-	-	-	-	(6,012)	(6,012)
<b>Total transactions with owners</b>		<b>170,670</b>	<b>3,413</b>	<b>-</b>	<b>-</b>	<b>(696,214)</b>	<b>(522,131)</b>
<b>Balance at 31 December</b>		<b>8,787,262</b>	<b>175,745</b>	<b>22,370</b>	<b>32,704</b>	<b>259,998</b>	<b>9,278,079</b>

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

## Statements Of Changes In Equity (continued)

For The Year Ended 31 December 2017

	Note	Members' Contribution Accounts RM'000	Reserve Fund RM'000	Available for Sale Securities Reserve RM'000	Asset Revaluation Reserve RM'000	Accumulated Profits RM'000	Total RM'000
2016							
Balance at 1 January		9,054,794	181,096	(564,143)	10,676	384,678	9,067,101
Net profit for the year		-	-	-	-	595,038	595,038
Other comprehensive income for the year		-	-	296,320	-	(1,565)	294,755
Total comprehensive income for the year		-	-	296,320	-	593,473	889,793
Transactions with owners							
Transfer to dormant account		(2,869)	-	-	-	-	(2,869)
Transfer to accumulated profit		-	(8,764)	-	-	8,764	-
Adjustments on contributions	28	(456)	-	-	-	163	(293)
Contribution received during the year		820,760	-	-	-	-	820,760
Dividends at 6% for the year and at 6% for withdrawal		514,823	-	-	-	(514,823)	-
Withdrawals during the year		(1,754,525)	-	-	-	-	(1,754,525)
Housing withdrawals during the year		(15,935)	-	-	-	-	(15,935)
Unit trust benefits at 6% for the year		-	-	-	-	(170,726)	(170,726)
Payment to death and disablement benefit scheme		-	-	-	-	(7,483)	(7,483)
Total transactions with owners		(438,202)	(8,764)	-	-	(684,105)	(1,131,071)
Balance at 31 December		8,616,592	172,332	(267,823)	10,676	294,046	8,825,823

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

# Statements Of Cash Flows

For The Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
<b>Cash Flow From Operating Activities</b>			
Grant received		20,250	5,000
Cash receipts from customer		5,674	15,131
Advances received from the government for the development of Government Quarters		4,837	70,409
Rental received		820	858
Cash payments to employees		(40,478)	(45,081)
Cash payments to suppliers		(42,104)	(35,741)
(Advances paid to)/Received from PPHM		(112,000)	273,000
Cash (used in)/generated from operating activities		(163,001)	283,576
Unit trust benefits paid		(170,726)	(179,693)
Payment of advances to Bantuan Bakti Negara (BBN)		(41,668)	-
Payment to death and disablement benefits scheme		(6,012)	(7,472)
Payment of grant to PERHEBAT		(20,250)	(5,000)
Employee benefits paid		(4,939)	(2,297)
Payment of advances to PPHM for the development of Government Quarters		(4,837)	(70,409)
Zakat paid		(350)	(432)
Net cash (used in)/from operating activities		(411,783)	18,273

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

## Statements Of Cash Flows (continued)

For The Year Ended 31 December 2017

	Note	2017 RM'000	2016 RM'000
<b>Cash Flow From Investing Activities</b>			
Purchase of property, plant and equipment		(958)	(517)
Purchase of development properties		(580)	(477)
Investment properties		(6,883)	(215)
Additional investment in subsidiary companies		(232,285)	(866,366)
Purchase of associated companies		(8,420)	-
Purchase of available for sale securities		(23,353)	(70,898)
Investment in held for trading securities		(2,034)	6,020
Property development in progress		(169,979)	(47,195)
Interest and profit received		13,360	40,483
Profit from held to maturity securities		9,150	9,150
Disposal of subsidiary companies		215,320	242,598
Disposal of available for sale securities		524,210	499,878
Disposal of property, plant and equipment		-	7
Disposal of development properties		-	19,922
Sales of completed properties		-	1,586
Disposal of associated companies		-	245,475
Dividend received from subsidiary companies		311,646	340,412
Dividend received from associated companies		25,702	38,563
Dividend received from available for sale securities		28,754	109,916
Other income from associated companies		1,057	1,657
Capital repayment of Medium Term Notes		3,000	-
Rental received from investment properties		31,422	29,195
Refund of tax credit from Inland Revenue Board		-	1,907
Net cash from investing activities		<b>719,129</b>	601,101
<b>Cash Flow From Financing Activities</b>			
Members' contribution received		870,759	821,229
Members' withdrawals		(1,199,484)	(1,432,594)
Net cash used in financing activities		<b>(328,725)</b>	(611,365)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(21,379)</b>	8,009
<b>Cash and cash equivalents at 1 January</b>		<b>174,952</b>	166,943
<b>Cash and cash equivalents at 31 December</b>	29	<b>153,573</b>	174,952

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

# Notes To The Financial Statements

For The Year Ended 31 December 2017

## 1. BACKGROUND AND PRINCIPAL ACTIVITIES

Lembaga Tabung Angkatan Tentera, better known as LTAT was established in August 1972 by an Act of Parliament. The registered office of LTAT is located at 12th Floor, LTAT Building, Jalan Bukit Bintang, P.O Box 11542, 50748 Kuala Lumpur.

The principal activities of Lembaga Tabung Angkatan Tentera (LTAT) as stipulated in the Tabung Angkatan Tentera Act 1973 (Act 101) are to manage and invest the members' contribution funds represent the compulsory contributions of officers and other ranks, Malaysian Armed Forces as well as voluntary contributions of the mobilized members of volunteer forces. These activities involved the process of collection, management and investment of the contribution funds in development properties (note 4), investment properties (note 5), subsidiary companies (note 6), associated companies (note 7), available for sale securities (note 8), held to maturity securities (note 9), loans and receivables (note 10), property development in progress (note 11), inventories (note 12), held for trading securities (13) and deposits (note 14).

LTAT also undertakes to offer retraining for the retiring and retired personnel of the Armed Forces.

The total number of LTAT's employee as at 31 December 2017 are 258 employees (31 December 2016: 265 employees).

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

#### (a) Statement of Compliance

The financial statements of LTAT have been prepared in accordance with Financial Reporting Standards (FRSs) approved and issued by Malaysian Accounting Standards Board (MASB) for Entities Other Than Private Entities.

LTAT which falls within the scope definition of Transitioning Entities has opted to adopt the MFRS Framework for annual periods beginning on or after 1 January 2018. The Transitioning Entities are entities within the scope of MFRS 141: Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including their parents, significant investors and investment in joint ventures.

When LTAT present its first MFRS financial statements in 1 January 2018, LTAT will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustment required on transition will be made, retrospectively, against opening accumulated profits.

The accounting policies adopted by LTAT in these financial statements are consistent with the financial statements for the year ended 31 December 2016 except for the adoption of the following new and amendments to FRSs that are effective for financial statements effective from 1 January 2017 as disclosed below:

- Amendments to FRS 12 Disclosure of Interest in Others Entities (Annual Improvements 2014-2016 Cycle)
- Amendments to FRS 107 Statement of Cash Flow – Disclosure Initiative.
- Amendments to FRS 112 Income Tax – Recognition of Deferred Tax Assets for Unrealised Losses.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of Preparation (continued)

##### (a) Statement of Compliance (continued)

Adoption of above new or amended standards did not have any effect on the financial performance or the position of LTAT.

##### (b) Basis of Measurement

The financial statements of LTAT have been prepared under the cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting date as disclosed in the accounting policies below.

##### (c) Significant Accounting Estimates and Judgements

The preparation of LTAT financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Impairment of Property, Plant and Equipment

LTAT reviews the carrying amounts of property, plant and equipment as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of property, plant and equipment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The preparation of the estimated future cash flows involves significant judgements and estimations. While LTAT believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. Any resulting impairment loss could have a material adverse impact on LTAT's financial position and results of operations.

##### (ii) Impairment of Loans and Receivables

LTAT assesses as at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairments, LTAT considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 Basis of Preparation (continued)

##### (c) Significant Accounting Estimates and Judgements (continued)

##### (iii) Property Development

LTAT recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development cost.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, LTAT evaluates based on past experience and by relying on the work of specialists.

#### 2.2 Summary of Significant Accounting Policies

##### (a) Subsidiary Companies

Subsidiaries are entities, including structured entities, controlled by LTAT.

LTAT controls an entity when it exposed, or has rights to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing controls only when such rights are substantive. LTAT also considers its de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significant affect the investee's return.

Investments in quoted and unquoted subsidiary companies are stated at cost less impairment losses.

##### (b) Associated Companies

Associates are entities, including unincorporated entities, in which the LTAT has significant influence, but not control or joint control, over the financial and operating policy decisions.

Investments in quoted and unquoted associated companies are stated at cost less impairment losses.

##### (c) Financial Instruments

Financial instruments are categorised and measured based on accounting policies as follows:

##### (i) Initial Recognition and Measurement

Financial instruments are recognised in the statement of financial position when, and only when, LTAT becomes a party to the contractual provisions of the financial assets.

When financial instruments are recognised initially, they are measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, directly attributable transaction costs.

Purchase and sale of investments are recognised or derecognised at trade date, at the date of LTAT purchase and sell of the assets.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (c) Financial Instruments (continued)

##### (ii) Categories and Measurement

LTAT's financial instruments are categorised and measured as follows:

##### Financial Assets

##### 1) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in fair value are recognised in profit or loss.

##### 2) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Financial asset classified in this category include cash and bank balances, loans and advances.

Subsequent to initial recognition, loan and receivables are measured at amortised cost using the effective interest method, less impairment loss. Gain and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which classified as non-current assets.

##### 3) Available For Sale Securities

Available for sale securities are financial assets that are designated as available for sale or are not classified in any other categories of financial asset.

After initial recognition, financial assets under available for sale category are measured at fair value. Any gains or losses from changes in fair values of financial asset are recognised in other comprehensive income.

Available for sale securities are stated at fair value except when there is no quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost. In absence of an observable market price, valuation technique will be used.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (c) Financial Instruments (continued)

##### (ii) Categories and Measurement (continued)

##### Financial Assets (continued)

##### 4) Held to Maturity Securities

Held to maturity securities are non-derivative financial assets with fixed or determinable payments and fixed maturity that LTAT has the positive intent and ability to hold to maturity.

Subsequent to initial recognition, held to maturity securities are measured at amortised cost using the effective interest method.

All financial assets except for held for trading securities are subject to impairment loss test.

##### Financial Liabilities

All financial liabilities are subsequently measured at cost except those categorised as financial liabilities at fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at fair values with the gain or loss recognised in profit and loss.

##### (iii) Regular Way Purchase or Sale of Financial Asset

Regular way purchases or sales are purchases or sales of financial assets under a contract whose terms require delivery of assets within the period generally established by regulation or convention in the market place concerned.

Regular way purchases or sales of financial assets is recognised or derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- a) The recognition of an asset to be received and the liability to pay for it on the trade date, and
- b) The derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### (iv) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expired, or the financial assets have been transferred to other parties without retaining any significant amount of risks and rewards from the transfers. On the derecognition of financial asset in its entirety, the difference between carrying amount and the sum of consideration received and any gain or loss that had been recognised in equity will be recognised in profit or loss.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (d) Fair Value Measurement

LTAT measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Fair value of financial instruments measured at amortised cost.

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted market prices that are observable either directly or indirectly.

Level 3: Unobservable inputs for assets and liability.

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

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (e) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Certain land and buildings are subsequently shown at valuation less subsequent depreciation and impairment loss.

LTAT have not adopted a policy of regular valuation and applied the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment that allow assets to be stated at current valuation less accumulated depreciation. Valuation is determined by independent professional valuers based on open market, and no later valuations were recorded. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

The revaluation surplus arising from previous revaluation is accumulated in equity under revaluation reserve. Any impairment loss is first offset against the revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the assets. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated profit on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not amortised. Long term leasehold are amortised over the period of lease. Building-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following rates:

Building	
- Freehold	2%
- Long term leasehold	2% - 20%
Plant and equipment	20%

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss. Unutilised revaluation surplus on that item is taken directly to accumulated profits.

Depreciation for the year is calculated only for property, plant and equipment purchased before 1 July. Depreciation for purchased after 30 June will be accounted for in the following year. Property, plant and equipment with purchase value of less than RM2,000 per unit were expensed off in the year of purchase.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (f) Development Properties and Property Development in Progress

###### i) Development Properties

Development properties are classified within non-current assets and are stated at cost less accumulated impairment losses.

Development properties comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle.

Development properties are reclassified as property development in progress at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

###### ii) Property Development in Progress

Property development in progress comprises cost of land currently being developed together with related development cost common to the whole project and direct building cost.

Property development revenue and expenses are recognised in profit or loss using the stage of completion method when the financial outcome of the development activity can be reliably estimated. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development cost.

Where the financial outcome cannot be reliably estimated, revenue is recognised to the extent that costs are recoverable and costs on properties sold are expensed in the period incurred.

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

The excess or shortfall of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within other receivables or progress billings within other payables respectively.

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

##### (g) Investment Properties

Investment properties are properties that are held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Properties rented out to subsidiary companies of LTAT for business operation is considered owner occupied rather than as investment properties. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (g) Investment Properties (continued)

Investment properties are initially measured at cost, including transaction costs. Investment properties under construction are measured at fair value, or where fair value cannot be determined reliably, are measured at cost less impairment.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value, which is determined by LTAT by reference to market evidence of transaction prices for similar properties, and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the investment property is derecognised.

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

##### (h) Inventories

Inventories are measured at the lower of cost and net realisable value.

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

Inventories of completed properties comprise cost of land and the relevant development cost.

##### (i) Leases

A lease is recognised as finance lease if it transfers substantially all the risks and rewards of ownership.

Leasehold land is a finance lease and classified under property, plant and equipment.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (j) Impairment of Assets

###### (i) Financial Assets

Carrying amount of all financial assets (except financial assets classified under held for trading securities, investments in subsidiary and associated companies) are reviewed at reporting date to determine whether there is any indication of impairment as a result of one or more events that give impact to the estimated future cash flows of the assets.

Loss from future event, no matter how it derives is not recognised.

For equity investments, significant or prolonged decline in fair value below cost is an objective evidence of impairment loss.

The impairment loss of loans and receivables are recognised in profit or loss and are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount is reduced through the use of an allowance account.

The impairment loss of available for sale securities is recognised in profit or loss measured as the difference between its cost and its current fair value less any impairment loss previously recognised in profit or loss. Where a decline in the fair value of available for sale financial assets has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised in profit or loss.

The impairment losses of unquoted equity instruments that is carried at cost will be recognised in profit or loss and are measured as the difference between carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment for investment in equity is not reversed in profit or loss.

###### (ii) Non-financial Assets

Carrying amount of non-financial assets are reviewed at the end of each reporting date to determine whether there is any indication of impairment. If such indication exists, the carrying amount will be written down to its recoverable amount. Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised previously.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (j) Impairment of Assets (continued)

##### (ii) Non-financial Assets (continued)

Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

##### (k) Cash and Cash Equivalents

For the purposes of statements of cash flows, cash and cash equivalents including deposits, cash and bank balances that are readily convertible to cash and which are subjects to an insignificant risk of changes in value.

##### (l) Payables

Payables are stated at cost.

##### (m) Foreign Currencies

Transactions in foreign currencies are recognised at the rate of exchange prevailing at the date of transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing at the date when the fair value was determined.

Exchange differences arising, if any, are recognised in other comprehensive income as incurred.

##### (n) Employee Benefits

##### i) Short Term Benefits

Salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of LTAT. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees whereas short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

##### ii) Fixed Contribution Plans

Contribution is made to Employees Provident Funds. This contribution is recognised as an expense in profit or loss as incurred.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of Significant Accounting Policies (continued)

##### (n) Employee Benefits (continued)

##### iii) Post Retirement Medical Benefits

LTAT provides medical benefits to its retired personnel and spouses. Retirees who are re-employed on contract basis will utilise such benefits upon completion of the contract services. The provision of these benefits cover full amount of medical cost in government and panel clinics/hospitals.

This provision is accrued as an expense in other comprehensive income and as a liability in the statement of financial position as provision for the post retirement medical benefits.

The liability amount of post retirement medical benefits is computed based on actuarial valuation where the amount of the benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is determined by the actuaries using the Projected Unit Credit actuarial method. LTAT recognise actuarial gains or losses against accumulated profit through other comprehensive income.

The principal assumptions used in this computation on the actuarial method are:

- (a) An inflation rate of 5% per annum (2016: 7%) on the medical treatment cost; and
- (b) A discount rate of 5.8% per annum (2016: 5.8%).

##### iv) Gratuity Plan Benefits

The Gratuity Plan provides lump sum benefits that are defined by salary and period of membership.

This provision is accrued as an expense in other comprehensive income and as a liability in the statement of financial position as provision for the gratuity plan benefits.

The principal assumptions used in this computation on the actuarial method are:

- (a) A discount rate of 5.3% per annum (2016: 5.3%); and
- (b) An increment rate of 4.5% per annum (2016: 6%).

##### (o) Income Recognition

Dividend income from investments is recognised when the shareholders' right to receive payment is established.

Income from contracts and property development is recognised on the stage of completion method.

Annual grant received from government under Section 23 and Section 3 (1A) (1994 - Section 3A), Tabung Angkatan Tentera Act 1973 (Act 101), is recognised on cash basis.

##### (p) Refund of Expenditures, Adjustments on Income and Expenditures

Refund of expenditures and adjustments on income and expenditures previously over or under stated is adjusted to the respective accounts in the current year.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 3. PROPERTY, PLANT AND EQUIPMENT

	Freehold Properties	Long Term Leasehold Properties		Plant and Equipment	Total
	RM'000	Land RM'000	Building RM'000	RM'000	RM'000
<b>2017</b>					
<b>Cost/Valuation</b>					
Balance at 1 January	130	50,000	38,954	36,373	125,457
Additions	-	-	-	1,029	1,029
Disposals	-	-	-	(306)	(306)
Adjustment	-	-	(122)	(135)	(257)
Revaluation on land and building	28	22,841	(842)	-	22,027
Elimination of accumulated depreciation on revaluation	(13)	(3,841)	(6,990)	-	(10,844)
Balance at 31 December	145	69,000	31,000	36,961	137,106
<b>Accumulated depreciation</b>					
Balance at 1 January	10	3,073	5,368	32,577	41,028
Additions	3	768	1,622	1,407	3,800
Disposals	-	-	-	(306)	(306)
Adjustment	-	-	-	(111)	(111)
Elimination of accumulated depreciation on revaluation	(13)	(3,841)	(6,990)	-	(10,844)
Balance at 31 December	-	-	-	33,567	33,567
Carrying Amount	145	69,000	31,000	3,394	103,539
<b>2016</b>					
<b>Cost/Valuation</b>					
Balance at 1 January	130	50,000	38,270	36,788	125,188
Additions	-	-	684	399	1,083
Disposals	-	-	-	(106)	(106)
Adjustment	-	-	-	(708)	(708)
Balance at 31 December	130	50,000	38,954	36,373	125,457
<b>Accumulated depreciation</b>					
Balance at 1 January	8	2,305	3,701	31,132	37,146
Additions	2	768	1,667	2,211	4,648
Disposals	-	-	-	(106)	(106)
Adjustment	-	-	-	(660)	(660)
Balance at 31 December	10	3,073	5,368	32,577	41,028
Carrying Amount	120	46,927	33,586	3,796	84,429

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 4. DEVELOPMENT PROPERTIES

	2017 RM'000	2016 RM'000
<b>Freehold Properties</b>		
<b>Balance at 1 January</b>	<b>34,541</b>	34,491
Additions	<b>19</b>	50
Sales	<b>(34,560)</b>	-
	<b>-</b>	34,541
<b>Long Term Leasehold Properties</b>		
<b>Balance at 1 January</b>	<b>347,343</b>	346,752
Additions	<b>1,390</b>	591
Transfer to property development in progress (Note 11)	<b>(348,733)</b>	-
	<b>-</b>	347,343
<b>Balance at 31 December</b>	<b>-</b>	381,884

### 5. INVESTMENT PROPERTIES

	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>	<b>426,098</b>	425,772
Net fair value gain	<b>9,793</b>	-
Additions	<b>12,281</b>	326
<b>Balance at 31 December</b>	<b>448,172</b>	426,098
<b>At Fair Value</b>		
Freehold land	<b>196,000</b>	180,000
Freehold building	<b>235,000</b>	229,326
Long term leasehold land	<b>12,000</b>	11,600
Long term leasehold building	<b>4,800</b>	4,800
	<b>447,800</b>	425,726
<b>At Cost</b>		
Investment property in progress	<b>372</b>	372
	<b>372</b>	372
	<b>448,172</b>	426,098

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 6. SUBSIDIARY COMPANIES

	2017 RM'000	2016 RM'000
<b>At Cost</b>		
Quoted shares	4,556,646	4,520,967
Corporations	123,000	108,000
Unquoted shares	429,380	423,380
	<b>5,109,026</b>	5,052,347
<b>At Market Value</b>		
Quoted shares	<b>5,500,099</b>	5,379,665

### 7. ASSOCIATED COMPANIES

	2017 RM'000	2016 RM'000
Unquoted shares, at cost	209,958	204,116
Impairment loss on shares (Note 23)	-	(2,577)
	<b>209,958</b>	201,539

### 8. AVAILABLE FOR SALE SECURITIES

	2017 RM'000	2016 RM'000
<b>At Fair Value</b>		
Quoted shares	780,816	1,114,384
Unquoted shares	582,212	508,941
	<b>1,363,028</b>	1,623,325
<b>At Cost</b>		
Unquoted shares	55,165	55,165
Unquoted redeemable preference shares		
- subsidiary companies	174,300	174,300
- associated companies	10,027	10,027
	<b>239,492</b>	239,492
	<b>1,602,520</b>	1,862,817

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 9. HELD TO MATURITY SECURITIES

	2017 RM'000	2016 RM'000
<b>At amortised cost</b>		
Junior Sukuk Musharakah	150,000	150,000
	<b>150,000</b>	150,000

Junior Sukuk Musharakah subscribed from Boustead Holdings Berhad (BHB) on 27 June 2014. It is not rated and being perpetual in tenure where BHB has a call option to redeem at the end of the 5th year on 28 June 2019. The expected periodic distribution for the first 5 years is at 6.1% per annum.

### 10. LOANS AND RECEIVABLES

	2017 RM'000	2016 RM'000
<b>Non-Current</b>		
Medium Term Notes	268,000	271,000
	<b>268,000</b>	271,000
<b>Current</b>		
Other receivables	11,534	12,428
Amount receivables from sales of development properties	736,979	417,985
Tax recoverable from Inland Revenue Board	26,857	26,065
Interest accrued on deposits	-	5
Profit accrued on deposits - Islamic Banking	-	1
Dividend receivables	362	395
Bantuan Bakti Negara advances	52,033	-
Other prepayments	8,639	6,372
Staff housing loans	9,068	8,643
Staff vehicle loans	605	798
Staff personal loans	1,012	1,147
Staff advances	32	43
Amounts due from subsidiary companies	301,756	162,472
Amounts due from associated companies	15,930	17,343
Amounts due from portfolio managements	5,512	7,265
Building management control accounts	4,803	5,530
Deposit and guarantee	995	995
	<b>1,176,117</b>	667,487

Medium Term Notes (MTN) subscribed from Irat Hotels & Resorts Sdn Bhd (sub subsidiary company) on 12 May 2011 and will mature on 29 April 2026. It is non-transferable and not rated. The expected periodic distribution of the first to nine years is at 7% per annum and year 10 onwards is at 7.5% per annum.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 10. LOANS AND RECEIVABLES (continued)

Accounts receivable, amounts due from subsidiaries and associated companies are unsecured and have no interest and fixed terms of repayment except for an advances amounting to RM112 million to Perbadanan Perwira Harta Malaysia (PPHM) for relocation of Sungai Besi Air Base, Kuala Lumpur project at 6.5% interest per annum.

Other receivables aging analysis as at statements of financial position date are as follows:

	2017 RM'000	2016 RM'000
Less than 1 year	2,259	3,120
More than 3 years	9,275	9,308
	<b>11,534</b>	12,428

### 11. PROPERTY DEVELOPMENT IN PROGRESS

	2017 RM'000	2016 RM'000
Development costs comprise the following:		
<b>Land, at cost</b>		
Balance at 1 January	67,908	154,964
Expenditures for the year	326	299
Sales	(58,800)	(83,429)
Adjustments	-	(3,926)
Transfer from development properties (Note 4)	346,108	-
	<b>355,542</b>	67,908
<b>Development cost</b>		
Balance at 1 January	76,593	61,318
Expenditures for the year	222,744	49,358
Sales	(22,927)	(38,009)
Adjustments	-	3,926
Transfer from development properties (Note 4)	2,625	-
	<b>279,035</b>	76,593
<b>Balance at 31 December</b>	<b>634,577</b>	144,501

Property development in progress consists of development cost of housing project in Taman LTAT, Bukit Jalil, Kuala Lumpur offered for sale to eligible serving and retired armed forces personnel, thus fulfilling LTAT's corporate responsibilities to the members of the Malaysian Armed Forces amounting to RM367.45 million (31 December 2016 : RM144.50 million).

### 12. INVENTORIES

Inventories consist of cost of 88 units completed condominiums for sale in Taman LTAT, Bukit Jalil, Kuala Lumpur amounting to RM45.28 million.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 13. HELD FOR TRADING SECURITIES

	2017 RM'000	2016 RM'000
<b>Quoted shares, at fair value</b>		
LTAT Revolving Fund	7,204	8,893
Portfolio Management	153,888	126,540
	<b>161,092</b>	135,433

### 14. DEPOSITS

	2017 RM'000	2016 RM'000
Short term deposits and money markets		
- sub subsidiary companies	104,173	114,575
- other institutions	-	15,946
	<b>104,173</b>	130,521
Short term deposits and money markets Islamic Banking		
- sub subsidiary companies	5,000	7,500
- other institutions	-	1,993
	<b>5,000</b>	9,493
Portfolio management short term deposits	20,897	27,780
	<b>130,070</b>	167,794

### 15. MEMBERS' CONTRIBUTION ACCOUNTS

The total of members' contribution accounts at 31 December 2017 amounted to RM8,787.26 million (31 December 2016 : RM8,616.59 million). This is arrived at after adding contributions received during the year, crediting dividends at 6% (2016: 6%) per annum, dividends on withdrawals at 6% (2016: 6%) per annum and deducting withdrawals during the year and transfer to dormant account during the year.

### 16. RESERVE FUND

This General Reserve Fund is maintained in accordance with Section 11(2) of the Tabung Angkatan Tentera Act, 1973 (Act 101). Its movement during the year is as follows:

	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>	<b>172,332</b>	181,096
Transfer from/(to) accumulated profits	3,413	(8,764)
<b>Balance at 31 December</b>	<b>175,745</b>	172,332

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 17. EMPLOYEE BENEFITS LIABILITY

	2017 RM'000	2016 RM'000
<b>Post retirement medical benefits</b>		
Defined benefits obligation	37,948	46,030
<b>Gratuity plan benefits</b>		
Defined benefits obligation	26,831	27,133
	<b>64,779</b>	<b>73,163</b>
<b>Movements in the net liability recognised in the statements of financial position</b>		
<b>Post retirement medical benefits</b>		
<b>Net liability at 1 January</b>	<b>46,030</b>	40,763
Expenses recognised in statements of profit or loss	<b>(7,400)</b>	4,919
Remeasurement of post retirement medical benefits	-	822
Post retirement medical benefits paid	<b>(682)</b>	(474)
	<b>37,948</b>	46,030
<b>Gratuity plan benefits</b>		
<b>Net liability at 1 January</b>	<b>27,133</b>	25,548
Expenses recognised in statements of profit or loss	<b>3,950</b>	2,732
Remeasurement of gratuity plan benefits	-	743
Gratuity plan benefits paid	<b>(4,252)</b>	(1,890)
	<b>26,831</b>	27,133
<b>Net liability at 31 December</b>	<b>64,779</b>	73,163

### 18. PROVISION FOR UNIT TRUST BENEFITS

	2017 RM'000	2016 RM'000
<b>Balance at 1 January</b>	<b>170,726</b>	179,693
Provision for the year	<b>188,422</b>	170,726
	<b>359,148</b>	350,419
Payment during the year	<b>(170,726)</b>	(179,693)
<b>Balance at 31 December</b>	<b>188,422</b>	170,726

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 19. PAYABLES

	2017 RM'000	2016 RM'000
Members' contribution payables	362	159
Dormant accounts	16,006	3,292
Other payables	486,618	492,863
Amounts due to subsidiary companies	18,172	23,859
Amounts due to portfolio management	2,977	1,549
Deposits from tenants	6,442	6,336
	<b>530,577</b>	528,058

Amounts due to subsidiaries are unsecured, have no interest and fixed terms of payment.

Dormant accounts has been transferred from members' contribution accounts in accordance with Section 4 of the Tabung Angkatan Tentera Regulations (Contribution Repayment & Handling for Dormant Accounts) 2009, Tabung Angkatan Tentera Act, 1973 (Act 101).

### 20. INCOME

	2017 RM'000	2016 RM'000
Interest income		
- interest from short term deposits and money markets	1,781	5,548
- profit from short term deposits and money markets Islamic Banking	154	1,239
	<b>1,935</b>	6,787
Income from available for sale securities		
- dividend from quoted shares	30,254	39,582
- dividend from unquoted shares	16,572	24,029
- dividend from unquoted redeemable preference shares	16,204	20,770
- profit/(loss) on sale of quoted shares	8,474	(1,069)
- net fair value loss transferred from equity on disposal	<b>(81,698)</b>	(108,134)
	<b>(10,194)</b>	(24,822)
Income from held to maturity securities		
- profit from Junior Sukuk Musharakah	9,150	9,175
	<b>9,150</b>	9,175

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 20. INCOME (continued)

	2017 RM'000	2016 RM'000
Income from held for trading securities		
- dividend from quoted shares	5,123	4,360
- profit on sale of quoted shares	16,790	8,325
- income from deposits and other balances	673	1,416
- expenses	(2,159)	(2,051)
	<b>20,427</b>	12,050
Income from loans and receivables		
- interest from Medium Term Notes	18,827	19,022
- interest from advances to PPHM	3,500	7,474
	<b>22,327</b>	26,496
Income from subsidiary companies		
- dividend from quoted shares	249,427	253,498
- dividend from unquoted shares	23,697	20,697
- dividend from Corporations	38,050	71,100
- profit on sale of quoted shares	108,403	54,864
	<b>419,577</b>	400,159
Income from associated companies		
- dividend from unquoted shares	25,016	35,774
- adjustment on sale of unquoted shares	(2,830)	-
- profit on sale of unquoted shares	-	69,575
- other income	768	1,824
	<b>22,954</b>	107,173
Rental income		
- rental from property, plant and equipment		
- rental from subsidiary companies	787	817
- rental from others	35	39
- rental from investment properties	31,290	31,074
	<b>32,112</b>	31,930
Net gain on disposal of development properties	202,706	240,120
Income from sale of completed properties	-	322
	<b>720,994</b>	809,390

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 21. OTHER INCOME

	2017 RM'000	2016 RM'000
Interest from staff housing loans	294	303
Interest from staff vehicle loans	24	29
Interest from staff personal loans	44	49
Net fair value gain on investment properties	9,793	-
Net gain on disposals of property, plant and equipment	-	6
Others	11	1,268
	<b>10,166</b>	1,655

### 22. NET FAIR VALUE GAIN/(LOSS) ON HELD FOR TRADING SECURITIES

	2017 RM'000	2016 RM'000
LTAT Revolving Fund	(33)	(942)
Portfolio Management	1,322	(10,023)
	<b>1,289</b>	(10,965)

### 23. IMPAIRMENT LOSS ON SHARES

	2017 RM'000	2016 RM'000
Associated companies (Note 7)	-	(2,577)
Available for sale securities	-	(119,599)
	-	(122,176)

### 24. IMPAIRMENT LOSS ON LOANS AND RECEIVABLES

	2017 RM'000	2016 RM'000
Other receivables		
- impairment loss during the year	-	(62)
	-	(62)

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 25. STAFF COSTS

	2017 RM'000	2016 RM'000
Staff salaries and allowances	<b>(31,003)</b>	(35,478)
Pension and retirement benefits	<b>(6,527)</b>	(6,827)
Post retirement medical benefits	<b>7,400</b>	(4,919)
Gratuity plan benefits	<b>(3,950)</b>	(2,732)
Staff medical services	<b>(2,656)</b>	(3,920)
Staff training	<b>(167)</b>	(209)
Staff incentives and other benefits	<b>(397)</b>	(655)
	<b>(37,300)</b>	(54,740)

### 26. OPERATING COSTS

	2017 RM'000	2016 RM'000
Office travel and transportation	<b>(252)</b>	(221)
Communication services	<b>(918)</b>	(943)
Utilities	<b>(169)</b>	(154)
Printing services	<b>(194)</b>	(164)
Office supplies	<b>(363)</b>	(503)
Maintenance and repairs	<b>(1,864)</b>	(1,414)
Cost of building maintenance and inventories	<b>(15,935)</b>	(14,174)
Professional and administrative services	<b>(1,885)</b>	(1,965)
Audit fees	<b>(176)</b>	(319)
Director's emolument	<b>(592)</b>	(542)
Corporate responsibility (CR)	<b>(5,739)</b>	(1,890)
Miscellaneous expenses	<b>(857)</b>	(695)
	<b>(28,944)</b>	(22,984)

### 27. ZAKAT

	2017 RM'000	2016 RM'000
Zakat	<b>(350)</b>	(432)
	<b>(350)</b>	(432)

Zakat represents business zakat paid to comply with the principles of Syariah. Zakat is calculated based on alternative method approved by the Board of LTAT at 2.5% of cash and bank balances (excluding cash and bank balances held by the portfolio management) at 31 December 2016 (2016: RM0.432 million at the rate of 2.5% of the cash and bank balances at 31 December 2015).

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 28. ADJUSTMENTS ON CONTRIBUTIONS

	2017 RM'000	2016 RM'000
Contribution over credited	(102)	(212)
Dividend under/(over) credited	24	(244)
	(78)	(456)
Adjustments on dividend	17	163
	(61)	(293)

### 29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in cash flows statements of represent the amount in the statement of financial position as follows:

	2017 RM'000	2016 RM'000
Deposits (Note 14)	130,070	167,794
Cash and bank balances	23,015	6,444
Cash held by portfolio management	488	714
	23,503	7,158
	153,573	174,952

### 30. FINANCIAL RISK MANAGEMENT

As a trust fund manager, LTAT is responsible for managing financial risks prudently to ensure that LTAT's contributors fund is managed more effectively to preserve the value of the fund and provide the best return on investment.

Therefore, LTAT has taken various risk management measures, particularly financial risk management in a more effective and efficient manner. Risks will be managed in accordance with LTAT Risk Management Policies and Procedures and based on LTAT's risk appetite tolerance strategy.

The primary function of LTAT's financial risk management is to protect the contributors fund from unexpected losses while ensuring that the risk management is in line with the requirements of the regulatory bodies and stakeholders.

To achieve this, the financial risk management of LTAT identifies, reviews and monitors risks involving operational risk, investment risk, liquidity risk and interest rate risk.

#### (i) Operational risk

Operational risk is the risk resulting from the failure or weakness in internal work processes, human resources, systems used or from external influences.

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 30. FINANCIAL RISK MANAGEMENT (continued)

#### (i) Operational risk (continued)

The establishment of Enterprise Risk Management in LTAT has ensured strategies, processes, human resources, technologies and knowledge are aligned with the purpose of identifying, evaluating, controlling and monitoring so that operational risks at LTAT can be managed properly.

#### (ii) Investment risk

Investment risk is the risk which exists when LTAT is involved in investments which do not provide the expected rate of return including in circumstances whereby a part or all of the invested capital is lost.

This risk is monitored by analyzing scenarios of sensitivity changes in the changing market conditions.

The changes in the market value of quoted investments are as in the following table:

Year	Changes in Equity Market Prices %	Sensitivity Of Revaluation RM'000
2017	+/-10	78,802
2016	+/-2	22,466

In 2017, LTAT made changes in the percentage market price sensitivity to 10% in line with volatile current market price changes as well as effective monitoring of the market.

#### (iii) Liquidity risk

Liquidity risk occurs when LTAT is not able to meet payment commitments such as members' withdrawals, daily operating expenses, investment payments and claims from related parties.

Regular preparation of Cash Flow Statements and sufficient cash equivalents to meet the payment commitments would address this risk.

An analysis of LTAT's financial liabilities based on maturity is as follows:

	Carrying Amount RM'000	Less than 1 year RM'000	Between 1-5 years RM'000	More than 5 years RM'000
<b>2017</b>				
Payables	530,577	521,673	3,483	5,421
<b>2016</b>				
Payables	528,058	518,931	8,614	513

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 30. FINANCIAL RISK MANAGEMENT (continued)

#### (iv) Interest rate risk

Interest rate risk is the risk which exists when there is a significant change in the interest rate offered by the banking institution and affects the interest/profit returns deposited in the banking institution.

Placement of deposits by LTAT is guided by LTAT's internal policies and procedures guidelines with approved banking institutions to address or minimise this risk in addition to only placing deposits of not exceeding 1 year period.

Deposits analysis based by period:

Year/Type of Deposit	Period Less than 3 months RM'000
<b>2017</b>	
Deposits	130,070
Cash and bank balances	23,503
<b>2016</b>	
Deposits	167,794
Cash and bank balances	7,158

### 31. FAIR VALUE MEASUREMENTS

#### Determination of fair value and fair value hierarchy

Financial assets and non-financial assets which are measured at fair value at the reporting date analysed by various levels within the fair value hierarchy are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2017</b>				
<b>Financial assets</b>				
<b>Available for sale securities</b>				
- quoted	780,816	-	-	780,816
- unquoted	-	-	582,212	582,212
<b>Held for trading securities</b>	<b>161,092</b>	<b>-</b>	<b>-</b>	<b>161,092</b>
	<b>941,908</b>	<b>-</b>	<b>582,212</b>	<b>1,524,120</b>
<b>Non-financial asset</b>				
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>447,800</b>	<b>447,800</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 31. FAIR VALUE MEASUREMENTS (continued)

#### Determination of fair value and fair value hierarchy (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Financial assets				
Available for sale securities				
- quoted	1,114,384	-	-	1,114,384
- unquoted	-	-	508,941	508,941
Held for trading securities	135,433	-	-	135,433
	1,249,817	-	508,941	1,758,758
Non-financial asset				
Investment properties	-	-	425,726	425,726

As at reporting date, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) mainly include unquoted shares.

In estimating its significance, LTAT used an approach that is currently based on methodologies such as discounted cash flow and net tangible asset approved for fair value valuation. These adjustment reflect the values that LTAT estimates are appropriate to adjust from the valuations produced to reflect the uncertainties in the inputs used.

Investment properties were revalued by independent professional valuations using the open market value basis. Valuations are performed by accredited independent valuers with recent experience in the location and categories of properties being valued. Changes in Level 3 fair values are analysed annually after obtaining valuation report from the independent valuers.

### 32. OPERATING LEASE OBLIGATIONS

LTAT as a lessor

LTAT has entered into commercial property lease on its investment properties. This non-cancellable leases have remaining lease terms of between one and six years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on the prevailing market condition.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2017 RM'000	2016 RM'000
Within 1 year	27,580	26,166
Later than 1 year but not later than 5 years	8,008	26,395
	35,588	52,561

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions are shown as below:

	2017 RM'000	2016 RM'000
<b>Transaction with subsidiary companies/corporation</b>		
<b>i) Income</b>		
Interest from short term deposits and money markets	1,663	3,053
Profit from short term deposits and money markets Islamic Banking	134	233
Interest from Medium Term Notes	18,827	19,022
Profit from Junior Sukuk Musharakah	9,150	9,175
Interest from advances to PPHM	3,500	7,474
Rental	787	817
Dividend received	311,174	345,295
Profit on sale of shares	108,403	54,864
	<b>453,638</b>	<b>439,933</b>
<b>ii) Expenses</b>		
Management fees on building's maintenance and inventories	744	497
Building's maintenance	3,252	3,039
Fees on portfolio management	302	266
Multimedia services	83	49
	<b>4,381</b>	<b>3,851</b>
<b>iii) Amounts due from subsidiary companies</b>		
Advances to PPHM	112,000	376
Sale of shares	2,501	-
Interest/profit accrued from deposits and money markets	62	28
Profit accrued from Junior Sukuk Musharakah	88	88
Interest accrued from Medium Term Notes	41,227	31,859
Interest accrued from advances to PPHM	3,500	1,991
Dividend receivables	142,377	127,818
Income from portfolio management	1	312
	<b>301,756</b>	<b>162,472</b>
<b>iv) Amounts due to subsidiary companies</b>		
Management fees on building's maintenance	433	860
Purchase of shares	8,346	16,756
Taman LTAT Project, Bukit Jalil	8,480	5,433
Deposits and guarantee	271	271
Fees on portfolio management	76	67
Others	566	472
	<b>18,172</b>	<b>23,859</b>

## Notes To The Financial Statements

For The Year Ended 31 December 2017

### 34. SIGNIFICANT EVENTS

#### a) Bantuan Bakti Negara

On 31 July 2017, the Malaysian Government has announced a special fund for the non-pensionable veterans of Malaysian Armed Forces (ATM) known as Bantuan Bakti Negara (BBN). The establishment of the fund is aimed to express the Government's concerns and responsibilities to ensure the welfare of all ATM veterans who have sacrificed safeguarding the country's sovereignty is preserved.

The Ministry of Finance Malaysia via letter dated 30 November 2017 agreed that LTAT to advance payments up to RM85.8 million or the actual amount paid whichever is lower each year for the first three (3) years to implement the BBN's initiatives and channel to eligible recipients. The total of BBN's payment up to 31 December 2017 is as follows:

	No. Of Recipients BBN	Total RM'000
Total of BBN	43,000	52,115
Total payments	(34,892)	(41,668)
Remaining payable	8,108	10,447

#### b) Affin Bank Berhad

Affin Holdings Berhad (AHB) and Affin Bank Berhad (ABB) implemented a restructuring exercise in 2017 which lead to ABB becoming the new holding company of the Affin Group. This results in the transfer of listing status in Bursa Malaysia Securities from AHB to ABB on 2 February 2018. AHB is now a dormant company.

### 35. COMPARATIVE FIGURES

Presentation and classification of certain items in the financial statements have been amended. The comparative figures of such items have been reclassified to conform with the current year's presentation.

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