

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries



**CERTIFICATE OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
LEMBAGA TABUNG HAJI
FOR THE YEAR ENDED 31 DECEMBER 2024**

Certificate on the Audit of the Financial Statements

Opinion

I have audited the Financial Statements of the Lembaga Tabung Haji. The financial statements comprise the Statement of Financial Position as at 31 December 2024 of the Group and of the Lembaga Tabung Haji and the Statements of Profit or Loss, Statements of Comprehensive Income, Statements of Changes in Surplus Funds and Statements of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 4 to 186.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Lembaga Tabung Haji as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the Tabung Haji Act 1995 [Act 535] requirements.

Basis for Opinion

The audit was conducted 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 certificate. 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 Group and of the Lembaga Tabung Haji and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

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Emphasis of Matter

Without affecting the Audit opinion, I draw attention to Finance Lease Receivables as stated in Note 12 and Trade and Other Receivables at amortised cost stated in Note 13 as follows:

- a. Trade and other Receivables at amortised cost
 - i. Trade Receivables amounted to RM1.072 billion represent outstanding debts related to finance leases in Saudi Arabia. On 27 November 2024, Lembaga Tabung Haji signed a Debt Settlement Agreement but was not fulfilled by the debtor. As a result, Lembaga Tabung Haji has made a provision for the outstanding finance lease debt of RM1.054 billion which irrecoverable as an expected credit loss. There is doubt regarding the settlement actions to recover the outstanding lease amount due to the debtor's failure to adhere to the terms of the Debt Settlement Agreement.
 - ii. Other receivables amounted to RM316.82 million represent investments in Sukuk Tranches A and C, which were not redeemed by Menara ABS Berhad on the Maturity Date, 13 January 2023. However, there is uncertainty regarding the proposed resolution of Menara ABS's Sukuk Recovery Plan, approved in 2024, as the resolution actions have not been realised by the relevant parties.
- b. As of 31 December 2024, the outstanding receivables from finance leases amounted to RM336.80 million represent overdue lease payments for a property in Saudi Arabia. On 11 September 2024, Lembaga Tabung Haji enforced 12 Promissory Notes related to sub-leases, sub-lease income, and early termination compensation. However, to date, Lembaga Tabung Haji has not been able to recover any funds or assets owned by respondent in Saudi Arabia. Lembaga Tabung Haji has made a provision of RM78.41 million out of the RM336.80 million as an expected credit loss as of 31 December 2024. The events or circumstances indicate doubt regarding the resolution actions to recover the overdue lease payments, and additional provisions for expected credit loss may need to be made accordingly.

Information Other than the Financial Statements and Auditor's Certificate Thereon

The Board of Directors of the Lembaga Tabung Haji is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Group and of the Lembaga Tabung Haji does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

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Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of Financial Statements of the Group and of the Lembaga Tabung Haji that give a true and fair view in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the Tabung Haji Act 1995 [Act 535] requirements. The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the Financial Statements of the Group and of the Lembaga Tabung Haji that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Group and of the Lembaga Tabung Haji, the Board of Directors is responsible for assessing the Group's and the Lembaga Tabung Haji'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 Group and of the Lembaga Tabung Haji as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate 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 scepticism throughout the audit. I also:

- a. identify and assess the risks of material misstatement of the Financial Statements of the Group and of the Lembaga Tabung Haji, 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;

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- 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 Group's and the Lembaga Tabung Haji's internal control;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- d. conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Lembaga Tabung Haji's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Group and of the Lembaga Tabung Haji 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 Certificate. However, future events or conditions may cause the Group or the Lembaga Tabung Haji to cease to continue as a going concern;
- e. evaluate the overall presentation, structure and content of the Financial Statements of the Group and of the Lembaga Tabung Haji, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- 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.

The Board of Directors has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

I have also disclosed to the Board of Directors that I have complied with the ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and if applicable, actions taken to eliminate threats or safeguards applied.

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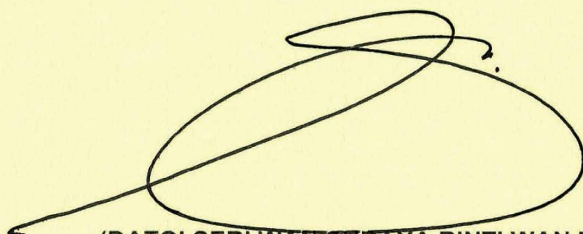
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Tabung Haji Act 1995 [Act 535], I report that the subsidiaries, of which I have not acted as auditor, are disclosed in Note 19 to the financial statements.

Other Matters

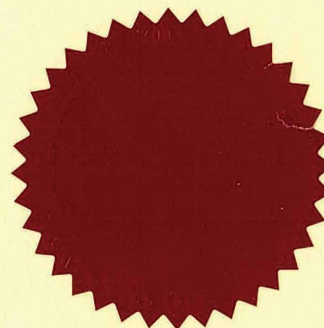
Lembaga Tabung Haji needs to strengthen its policies and investment management to minimise prolonged investment losses, particularly in the three subsidiaries that have recorded consecutive losses since 2022.

This certificate is made solely to the Board of Directors of the Lembaga Tabung Haji in accordance with the Tabung Haji Act 1995 [Act 535] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



(DATO' SERI WAN SURAYA BINTI WAN MOHD RADZI)
AUDITOR GENERAL
MALAYSIA

PUTRAJAYA
11 MARCH 2025

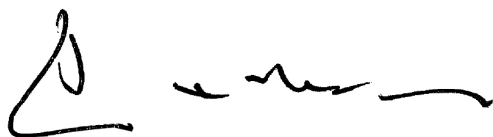


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STATEMENT BY CHAIRMAN AND A MEMBER OF THE LEMBAGA

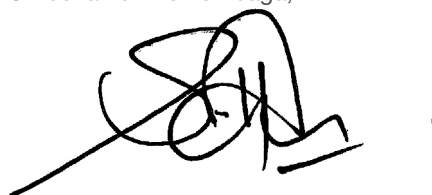
We, **TAN SRI ABDUL RASHID HUSSAIN** and **SYED HAMADAH SYED OTHMAN** being respectively, the Chairman and a member of the Lembaga of **LEMBAGA TABUNG HAJI**, do hereby state that in the opinion of the Lembaga, the accompanying financial statements as set out on pages 189 to 368 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Tabung Haji Act, 1995 in Malaysia, so as to give a true and fair view of the financial position of the Group and of Lembaga Tabung Haji as at 31 December 2024 and of the results and the cash flows of the Group and Lembaga Tabung Haji for the financial year then ended.

On behalf of the Lembaga,



TAN SRI ABDUL RASHID HUSSAIN
CHAIRMAN

On behalf of the Lembaga,



SYED HAMADAH SYED OTHMAN
GROUP MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Bangunan Tabung Haji
201, Jalan Tun Razak
50400 Kuala Lumpur

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DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF LEMBAGA TABUNG HAJI

I, **MUSTAKIM MOHAMAD**, being the Executive Director Group Finance, primarily responsible for the financial management of **LEMBAGA TABUNG HAJI**, do solemnly and sincerely declare that the accompanying financial statements as set out on pages 189 to 368 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by
the abovenamed, at Kuala Lumpur
in the Federal Territory
on 13 February 2025

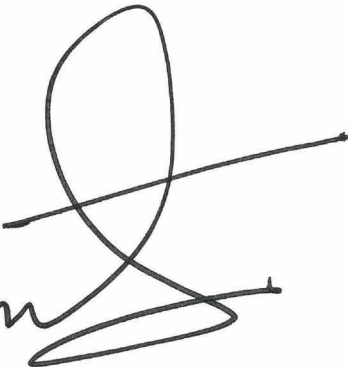


MUSTAKIM MOHAMAD
EXECUTIVE DIRECTOR GROUP FINANCE
MIA CA 21143

Before me:



No. 30, Tingkat Bawah, Blok B,
Flat PKNS, Jalan Raja Muda Musa,
50300 Kg. Baru, Kuala Lumpur



Lembaga Tabung Haji
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group	
	Note	2024 RM'000	2023 RM'000
Assets			
Cash and short-term funds	5	7,004,737	7,847,875
Deposits and placements with banks and other financial institutions	6	775,183	479,895
Financial assets at fair value through profit or loss	7	5,488,447	4,508,548
Financial assets at fair value through other comprehensive income	8	38,896,334	35,034,499
UJSB Sukuk and receivables at amortised cost	9	23,815,554	23,107,525
Financial assets at amortised cost	10	5,773,189	6,864,922
Finance lease receivables	12	619,153	679,479
Trade and other receivables at amortised cost	13	1,465,573	1,951,198
Tax recoverable		18,430	14,307
Biological assets	14	26,253	21,940
Inventories	15	1,030,202	977,416
Investment properties	16	6,184,829	6,238,075
Investment in jointly controlled entities	17	189,069	190,924
Investment in associates	18	5,018,012	4,807,273
Forestry	20	63,899	42,487
Plantation development expenditure	21	35,962	16,853
Right-of-use assets	22	174,823	92,039
Property, plant and equipment	23	1,189,512	1,447,116
Intangible assets	24	-	-
Deferred tax assets	25	28,273	42,344
		97,797,434	94,364,715
Assets of disposal group classified as held for sale	26	989,464	772,808
Total assets		98,786,898	95,137,523

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024 (cont'd.)

		Group	
	Note	2024 RM'000	2023 RM'000
Liabilities			
Depositors' savings fund	27	91,746,618	89,005,313
Other liabilities	28	826,800	871,740
Provision for zakat and tax		111,906	112,390
Lease liabilities	29	471,983	329,892
Borrowings	30	1,321,772	1,482,728
Provision for retirement benefits	31	969,001	907,807
Deferred tax liabilities	25	67,184	87,192
		95,515,264	92,797,062
Liabilities associated with assets of disposal group classified as held for sale	26	178,939	140,840
Total liabilities		95,694,203	92,937,902
Surplus funds			
Distributable reserves			
Revenue reserve	32	2,063,451	1,628,538
Equalisation reserve	32	547,165	680,000
		2,610,616	2,308,538
Non-distributable reserves			
Statutory reserve	32	105,000	100,000
Other reserves	32	(130,158)	(716,452)
		(25,158)	(616,452)
Total surplus funds		2,585,458	1,692,086
Non-controlling interests		507,237	507,535
Total surplus funds and non-controlling interests		3,092,695	2,199,621
Total liabilities and surplus funds		98,786,898	95,137,523

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		<i>TH</i>	
	Note	2024 RM'000	2023 RM'000
Assets			
Cash and short-term funds	5	6,626,452	7,255,788
Deposits and placements with banks and other financial institutions	6	745,862	420,000
Financial assets at fair value through profit or loss	7	5,740,895	4,785,017
Financial assets at fair value through other comprehensive income	8	38,896,334	35,034,344
UJSB Sukuk and receivables at amortised cost	9	23,815,554	23,107,525
Financial assets at amortised cost	10	6,423,189	7,514,922
Financing, advances and others	11	919,650	904,467
Finance lease receivables	12	619,153	679,479
Trade and other receivables at amortised cost	13	2,457,619	2,973,286
Investment properties	16	4,116,352	4,081,987
Investment in jointly controlled entities	17	-	-
Investment in associates	18	4,371,505	4,358,674
Investment in subsidiaries	19	1,940,497	2,188,417
Right-of-use assets	22	189,937	26,735
Property, plant and equipment	23	253,361	284,476
		97,116,360	93,615,117
Assets of disposal group classified as held for sale	26	64,880	8,148
Total assets		97,181,240	93,623,265

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STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2024** (cont'd.)

		<i>TH</i>	
	Note	2024 RM'000	2023 RM'000
<u>Liabilities</u>			
Depositors' savings fund	27	91,746,618	89,005,313
Other liabilities	28	653,071	746,521
Provision for zakat and tax		102,214	107,690
Lease liabilities	29	397,784	250,727
Provision for retirement benefits	31	968,941	907,782
Total liabilities		93,868,628	91,018,033
<u>Surplus funds</u>			
<i>Distributable reserves</i>			
Revenue reserve	32	2,797,841	2,509,332
Equalisation reserve	32	547,165	680,000
		3,345,006	3,189,332
<i>Non-distributable reserves</i>			
Statutory reserve	32	105,000	100,000
FVOCI deficit	32	(137,394)	(684,100)
		(32,394)	(584,100)
Total surplus funds		3,312,612	2,605,232
Total liabilities and surplus funds		97,181,240	93,623,265

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

		Group		TH	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	33	5,034,280	3,980,556	3,865,554	3,563,125
Cost of sales		(1,037,375)	(998,860)	-	-
Gross profit		3,996,905	2,981,696	3,865,554	3,563,125
Other income		138,770	481,535	12,560	371,260
Administrative expenses		(863,853)	(740,526)	(712,079)	(637,729)
Other expenses		(243,356)	(249,050)	(185,171)	(198,551)
Impairment, write off and expected credit losses	34	(676,146)	(264,582)	(662,527)	(656,524)
Operating profit	35	2,352,320	2,209,073	2,318,337	2,441,581
Finance costs	36	(111,175)	(87,560)	(4,996)	(8,182)
Share of profit after tax and zakat of associates	18	396,565	396,378	-	-
Share of profit after tax and zakat of jointly controlled entities	17	3,245	4,267	-	-
Profit before zakat and tax		2,640,955	2,522,158	2,313,341	2,433,399
Zakat	37	(104,310)	(108,172)	(99,347)	(103,246)
Tax expense	38	(113,810)	(39,461)	-	-
Profit for the year		2,422,835	2,374,525	2,213,994	2,330,153
Profit for the year attributable to:					
TH		2,382,259	2,319,623	2,213,994	2,330,153
Non-controlling interests		40,576	54,902	-	-
		2,422,835	2,374,525	2,213,994	2,330,153

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

Note	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the year	2,422,835	2,374,525	2,213,994	2,330,153
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Movement in fair value reserves of debt instruments at fair value through other comprehensive income:				
Net changes in fair value	5,266	553,146	5,266	553,146
Changes in expected credit losses	(919)	2,022	(919)	2,022
Currency translation differences in respect of foreign operations	26,998	(34,801)	-	-
Share of other comprehensive income of associated companies	2,485	173	-	-
	33,830	520,540	4,347	555,168
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of retirement benefit liability	31 (44,238)	(95,868)	(44,238)	(95,868)
Changes in fair value of equity instruments at fair value through other comprehensive income	1,247,444	1,092,179	1,247,444	1,092,163
Share of other comprehensive income of associated companies	12,440	90,431	-	-
	1,215,646	1,086,742	1,203,206	996,295
Total other comprehensive income	1,249,476	1,607,282	1,207,553	1,551,463
Total comprehensive income for the year	3,672,311	3,981,807	3,421,547	3,881,616
Total comprehensive income for the year attributable to:				
TH	3,629,433	3,927,382	3,421,547	3,881,616
Non-controlling interests	42,878	54,425	-	-
	3,672,311	3,981,807	3,421,547	3,881,616

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS FUNDS FOR THE YEAR ENDED 31 DECEMBER 2024

Group	Attributable to <i>TH</i>						Total surplus funds and non- controlling interests RM'000
	Non-distributable		Distributable				
	Statutory reserve (Note 32) RM'000	Other reserves (Note 32) RM'000	Equalisation reserve (Note 32) RM'000	Revenue reserve (Note 32) RM'000	Total surplus funds RM'000	Non- controlling interests RM'000	
<u>2024</u>							
At 1 January 2024	100,000	(716,452)	680,000	1,628,538	1,692,086	507,535	2,199,621
Profit for the year	-	-	-	2,382,259	2,382,259	40,576	2,422,835
Remeasurement of retirement benefit liability	-	-	-	(44,238)	(44,238)	-	(44,238)
Movement in fair value reserve of debt instruments at FVOCI:							
Net changes in fair value	-	5,266	-	-	5,266	-	5,266
Changes in expected credit losses	-	(919)	-	-	(919)	-	(919)
Net changes in fair value of equity instruments at FVOCI	-	1,247,444	-	-	1,247,444	-	1,247,444
Share of other comprehensive income of associated companies	-	14,925	-	-	14,925	-	14,925
Currency translation differences in respect of foreign operations	-	24,696	-	-	24,696	2,302	26,998
Total other comprehensive income/(loss) for the year	-	1,291,412	-	(44,238)	1,247,174	2,302	1,249,476

(Continue to next page)

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CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS FUNDS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)

Group	Attributable to <i>TH</i>						Total surplus funds and non- controlling interests RM'000
	Non-distributable		Distributable		Total surplus funds RM'000	Non- controlling interests RM'000	
	Statutory reserve (Note 32) RM'000	Other reserves (Note 32) RM'000	Equalisation reserve (Note 32) RM'000	Revenue reserve (Note 32) RM'000			
2024 (cont'd.)							
(Continue from previous page)							
Total comprehensive income for the year	-	1,291,412	-	2,338,021	3,629,433	42,878	3,672,311
Transfer of gain on disposal of equity instruments measured at FVOCI	-	(776,737)	-	776,737	-	-	-
Transfer of realised losses of equity instruments measured at FVOCI	-	71,619	-	(71,619)	-	-	-
Transfer between reserves	5,000	-	72,000	(77,000)	-	-	-
Transfer between reserves for profit distribution	-	-	(204,835)	204,835	-	-	-
Profit distribution during the year (Note 27)	-	-	-	(2,714,167)	(2,714,167)	-	(2,714,167)
Changes in group structure	-	-	-	(21,894)	(21,894)	-	(21,894)
Dividends paid to non-controlling interests	-	-	-	-	-	(43,176)	(43,176)
At 31 December 2024	105,000	(130,158)	547,165	2,063,451	2,585,458	507,237	3,092,695

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CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

Group	Attributable to <i>TH</i>					Non-controlling interests RM'000	Total surplus funds and non-controlling interests RM'000
	Non-distributable		Distributable				
	Statutory reserve (Note 32) RM'000	Other reserves (Note 32) RM'000	Equalisation reserve (Note 32) RM'000	Revenue reserve (Note 32) RM'000	Total surplus funds RM'000		
<u>2023</u>							
At 1 January 2023	100,000	(2,067,906)	780,000	1,596,205	408,299	480,525	888,824
Profit for the year	-	-	-	2,319,623	2,319,623	54,902	2,374,525
Remeasurement of retirement benefit liability	-	-	-	(95,868)	(95,868)	-	(95,868)
Movement in fair value reserve of debt instruments at FVOCI:							
Net changes in fair value	-	553,146	-	-	553,146	-	553,146
Changes in expected credit losses	-	2,022	-	-	2,022	-	2,022
Net changes in fair value of equity instruments at FVOCI	-	1,092,179	-	-	1,092,179	-	1,092,179
Share of other comprehensive income of associated companies	-	90,604	-	-	90,604	-	90,604
Currency translation differences in respect of foreign operations	-	(34,324)	-	-	(34,324)	(477)	(34,801)
Total other comprehensive income/(loss) for the year	-	1,703,627	-	(95,868)	1,607,759	(477)	1,607,282

(Continue to next page)

Lembaga Tabung Haji

(Established under Tabung Haji Act 1995)

and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS FUNDS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)

Group	Attributable to <i>TH</i>						Total surplus funds and non- controlling interests RM'000
	Non-distributable		Distributable		Total surplus funds RM'000	Non- controlling interests RM'000	
	Statutory reserve (Note 32) RM'000	Other reserves (Note 32) RM'000	Equalisation reserve (Note 32) RM'000	Revenue reserve (Note 32) RM'000			
<i>2023 (cont'd.)</i>							
<i>(Continue from previous page)</i>							
Total comprehensive income for the year	-	1,703,627	-	2,223,755	3,927,382	54,425	3,981,807
Transfer of gain on disposal of equity instruments measured at FVOCI	-	(352,173)	-	352,173	-	-	-
Transfer between reserves	-	-	77,125	(77,125)	-	-	-
Transfer between reserves for profit distribution	-	-	(177,125)	177,125	-	-	-
Profit distribution during the year (Note 27)	-	-	-	(2,643,595)	(2,643,595)	-	(2,643,595)
Dividends paid to non-controlling interests	-	-	-	-	-	(27,415)	(27,415)
At 31 December 2023	100,000	(716,452)	680,000	1,628,538	1,692,086	507,535	2,199,621

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries

STATEMENT OF CHANGES IN SURPLUS FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2024

<i>TH</i>	Attributable to <i>TH</i>				
	<i>Non-distributable</i>		<i>Distributable</i>		Total surplus funds RM'000
	Statutory reserve (Note 32) RM'000	FVOCI deficit (Note 32) RM'000	Equalisation reserve (Note 32) RM'000	Revenue reserve (Note 32) RM'000	
At 1 January 2024	100,000	(684,100)	680,000	2,509,332	2,605,232
Profit for the year	-	-	-	2,213,994	2,213,994
Remeasurement of retirement benefit liability	-	-	-	(44,238)	(44,238)
Movement in fair value reserve of debt instruments at FVOCI:					
Net changes in fair value	-	5,266	-	-	5,266
Changes in expected credit losses	-	(919)	-	-	(919)
Net changes in fair value of equity instruments at FVOCI	-	1,247,444	-	-	1,247,444
Total other comprehensive income/(loss) for the year	-	1,251,791	-	(44,238)	1,207,553
Total comprehensive income for the year	-	1,251,791	-	2,169,756	3,421,547
Transfer of gain on disposal of equity instruments measured at FVOCI	-	(776,704)	-	776,704	-
Transfer of realised losses of equity instruments measured at FVOCI	-	71,619	-	(71,619)	-
Transfer between reserves	5,000	-	72,000	(77,000)	-
Transfer between reserves for profit distribution	-	-	(204,835)	204,835	-
Profit distribution during the year (Note 27)	-	-	-	(2,714,167)	(2,714,167)
At 31 December 2024	105,000	(137,394)	547,165	2,797,841	3,312,612

Lembaga Tabung Haji

(Established under Tabung Haji Act 1995)

and its subsidiaries

STATEMENT OF CHANGES IN SURPLUS FUNDS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)

<i>TH</i>	Attributable to <i>TH</i>				
	<i>Non-distributable</i>		<i>Distributable</i>		Total surplus funds
	Statutory reserve (Note 32) RM'000	FVOCI deficit (Note 32) RM'000	Equalisation reserve (Note 32) RM'000	Revenue reserve (Note 32) RM'000	
At 1 January 2023	100,000	(1,979,258)	780,000	2,466,469	1,367,211
Profit for the year	-	-	-	2,330,153	2,330,153
Remeasurement of retirement benefit liability	-	-	-	(95,868)	(95,868)
Movement in fair value reserve of debt instruments at FVOCI:					
Net changes in fair value	-	553,146	-	-	553,146
Changes in expected credit losses	-	2,022	-	-	2,022
Net changes in fair value of equity instruments at FVOCI	-	1,092,163	-	-	1,092,163
Total other comprehensive income/(loss) for the year	-	1,647,331	-	(95,868)	1,551,463
Total comprehensive income for the year	-	1,647,331	-	2,234,285	3,881,616
Transfer of gain on disposal of equity instruments measured at FVOCI	-	(352,173)	-	352,173	-
Transfer between reserves	-	-	77,125	(77,125)	-
Transfer between reserves for profit distribution	-	-	(177,125)	177,125	-
Profit distribution during the year (Note 27)	-	-	-	(2,643,595)	(2,643,595)
At 31 December 2023	100,000	(684,100)	680,000	2,509,332	2,605,232

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before zakat and tax	2,640,955	2,522,158	2,313,341	2,433,399
Adjustments for:				
Depreciation of right-of-use assets	51,975	19,300	38,213	7,236
Depreciation of property, plant and equipment	135,212	191,595	41,003	54,257
Loss/(gain) on disposal of property, plant and equipment	6,876	(6)	(43)	(6)
(Gain)/loss on disposal of investment properties	(9,236)	5,957	(9,337)	5,957
Dividends from subsidiaries	-	-	(36,527)	(39,538)
Dividends from associates	-	-	(254,896)	(201,566)
Dividends from quoted equities	(380,987)	(324,525)	(380,984)	(324,525)
Dividends from unquoted equities	(21,276)	(21,150)	(21,276)	(21,150)
Dividends from external fund managers	(84,998)	(54,034)	(84,998)	(54,034)
Dividends from unit trusts	(30,043)	(30,040)	(30,043)	(30,040)
Coupon from debt securities	(1,312,992)	(1,264,409)	(1,364,844)	(1,316,119)
Accretion of discount on UJSB	(937,300)	(903,510)	(937,300)	(903,510)
Gain on negotiable debt certificates and other financial assets	(71,872)	(16,301)	(71,872)	(16,301)
Return from external fund managers	(8,548)	(9,359)	(8,548)	(9,359)
Amortisation of premium on debt securities	35,931	42,588	35,931	42,588
Accretion of discount on debt securities	(12,213)	(57,410)	(12,213)	(57,410)
(Gain)/loss on disposal of debt securities	(18,127)	50,378	(18,127)	50,378
Loss on liquidation of subsidiaries	29,556	1,426	-	-
Profit from financing to subsidiaries	-	-	(55,502)	(54,961)
Impairment:				
- unquoted subsidiaries	-	-	1,921	-
- unquoted associates	-	2	41,114	2,373
- property, plant and equipment	51,302	660	-	-
- forestry	1,987	-	-	-
- inventory	1,899	3,442	-	-
Write off:				
- other investment at amortised cost	148	-	148	-
- trade receivables	1,449	166	1,449	151
- finance lease receivables	-	12,933	-	12,933
- intangible assets	-	18,890	-	-
- property, plant and equipment	115	1,760	2	561
- property, plant and equipment in relation to asset held for sale	311	23	-	-
- inventory	11	-	-	-

(Continue to next page)

Lembaga Tabung Haji

(Established under Tabung Haji Act 1995)

and its subsidiaries**STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2024** *(cont'd.)*

	Group		TH	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<i>(Continue from previous page)</i>				
Reversal of impairment and expected credit losses:				
- unquoted subsidiaries	-	-	-	(558)
- unquoted associates	-	(1,126)	-	(1,126)
- financing, advances and others	-	-	(76,329)	(3,913)
- amount due from subsidiary	-	-	(45,524)	(5,766)
- property, plant and equipment	-	(55,001)	-	-
- finance lease receivables	-	(22,257)	-	(22,257)
- receivables	(17,233)	(3,807)	(16,828)	(2,773)
- other investments at amortised costs	(359)	(413)	(359)	(413)
- finance lease liabilities	-	(136,460)	-	(136,460)
- financial assets at FVOCI	(1,949)	(650)	(1,949)	(650)
- financial assets at amortised costs	(109)	(229)	(109)	(229)
- amount due from jointly controlled entities	(62,919)	-	-	-
Reversal of provisions for liquidation of subsidiaries no longer required	-	(60,080)	-	-
Changes in fair value of investment properties	(94,384)	676,550	(85,519)	(18,967)
Changes in fair value of forestry	(23,399)	(3,529)	-	-
Changes in fair value of biological assets	(7,251)	(1,767)	-	-
Change in fair value of financial assets at FVTPL	10,868	(20,467)	14,104	(33,058)
Expected credit losses:				
- receivables	687,424	394,671	683,768	390,079
- financing, advances and others	-	-	38,723	80,752
- finance lease receivables	13,036	37,318	13,036	37,318
- amount due from jointly controlled entities	-	11,988	-	-
- amount due from subsidiaries	-	-	22,431	303,830
- financial assets at FVOCI	1,030	2,672	1,030	2,672
- financial assets at amortised costs	3	-	3	-
Provision for retirement benefits	67,250	67,967	67,215	67,967
Share of profit after tax and zakat of associates	(396,565)	(396,378)	-	-
Share of profit after tax and zakat of jointly controlled entities	(3,245)	(4,267)	-	-
Unrealised loss/(gain) on foreign exchange differences	108,157	(320,080)	94,257	(308,362)
Finance cost on leases	12,611	14,985	4,996	8,182
Operating profit/(loss) before changes in working capital	363,101	370,174	(100,442)	(62,418)

(Continue to next page)

Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(Continue from previous page)				
Changes in working capital:				
Inventories	(54,072)	29,700	-	-
Cash and short-term funds of TKJHM and TWT	424,753	(441,302)	424,753	(441,302)
Deposits and placements with banks and other financial institutions	(325,862)	683,332	(325,862)	683,332
Trade and other receivables	346,305	(1,174,658)	(188,215)	(677,607)
Trade and other payables	297,851	(233,530)	111,567	(401,239)
Right-of-use assets	(206,595)	(2,392)	(203,216)	(6,043)
Finance lease receivables	40,123	1,037,967	40,123	1,037,967
Lease liabilities	142,264	(117,478)	182,333	(119,093)
Change in asset held for sale	(143,972)	(2,151)	-	-
Change in liabilities held for sale	35,532	1,934	-	-
Proceeds from disposals of subsidiaries	(56,971)	-	(56,971)	-
Capital reduction from subsidiaries	-	-	245,999	-
Purchase of associates	(53,945)	(145,222)	(53,945)	(145,222)
(Purchase)/disposal of equities, net	(2,416,026)	1,099,808	(2,416,026)	1,099,808
Disposal/(purchase) of debt securities, net	1,098,461	(471,484)	1,098,461	(471,484)
(Purchase)/disposal of other financial assets, net	(900,119)	703,878	(900,119)	703,878
Proceeds from early redemption of UJSB	229,271	199,401	229,271	199,401
Dividends from subsidiaries	-	-	36,527	39,538
Dividends from associates	-	-	254,896	201,566
Dividends from quoted equities	380,987	324,525	380,984	324,525
Dividends from unquoted equities	21,276	21,150	21,276	21,150
Dividends from unit trusts	30,043	30,040	30,043	30,040
Dividends from investments managed by external fund managers	84,998	54,034	84,998	54,034
Coupons from debt securities	1,312,992	1,264,409	1,364,844	1,316,119
Repayment of financing to subsidiaries, net	-	-	36,522	13,750
Repayment of profit on financing to subsidiaries	-	-	12,888	54,013
Depositors' savings fund	2,741,305	1,405,325	2,741,305	1,405,325
Cash generated from operations	3,391,700	4,637,460	3,051,994	4,860,038

(Continue to next page)

Lembaga Tabung Haji

(Established under Tabung Haji Act 1995)

and its subsidiaries

STATEMENTS OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)

	Group		TH	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<i>(Continue from previous page)</i>				
Profit distribution to depositors	(2,714,167)	(2,643,595)	(2,714,167)	(2,643,595)
Zakat paid	(107,154)	(97,868)	(104,824)	(95,418)
Tax paid	(101,455)	(52,680)	-	-
Tax refund	267	15,271	-	-
Payment of lease liabilities	(56,485)	(17,541)	(49,536)	(5,212)
Financing cost on lease liabilities paid	(12,611)	(14,985)	(4,996)	(8,182)
Financing cost paid	(98,564)	(72,575)	-	-
Retirement benefits paid	(50,294)	(40,681)	(50,294)	(40,278)
Net cash generated from operating activities	251,237	1,712,806	128,177	2,067,353
Cash flows from investing activities				
Purchase of property, plant and equipment	(46,036)	(58,156)	(14,387)	(22,221)
Purchase of right-of-use assets	(206,595)	(6,713)	(203,216)	(6,213)
Acquisition of investment properties, net	(14,477)	(685)	(10,108)	(685)
(Acquisition)/proceeds from disposal of asset held for sale	(9,799)	(2,408)	239	2,010
Plantation development expenditure	(23,897)	(60,329)	-	-
Investment in associate	(200)	-	-	-
Net cash used in investing activities	(301,004)	(128,291)	(227,472)	(27,109)
Cash flows from financing activities				
Proceeds from drawdown of borrowings	616,735	1,191,854	-	-
Repayment of borrowings	(733,068)	(671,704)	-	-
Finance cost paid	(98,564)	(72,575)	-	-
Dividends paid to non-controlling interests	(43,176)	(27,415)	-	-
Net cash generated (used in)/from financing activities	(258,073)	420,160	-	-
Net (decrease)/increase in cash and cash equivalents	(307,840)	2,004,675	(99,295)	2,040,244
Cash and cash equivalents at 1 January	6,720,888	4,744,503	6,130,121	4,132,202
Currency translation differences	142,164	(28,290)	146,101	(42,325)
Cash and cash equivalents at 31 December	6,555,212	6,720,888	6,176,927	6,130,121

(Continue to next page)

Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(Continue from previous page)				
Cash and cash equivalents comprise:				
Cash and short-term funds (Note 5)	7,004,737	7,847,875	6,626,452	7,255,788
Cash held by TKJHM & TWT	(38,727)	(463,480)	(38,727)	(463,480)
Cash held by external fund managers	(410,798)	(662,187)	(410,798)	(662,187)
Deposits pledged	-	(1,320)	-	-
	6,555,212	6,720,888	6,176,927	6,130,121

Reconciliation of movement of balances on borrowings to cash flows arising from financing activities are as follows:

Group	At 1 January RM'000	Proceeds from drawdown of borrowings RM'000	Other changes RM'000	Repayment RM'000	Foreign currency differences RM'000	At 31 December RM'000
2024						
Commodity Murabahah Term Financing-I	128,134	-	163	(35,500)	-	92,797
Murabahah Term Financing-I	-	591,735	-	-	(9,392)	582,343
Tawarruq Revolving Credit-I	606,160	-	-	(591,735)	(14,425)	-
Tawarruq Term Financing-I	593,412	-	-	-	(24,011)	569,401
Term Financing	155,022	25,000	3,042	(105,833)	-	77,231
	1,482,728	616,735	3,205	(733,068)	(47,828)	1,321,772

2023

Murabahah Financing	570,172	-	-	(629,940)	59,768	-
Commodity Murabahah Term Financing-I	159,471	-	163	(31,500)	-	128,134
Tawarruq Revolving Credit-I	-	604,734	-	-	1,426	606,160
Tawarruq Term Financing-I	-	587,120	-	-	6,292	593,412
Term Financing	162,984	-	2,302	(10,264)	-	155,022
	892,627	1,191,854	2,465	(671,704)	67,486	1,482,728

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. Corporate information

Lembaga Tabung Haji ("**TH**") is a statutory body established in Malaysia under the Tabung Haji Act, 1995 (Act 535) ("the **TH** Act") to facilitate and manage pilgrimage of Malaysian pilgrims to the Holy Land.

In compliance with Section 4 of the **TH** Act, the principal activities of **TH** are as follows:

- (i) to administer deposits received for savings towards hajj pilgrimage or as savings for investments or any other purposes;
- (ii) to administer all matters concerning the welfare of pilgrims; and
- (iii) to perform other things permitted under the **TH** Act such as management of assets involving investments holding and letting of properties.

In addition to deposits received for savings, **TH** is permitted, under Section 15 of the **TH** Act, to receive funds from sources such as grants, donations, gifts, contributions, and bequests, any repayments made to **TH** for financing or financial assistance made by **TH**, all income from the investment or any amount received for borrowings made by **TH**, if any. These are hereinwith collectively known as the Fund.

Section 15 of the **TH** Act also permits for the Fund to be expended for purposes of withdrawal of deposits, repayment of borrowings, administrative expenses, granting of loans and advances and other expenses incidental to the management of the Fund and the functions of **TH**.

The principal place of business is located at Bangunan Tabung Haji, 201 Jalan Tun Razak, 50400 Kuala Lumpur.

The principal activities of the subsidiaries are stated in Note 19. There has been no significant change in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 December 2024 comprise the financial statements of **TH** and its subsidiaries, including the equity accounting of interest in associates and jointly controlled entities (together referred to as the Group).

The financial statements were authorised for issue by the members of the Board of Directors of **TH** ("the Lembaga") on 13 February 2025.

2. Basis of preparation

(a) Composition of **TH**'s separate financial statements

The financial statements prepared by **TH** comprise all assets, liabilities and surplus funds of the Fund in accordance with Section 15 of the **TH** Act wherein the Fund is administered and controlled by **TH**.

The key components of the financial statements of **TH** are as follows:

(i) Assets

Assets comprise all investments made by **TH** by virtue of **TH** having control and legal rights over the assets, as determined in Section 4 of the **TH** Act, although the beneficial ownership is deemed to be with the Fund. Section 20(1) of the **TH** Act states that assets of the Fund shall, in so far as they are not required to be expended by the Lembaga under the **TH** Act, be invested wholly or partly within Malaysia or outside Malaysia and in such manner as the Lembaga may think fit and Section 20(2) states that the Lembaga shall not exercise the powers of investment under Section 20(1) without the approval of the Minister.

Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

2. Basis of preparation (cont'd.)

(a) Composition of **TH**'s separate financial statements (cont'd.)

(ii) Liabilities

Liabilities comprise all payables and provisions such as provision for zakat, provision for retirement benefits and other liabilities, which are incidental to **TH**'s principal activities and for which **TH** has a legal and/or constructive obligation to settle those liabilities on behalf of the Fund.

(iii) Depositors' savings fund

The depositors' savings fund is a compound instrument by virtue of the liability component being represented by the amounts which are repayable on demand, and the equity component as determined by MFRS 132, *Financial Instruments: Presentation* ("MFRS 132") arising from the discretionary profits as stipulated under Section 22 of the **TH** Act. The depositors' savings fund is guaranteed by the Government of Malaysia as mentioned in Section 24 of the **TH** Act *Government Guarantee of Payments* which states that:

- a) If any expenditure of **TH** in relation to withdrawals by depositors cannot be met out of the Fund or the Reserve Fund it shall be charged on and payable out of the Government's Consolidated Fund; and
- b) Any payment out of the Consolidated Fund shall as soon as practicable be repaid by **TH** to the Consolidated Fund and until it is repaid it shall be a debt to the Government and a first charge on the assets of the Fund and the Reserve Fund.

Section 21 of the **TH** Act stipulates provisions in regards to Reserve Fund as follows:

- a) Section 21(1) - **TH** shall establish and manage a Reserve Fund.
- b) Section 21(2) - **TH** may from time to time transfer assets from the Reserve Fund to the Fund or from the Fund to the Reserve Fund.
- c) Section 21(3) - Transfers into the Reserve Fund shall be determined by **TH** and transfers out of the Reserve Fund shall be determined by the Minister.
- d) Section 21(4) - Section 20 shall apply to the assets of the Reserve Fund as it applies to the assets of the Fund.

(iv) Distribution of profits to depositors

TH may at its absolute discretion declare a sum as distributable profit to its depositors. In accordance with Section 22 of the **TH** Act *Declaration of Distributable Profit*, the conditions are as follows:

- a) Section 22(1) - Subject to this section, **TH** may at its absolute discretion determine at any time whether it is prudent to declare a sum as distributable profit in respect of any particular period or year of the Fund and if it determines to so declare, **TH** shall, with the approval of the Minister, declare a sum as distributable profit in respect of any particular period or year of the Fund.
- b) Section 22(2) - If a declaration is made under subsection (1), **TH** shall also determine the manner, amount and time for crediting such distributable profit to each depositor.

Lembaga Tabung Haji
(Established under Tabung Haji Act 1995)
and its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

2. Basis of preparation (cont'd.)

(a) Composition of **TH**'s separate financial statements (cont'd.)

(iv) Distribution of profits to depositors (cont'd.)

- c) Section 22(3) - No distributable profit shall be declared unless **TH** has first established a Reserve Fund, and no distributable profit shall be declared in any year unless at the end of that year:
 - (i) the assets of the Fund were not less than the aggregate liabilities of the Fund, amounts due to depositors being calculated as if immediately payable; and
 - (ii) the assets of the Reserve Fund were not less than such percentage of the amounts actually standing to the credit of the depositors as at the end of that year including the distributable profit, as the Treasury may approve.
- d) Section 22(4) - Any payment required to be made out of the Fund for the purposes of this section shall, in so far as the moneys in the Fund are insufficient for that purpose, be made out of the Reserve Fund.
- e) Section 22(5) - Any decision by the Lembaga in respect of the amount of distributable profit to be apportioned to a depositor shall be final and binding on the depositor and a certificate by the Chief Executive Officer shall be conclusive evidence of the distributable profit apportioned to the depositor.

(v) Surplus funds

Surplus funds represent the excess of the Fund's total assets over its total liabilities, which consist of the following:

Distributable:

- a) Revenue reserve
Revenue reserve represents accumulated distributable profits of **TH** that may be used, at the discretion of the Lembaga for the purpose of profit distribution subject to fulfilment of Section 22 of the **TH** Act, which is further disclosed in Note 2(a)(iv).
- b) Equalisation reserve
TH shall transfer into the Equalisation reserve certain amount as may be determined by the members of the Lembaga from time to time to strengthen **TH**'s reserve in achieving continuous financial soundness and prudent profit distribution to depositors.

Non-distributable:

- c) Statutory reserve
A non-distributable reserve established as a Reserve Fund in accordance with Section 21 of the **TH** Act. Section 21(3) of the **TH** Act states that transfer into the Statutory reserve shall be determined by the Lembaga and transfer out of the Statutory reserve shall be determined by the Minister.
- d) Fair value through other comprehensive income ("FVOCI") reserve
A non-distributable reserve that comprises the cumulative net change in the fair value of financial assets at FVOCI. In addition, the loss allowance arising from recognition of expected credit losses on debt instruments at FVOCI are accumulated in this reserve instead of reducing the carrying amount of the assets.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

2. Basis of preparation (cont'd.)

(a) Composition of **TH**'s separate financial statements (cont'd.)

(vi) Collection for hajj payment from pilgrims

Collection for hajj payment represents the amount payable by hajj pilgrims to perform hajj during the financial year. This amount is treated as recovery of hajj directs costs incurred by **TH**.

(vii) Special purpose welfare funds (Tabung Kebajikan Jemaah Haji Malaysia ("TKJHM") and Tabung Was'ul Khair Tetamu Allah ("TWT") (formerly known as Tabung Warga Tua))

The TKJHM fund was established by **TH** to fund the welfare of hajj pilgrims in accordance with predetermined guidelines set up by the TKJHM Committee. The guidelines spell out the usage of the TKJHM fund which among others include the protection, monitoring and welfare of pilgrims as well as general community service.

The sources of funding of TKJHM fund comprise income from placement of inactive accounts, contribution from individuals, agencies and private sectors, state governments, net surpluses and commissions from hajj activities.

The TWT fund was set up in 1999 by **TH** to partially fund the cost of performing hajj for elderly pilgrims who have been selected to perform hajj in a particular hajj season and who meet certain predetermined conditions that qualify them to receive the subsistence.

The source of funding of TWT fund was from a one-off contribution received from depositors of **TH** upon establishment of the TWT Fund. The unutilised contribution was placed with Shariah compliant financial institutions to earn income that would be used to fund eligible elderly pilgrims to perform hajj in the future.

The assets of TKJHM fund and TWT fund comprise all investments made by **TH** by virtue of **TH** having control and legal rights over the assets, although the beneficial ownership is deemed to be with the TKJHM fund and TWT fund.

The liabilities of TKJHM fund and TWT fund comprise all payables and other liabilities which are incidental to TKJHM fund and TWT fund activities and for which **TH** has a legal and/or constructive obligation to settle these liabilities on behalf of the TKJHM fund and TWT fund.

The operations of the two special purpose welfare funds are separate from **TH**'s hajj operation and investment activities, and **TH** is the administrator of the funds, therefore, the net surplus of the funds is deemed as liabilities representing the amounts that can be spent, based on the objectives of the special purpose welfare funds.

(b) Statement of compliance

The financial statements of the Group and of **TH** have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the **TH** Act.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in the summary of material accounting policy information as disclosed in Note 3.

The Group and **TH** present their statement of financial position in the order of liquidity.

The financial statements are presented in Ringgit Malaysia ("RM") and are rounded to the nearest thousand ("000"), unless stated otherwise.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

2. Basis of preparation (cont'd.)

(c) Amendments to MFRS that were adopted by the Group and TH

During the financial year, the Group and **TH** adopted the following standards and amendments to MFRSs which came into effect from 1 January 2024:

- Amendments to MFRS 16, *Lease liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements : Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 101, *Non-current liabilities with Covenants*
- Amendments to MFRS 7, *Financial Instruments : Disclosures* & MFRS 107, *Statement of Cash Flows - Supplier Finance Arrangements*

The adoption of these amendments to published standards do not have any material impact on the financial statements of the Group and **TH**.

(d) Standards, amendments to published standards and interpretations that are applicable to the Group and TH but not yet effective

(i) Financial year beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

(ii) Financial year beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Hedge Accounting by First Time Adopter under Exceptions to the Retrospective Application of Other MFRSs*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Fair Value Measurements for Gain or Loss on Derecognition included Significant Unobservable Inputs*
- Amendments to MFRS 9, *Financial Instruments – Derecognition Requirements of Lease Liabilities and Initial Measurements of Trade Receivables*
- Amendments to MFRS 10, *Consolidated Financial Statement – Determination of De' Facto Agent when Assessing Control*
- Amendments to MFRS 107, *Statement of Cash Flows – Equity Method or at Cost*

(iii) Financial year beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements - New Presentation and Disclosure Standard*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures – Simplified Financial Reporting for Small Companies within the Group*

(iv) Effective date yet to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The adoption of the above amendments to published standards is not expected to have a material impact on the financial statements of the Group and **TH**, upon their initial application.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

2. Basis of preparation (cont'd.)

(e) TH Wakalah Account

Wakalah refers to a contract whereby a party, as principal (*muwakkil*) authorises another party as his agent (*wakil*) to perform a particular task on matters that may be delegated, with or without imposition of a fee.

In the context of **TH**'s financial statements, depositors as principal appoint **TH** as their agent to administer the depositors' savings fund. As the fund administrator, **TH** invests the fund and distributes profit based on performance of the fund and manages hajj affairs in accordance with the **TH** Act. Under this Wakalah structure, **TH** does not impose any fee. However, **TH** deducts its management costs, hajj costs and zakat from the profit or loss generated.

3. Material accounting policy information

The material accounting policy information of the Group and **TH** have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities, including structured entities, controlled by **TH**.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

The Group also considers the ability to apply de facto power over an investee despite not having the majority of voting rights e.g. when it has the ability to direct the activities of the entities that have a significant impact on the return from entities.

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain (negative goodwill) is recognised immediately in profit or loss.

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

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

(i) Subsidiaries *(cont'd.)*

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9, Financial Instruments ("MFRS 9") in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(ii) Acquisition or disposal of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any differences between the Group's share of net assets before and after the changes, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in the 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.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly, are presented in the consolidated statement of financial position and statement of changes in surplus funds, separately from the total surplus funds attributable to **TH**. Non-controlling interests in the results of the Group is presented in the consolidated statement of income and statement of comprehensive income as an allocation of the profit or loss and the comprehensive income or loss for the year between non-controlling interests and **TH**.

Losses recognised in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

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

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra- group transactions, are eliminated in preparing the consolidated financial statements.

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

(vi) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

3. Material accounting policy information (cont'd.)

(a) Basis of consolidation (cont'd.)

(vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group accounts for its interest in the joint venture using the equity method. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in comprehensive income is reclassified to profit or loss where appropriate.

(b) Investments in subsidiaries, joint ventures and associates in separate financial statements

In **TH's** separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amount due from subsidiaries of which **TH** does not expect repayment in the foreseeable future are considered as part of **TH's** investments in the subsidiaries.

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3. Material accounting policy information *(cont'd.)*

(c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and placements with banks and financial institutions, money at call and interbank placements which have an insignificant risk of changes in fair value with original maturity of three months or less, and are used by the Group and **TH** in the management of short term commitments. For the purpose of the statements of cash flow, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(d) Financing, advances and others

Financing by **TH** consists of financing to subsidiary companies.

(e) Financial assets

A financial asset is only recognised in the statement of financial position when, and only when, the Group and **TH** become a party to the contractual provision of the instruments.

(i) Classification

The Group and **TH** classify their financial assets on initial recognition in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

(ii) Measurement

Initial recognition

At initial recognition, the Group and **TH** measure financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit ("SPPP").

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group and **TH's** business model for managing the asset and the cash flow characteristics of the asset. The Group and **TH** reclassify debt investments when and only when its business model for managing those assets changes, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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3. Material accounting policy information (cont'd.)

(e) Financial assets (cont'd.)

(ii) Measurement (cont'd.)

Subsequent measurement (cont'd.)

Debt instruments (cont'd.)

There are three measurement categories into which the Group and **TH** classify their debt instruments:

(a) Amortised cost (“AC”)

Debt instruments that are held for collection of contractual cash flows where those cash flows represent SPPP are measured at amortised cost. The assets are subsequently measured at amortised cost using the effective profit rate method and are subject to impairment. Recognition of debt instrument is based on settlement date, the date that an asset is delivered to the Group and **TH**. Income from these financial assets is recognised directly in profit or loss. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss as applicable. Financing and advances, trade and other receivables, cash and cash equivalents and deposit and placements with bank and other financial institutions are amongst the financial assets measured at amortised cost.

(b) Fair value through other comprehensive income (“FVOCI”)

Debt instruments that are held for collection of contractual cash flows and for selling, where the assets’ cash flows represent SPPP, are measured at FVOCI. Recognition of debt instrument is based on settlement date, the date that an asset is delivered to Group and **TH**. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from reserve to profit or loss and recognised in profit or loss. Income from these financial assets is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss as applicable. Profit calculated for debt instruments using the effective profit method is recognised in profit or loss.

(c) Fair value through profit or loss (“FVTPL”)

Debt instruments that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Recognition of debt instrument is based on settlement date, the date that an asset is delivered to Group and **TH**. On initial recognition, Group and **TH** may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. These financial assets are subsequently measured at fair value and any gain or loss arising from a change in the fair value will be recognised in the profit or loss.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

3. Material accounting policy information (cont'd.)

(e) Financial assets (cont'd.)

(ii) Measurement (cont'd.)

Subsequent measurement (cont'd.)

Equity instruments

The Group and **TH** subsequently measure all equity investments at fair value. The Group and **TH** can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investments are held for trading. Financial assets are classified as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses on these equity instruments will never be recycled to profit or loss. Equity instruments at FVOCI are not subject to impairment assessment. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instruments. The Group and **TH** have designated equity investments that are held with the objective to receive dividend income or for medium to long term as FVOCI. Dividends from such instruments continue to be recognised in profit or loss when the Group and **TH**'s right to receive payments are established.

MFRS 9, *Financial Instruments* ("MFRS 9") does not require for an entity to recognise any form of impairment in respect of equity instruments classified at FVOCI as these instruments are measured at fair value. For those equities at FVOCI with significant and prolonged unrealized losses where the possibility of cost recovery is remote, it can be argued that the losses are deemed as permanent and hence, realized, to revenue reserve or retained earnings.

When the equity instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income will be transferred to revenue reserve.

Other financial assets

Changes in the fair value of other financial assets designated at FVTPL are recognised in the profit or loss as applicable.

(f) Financial liabilities

Financial liability is recognised in the statement of financial position when, and only when, the Group and **TH** become a party to the contractual provisions of the instruments.

Financial liabilities include depositors' savings fund, a placement of funds that allows the depositors to withdraw their savings from the account at any time, and other liabilities.

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective profit rate method, other than those categorised as FVTPL.

FVTPL category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

3. Material accounting policy information (cont'd.)

(f) Financial liabilities (cont'd.)

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

The Group and **TH** do not have any non-derivative financial liabilities designated at FVTPL.

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or **TH** have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and liability simultaneously.

(h) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee.

When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as provision.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, *Revenue from Contracts with Customers* ("MFRS 15") where appropriate.

(i) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment loss.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. In the case of property development and construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include down payment received from customer and other deferred income where the Group has billed and collected the payment before the goods are delivered or services are provided to the customers.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

(j) Inventories

(i) Development properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

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

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sales.

The detailed policy for the property development costs and inventory category are set out in Note 3(j) and 3(k) respectively.

(ii) Palm based products

Palm inventories are measured at the lower of cost and net realisable value.

The cost of stock of palm oil finished goods is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of stores consists of the invoiced value from suppliers and is calculated using the weighted average method.

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.

(iii) Stores

Cost of stores consists of the invoiced value from suppliers and is calculated using the weighted average method.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

(k) Property development costs

(i) Land held for property development

Inventory properties where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle are referred to as land held for development and classified within non-current assets. Generally no significant development work would have been undertaken on these lands other than infrastructure work, earth work and landscape work incurred to prepare the land for development and these inventory properties are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development. These inventory properties are classified to current assets at the point when active development project activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Inventory properties under construction are referred to as property development costs and comprise the cost of land, direct building costs and share of development costs common to the entire development project where applicable. Once sold, the cost of these inventories is recognised in profit or loss as and when control passes to the respective customers.

(iii) Completed properties

Units of development properties completed but unsold are reclassified from property development costs to completed properties.

(l) Plantation development expenditure

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. The cost also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

All expenditure relating to development of oil palm estate (immature estate) will be capitalised under plantation development expenditure. An estate is declared mature when they are ready for commercial harvesting. This cost will be depreciated over useful life when the expenditure is transferred to property, plant and equipment when the estate matures.

Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature to immature areas.

Nurseries are stated at cost. This cost relates to nursery maintenance costs.

(m) Forestry

Forestry are measured on initial recognition and at subsequent reporting dates at fair value, with any changes in fair value of forestry during a year recognised in profit or loss.

The fair value of forestry is determined independently by professional valuers.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

3. Material accounting policy information (cont'd.)

(n) Investment properties

Measurement

Investment properties are properties or part of properties which are owned to earn rental income or for capital appreciation or for both. Investment properties include land held for a currently undetermined future use and property work-in-progress which is intended for future use as investment property.

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are subsequently carried at fair value with any changes therein recognised in profit or loss for the period in which they arise including the corresponding tax impact. The fair value is based on market values valued by an independent valuation firm.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and **TH** and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are 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 item is derecognised.

Reclassifications to/from investment properties

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in reserve as a revaluation.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost of property, plant and equipment or inventories.

(o) Property, plant and equipment

Items of property, plant and equipment are measured at cost or valuation less any accumulated depreciation and any accumulated impairment loss.

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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3. Material accounting policy information (cont'd.)

(o) Property, plant and equipment (cont'd.)

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and **TH**, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised from the financial statements. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net in profit or loss.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative years are as follows:

Bearer plant	27 years
Building on freehold land	5 - 99 years
Building renovations	5 - 10 years
Plant, machineries, fitting and motor vehicles	2 - 15 years
Computer equipment	3 - 7 years

Impairment

At the end of the reporting period, the Group and **TH** assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. The accounting policies on impairment of non-financial assets are set out in Note 3(t)(ii).

(p) Bearer plants

Bearer plants are living plants that are used to grow produce over their productive lives. Bearer plants are accounted for as a class of property, plant and equipment. Bearer plants that are available for use are measured at costs less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. The bearer plant is depreciated over its remaining useful lives based on the estimated individual estate annual production yield table.

Immature bearer plants are classified within plantation development expenditure until the trees are available for harvest. At that point, bearer plants are identified for reclassification to property, plant and equipment and depreciated over their estimated useful life of 27 years from the date they are ready for commercial harvesting based on the estimated individual estate output. In prior years, depreciation rate of bearer plants was based on estimated production yield table. Bearer plants are assessed for indicator of impairment at each reporting period, and if indication exists, an impairment test is performed in accordance with MFRS 136, *Impairment of Assets*.

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3. Material accounting policy information (cont'd.)

(q) Biological assets

Biological assets comprise agricultural produce that grows on oil palm plantations.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

(r) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and **TH** (ie: the commencement date).

Contracts may contain both lease and non-lease components. The Group and **TH** allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and **TH** are a lessee, it has been elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

a) Lease term

In determining the lease term, the Group and **TH** consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and **TH** reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and **TH** and affects whether the Group and **TH** are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

b) Right-of-use ("ROU") assets

ROU assets are initially measured at cost comprising the following:

- i) The amount of the initial measurement of lease liability;
- ii) Any lease payments made at or before the commencement date less any lease incentive received;
- iii) Any initial direct costs; and
- iv) Decommissioning or restoration costs.

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3. Material accounting policy information (cont'd.)

(r) Leases (cont'd.)

(i) Accounting by lessee (cont'd.)

b) Right-of-use (“ROU”) assets (cont'd.)

ROU assets are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group and **TH** are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset’s useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Amortisation

Leasehold land and buildings classified under ROU assets are amortised over a lease period as follows:

Leasehold land	20 - 999 years
Leasehold building	50 years

Impairment

At the end of the reporting period, the Group and **TH** assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. The accounting policies on impairment of non-financial assets are set out in Note 3(t)(ii).

c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- i) Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- ii) Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii) Amounts expected to be payable by the Group and **TH** under residual value guarantees;
- iv) The exercise price of a purchase and extension options if the Group and **TH** are reasonably certain to exercise that option; and
- v) Payments of penalties for terminating the lease, if the lease term reflects the Group and **TH** exercising that option.

Lease payments are discounted using the profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and **TH**, the lessee’s incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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3. Material accounting policy information (cont'd.)

(r) Leases (cont'd.)

(i) Accounting by lessee (cont'd.)

c) Lease liabilities (cont'd.)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic finance rate on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and **TH** present the lease liabilities as a separate line item in the statement of financial position. Finance expense on the lease liability is presented within the finance cost in the statement of profit or loss.

d) Reassessment of lease liabilities

The Group and **TH** are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(ii) Accounting by lessor

As a lessor, the Group and **TH** determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and **TH** make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and **TH** consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

a) Finance leases

The Group and **TH** classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and **TH** derecognise the underlying asset and recognise a finance lease receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 3(t)(i) on impairment of financial assets). In addition, the Group and **TH** review regularly the estimated unguaranteed residual value.

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3. Material accounting policy information *(cont'd.)*

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

(ii) Accounting by lessor *(cont'd.)*

a) Finance leases *(cont'd.)*

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and **TH** revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

b) Operating leases

The Group and **TH** classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and **TH** recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

c) Sub-lease classification

When the Group and **TH** are an intermediate lessor, it assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group and **TH** apply the exemption described above, then it classifies the sub-lease as an operating lease.

d) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and **TH** allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

(s) Intangible assets

(i) Goodwill

Goodwill represents the excess of the acquisition cost over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortised but is reviewed annually to determine whether impairment exists, or is reviewed more frequently if events or changes in circumstances indicates that it might be impaired. An impairment loss is charged directly to the profit or loss and is not reversed in the subsequent period.

The determination of recoverable amount is as described in Note 3(t)(ii).

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3. Material accounting policy information (cont'd.)

(t) Impairment

(i) Financial assets

Impairment for debt instruments, financing commitments and financial guarantee contracts

The Group and **TH** assess on a forward looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and at FVOCI, financing commitments and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

At each reporting date, the Group and **TH** first assess individually whether there is a significant increase in credit risk or objective evidence of impairment exists for significant financial assets and collectively for financial assets that are not individually significant. If it is determined that there is significant increase in credit risk or objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial assets measured at amortised cost and FVOCI, a lifetime ECL will be recognised for impairment loss which has been incurred.

The Group and **TH** have considered the impact of the COVID-19 pandemic and has taken into account the economic and financial measures announced by the Government in estimating the ECL on the financial assets.

The Group and **TH** have six types of financial instruments that are subject to either a 3-stage approach to ECL or the simplified approach as follows:

- i) Cash and short-term funds and deposits and placements with banks and other financial institutions
- ii) Financing, advances and others
- iii) Trade receivables and contract assets
- iv) Debt instruments at amortised cost
- v) Debt instruments measured at FVOCI
- vi) Other financial assets at amortised cost

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and **TH** expect to receive, over the remaining life of the financial assets. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group or **TH** expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcome;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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3. Material accounting policy information (cont'd.)

(t) Impairment (cont'd.)

(i) Financial assets (cont'd.)

Impairment for debt instruments, financing commitments and financial guarantee contracts (cont'd.)

General 3-stage approach

Under collective assessment, the Group applies a 3-stage approach to measuring ECL on financial assets measured at amortised cost and FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

i) **Stage 1: 12-months ECL ("Stage 1")**

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon recognition, the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

ii) **Stage 2: Lifetime ECL - not credit impaired ("Stage 2")**

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

iii) **Stage 3: Lifetime ECL - credit impaired ("Stage 3")**

Financial assets are assessed as credit impaired when one or more events that have a negative impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

Simplified approach

The Group and **TH** apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL generally for all trade and other receivables and contract assets. Note 42(i)(a) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and **TH** consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and **TH** compare the risk of a default occurring on financial assets as at reporting date with the risk of default as at the date of initial recognition. The Group and **TH** consider available reasonable and supportable forward- looking information.

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3. Material accounting policy information (cont'd.)

(t) Impairment (cont'd.)

(i) Financial assets (cont'd.)

Significant increase in credit risk (cont'd.)

The following indicators are incorporated in assessing credit risk:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor has more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and **TH** define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and **TH** define a financial instrument as default, when the counterparty fails to make contractual payment when they have more than 90 days past due in making a contractual payment.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and **TH** consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis. Financing to subsidiaries in **TH**'s separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each financing to subsidiary companies.

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3. Material accounting policy information (cont'd.)

(t) Impairment (cont'd.)

(i) Financial assets (cont'd.)

Definition of default and credit-impaired financial assets (cont'd.)

Qualitative criteria: (cont'd.)

ECL measurement on financing to subsidiaries were done based on discounted cash flow method and looking at 3 different scenarios that are Base Case, Best Case and Worst Case based on certain weightage assigned to those scenarios.

(ii) Non-financial assets (covering subsidiaries, associates, joint ventures, property, plant and equipment and other non-financial assets)

The Group and **TH** assess impairment of the non-financial assets, whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable (i.e. the carrying amount is more than the recoverable amount).

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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 risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in profit or loss.

Impairment losses recognised in prior years are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

(u) Provisions

A provision is recognised if, as a result of a past event, the Group and **TH** have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where the Group and **TH** expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The provisions are reviewed at each reporting date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

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3. Material accounting policy information (cont'd.)

(v) Employees' benefits

(i) Short term benefits

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

(ii) Other long-term benefits

Other long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which the employees render the related services.

The cost of long-term employee benefits is accrued to match the services rendered by the Group using the recognition and measurement basis similar to that for the defined benefit plans disclosed in Note 3(v)(iv); except that the remeasurement are recognised immediately in profit or loss.

(iii) Defined contribution plan

The Group and **TH** contribute to Employment Provident Fund and approved pension scheme for its employees. The contribution constitute a defined contribution plan, whereby it is recognised as an expense in profit or loss when it is incurred. Once the contribution have been paid, the Group and **TH** have no further payment obligations.

(iv) Defined benefit plans

The Group and **TH** operate an unfunded, defined Retirement Benefit Plan ("the Plan") for their eligible employees. The defined benefits obligation is calculated every three years by the independent actuaries using the Projected Unit Credit Method, through which the amount of benefit that employees have earned in return for their service in the current and prior financial year is estimated. Remeasurement, comprising of actuarial gain and losses are recognised immediately in the statements of financial position with a corresponding debit or credit to retained profits through other comprehensive income ("OCI") in the period in which the actuarial valuation is performed. Remeasurement is not reclassified to profit or loss in subsequent periods.

Remeasurement of the net defined benefit liability for post-employment benefits is required to be recognised in OCI, whereas for other long-term employee benefits is required to be recognised in profit or loss. All benefits plans are considered as post-employment benefits except for hajj plan since the plan can be utilised during employment and after retirement.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group and TH recognise restructuring-related costs.

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)**3. Material accounting policy information** (cont'd.)**(v) Employees' benefits** (cont'd.)**(iv) Defined benefit plans** (cont'd.)

Net finance expense is calculated by applying the discount rate to the net defined benefit liability. The Group and **TH** recognise the following changes in the net defined benefit obligation under 'retirement benefits expense' in profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net finance expense or income.

TH's unfunded long-term retirement benefits are in respect of the following:

- i) Medical benefits;
- ii) Accumulated annual leave reward;
- iii) Hajj performance; and
- iv) Gratuity payment.

(w) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of **TH**. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated. The functional currency is the currency of the primary economic environment in which **TH** operates. The Group and **TH's** foreign operations have different functional currencies.

(x) Foreign currency**(i) Transaction and balance in foreign currency**

Transactions in foreign currencies are translated into the respective entity's functional currency at the exchange rates prevailing at the dates of the transactions.

Financial assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to functional currency at the foreign exchange closing rate at that date. Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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3. Material accounting policy information (cont'd.)

(x) Foreign currency (cont'd.)

(i) Transaction and balance in foreign currency (cont'd.)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions. Foreign currency differences arising from translation of operations denominated in foreign currencies are recognised in other comprehensive income as currency translation differences in respect of foreign operations.

When denominated operations in foreign currencies are disposed of through sales which result in loss of control or significant influence, the accumulated foreign exchange reserves for the operation is reclassified to profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(y) Recognition of income

(i) Investment income

Profits from Shariah compliant debt instruments are recognised in profit or loss on accrual basis using the effective profit rate method.

Dividends from investments are recognised when the right to receive dividends is established.

The income from debt securities and investment in money market is recognised on accrual basis.

Income from non-Shariah sources are not recognised in profit or loss, in accordance with the guidelines issued by Shariah Advisory Council of the Securities Commission and **TH** Shariah Advisory Committee. These income are accounted for in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

(y) Recognition of income *(cont'd.)*

(ii) Goods sold

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods and services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when or as the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following criteria is met, upon which the transfer of control of a good or service is deemed to be over a period of time:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(iii) Construction contracts

Under such contracts, the Group is engaged to construct buildings and related infrastructure and in certain instances to supply equipment. These contracts may include multiple promises to the customers and therefore accounted for as separate performance obligations. The fair value of the revenue, which is based on fixed price under the agreement will be allocated based on relative stand-alone selling price of the considerations of each of the separate performance obligations. The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for performance completed to date. The stage of completion is measured using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

(iv) Property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling price. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

(y) Recognition of income *(cont'd.)*

(iv) Property development *(cont'd.)*

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

This is generally established when:

- (a) the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce their rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- (b) the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

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

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

(v) Land sales

The land sale is generally expected to be the only performance obligation and the Group has determined that it will be satisfied at the point in time when control transfers. For unconditional exchange of contracts, this is generally expected to be when legal title transfers to the customers. For conditional exchange, this is expected to be when all significant conditions are satisfied.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

(y) Recognition of income *(cont'd.)*

(vi) Facilities management

Revenue from facilities management contracts are recognised based on the terms of the contracts.

(vii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(z) Financing costs

Financing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective profit rate method.

Financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of financing costs as part of the cost of a qualifying asset commences when expenditure for the asset is incurred, financing costs are incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of financing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the financing costs eligible for capitalisation.

(aa) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in reserve or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ab) Assets classified as held for sale

Assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or components of a disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale or distribution.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities associated with assets of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and statement of comprehensive income.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

3. Material accounting policy information *(cont'd.)*

(ac) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group and **TH** use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

The Group and **TH** recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's and **TH**'s financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of income, expenses, assets, liabilities and the accompanying disclosures. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual result may differ.

The Group and **TH** base their assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and **TH**. Such changes are reflected in the assumptions when they occur.

The most significant use of judgement and estimates are as follows:

Significant accounting judgement

Leases

Accounting by lessee - extension and termination options

In determining the lease term, the Group and **TH** consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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4. Significant accounting judgements, estimates and assumptions (cont'd.)

The most significant use of judgement and estimates are as follows: (cont'd.)

Significant accounting judgement (cont'd.)

Leases (cont'd.)

Accounting by lessee - estimating the incremental borrowing rate of leases

The Group and **TH** cannot readily determine the profit rate implicit in the lease, therefore, they use their incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of profit that the Group and **TH** would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Group and **TH** 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and **TH** estimate the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Significant accounting estimates

(a) Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. The key assumptions used, results and conclusions of the fair value measurement are set out in Note 43.

(b) Measurement of ECL allowance

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and **TH** use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group and **TH**'s past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of the key assumptions and inputs used are disclosed in Note 42(i)(a).

Recoverability of UJSB Sukuk

In accordance with MFRS 9, the Sukuk is a debt instrument which meets the solely payments of principal and profit ("SPPP") criteria and **TH** will hold to collect the principal and profit until maturity. Hence, it shall be measured at amortised cost. **TH** shall recognise a loss allowance for expected credit losses ("ECL") on all debt instruments that are measured at amortised cost.

As the issuance of the UJSB Sukuk is from UJSB, a wholly-owned entity of MoF Inc., members of the Lembaga and management of **TH** have taken a view that the Sukuk should be assessed under the Government of Malaysia. Given that historically, no investors have suffered any losses from any Malaysian Ringgit denominated debt instruments issued by the Government and/or SPVs owned by MoF Inc., members of the Lembaga and management of **TH** have concluded that no ECL is required in respect of the UJSB Sukuk as at 31 December 2024. Further details on the UJSB Sukuk are disclosed in Note 9.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

4. Significant accounting judgements, estimates and assumptions *(cont'd.)*

The most significant use of judgement and estimates are as follows: *(cont'd.)*

Significant accounting estimates *(cont'd.)*

(c) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the assets. The value in use calculation is based on a discounted cash flow model. The cash flows do not include restructuring activities that the Group and **TH** are not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit being tested.

The key assumptions used, results and conclusions of the impairment assessment are set out in Notes 17, 18, 19, 21, 22, 23, 24 and 26.

(d) Construction contracts and property development

The Group recognises certain property development activities and construction contract based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in Note 3(y)(iii) and 3(y)(iv) respectively.

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract. In making these judgements, management relies on past experience and the work of specialists.

(e) Revaluation of investment properties and forestry

The Group and **TH** carry their investment properties and forestry at fair value, with changes in fair value being recognised in profit or loss.

Investment properties are valued by reference to transactions involving properties of a similar nature, location and condition. The valuation of investment properties is further discussed in Note 16.

The fair value of forestry is determined using valuation prepared by an independent valuer. The valuation involved making assumptions about discount rate, future price of latex and log, yield of latex, volume of log, future upkeep and cultivation cost and harvesting cost. As such, this estimated fair value is subject to significant uncertainty. Significant assumptions used to derive fair value is as shown in Note 20.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

4. Significant accounting judgements, estimates and assumptions *(cont'd.)*

The most significant use of judgement and estimates are as follows: *(cont'd.)*

Significant accounting estimates *(cont'd.)*

(f) Recognition of deferred tax assets

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

(g) Depreciation of property, plant and equipment

The assets within property, plant and equipment, except for bearer plants, are generally depreciated on a straight line basis over the assets' useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of the financial year and ensures consistency with previous estimates and patterns of consumption of the economic benefits that embodies the items in these assets. Changes in useful lives and residual values of these assets may result in revision of future depreciation charges.

The Group depreciates bearer plant based on yield estimates which is estimated based on past trend yield per hectare which in turn is dependent on the age of the trees. The yield per hectare is determined by internal planting advisors who have appropriate recognised professional qualifications and experience in the field. Estimating the potential yield requires significant judgement and is dependent on past trend production of the Group. The actual yield however, may be different from expected.

(h) Provisions for retirement benefits

The costs of the defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. This includes the determination of the discount rate, future salary increases, medical trend rate and inflation rate. Due to the complexities involved in the valuation and its long-term nature, a defined obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Any changes in this assumptions will impact the carrying amount of the provision for retirement benefits, as disclosed in Note 31.

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5. Cash and short-term funds

	Group	
	2024 RM'000	2023 RM'000
Short-term placements with licensed financial institutions	4,647,955	5,384,867
Cash and bank balances	1,945,984	1,800,821
Cash held by external fund managers	410,798	662,187
	7,004,737	7,847,875

	TH	
	2024 RM'000	2023 RM'000
Short-term placements with licensed financial institutions	4,518,022	5,353,001
Cash and bank balances	1,697,632	1,240,600
Cash held by external fund managers	410,798	662,187
	6,626,452	7,255,788

Placements with licensed financial institutions of the Group and **TH** registered profit margins ranging between 2.45% and 4.95% (2023: 2.35% and 5.65%). The maturity of the short-term placement deposits are 1 to 90 days depending on cash requirements of the Group and **TH**.

Included in placements with licensed financial institutions and cash and bank balances of the Group and **TH** were short term placements and cash and bank balances of TKJHM and TWT amounting to RM38,727,000 (2023: RM463,480,000).

Included in cash and bank balances of the Group are as follows:

- (i) There is no amount (2023: RM1,320,000) pledged to banks for bank guarantee facilities, as the financing was settled in the current financial year (refer Note 30 (ii)); and
- (ii) RM2,703,000 (2023: RM777,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

6. Deposits and placements with banks and other financial institutions

	Group	
	2024 RM'000	2023 RM'000
Licensed banks	775,183	479,895

	TH	
	2024 RM'000	2023 RM'000
Licensed banks	745,862	420,000

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

7. Financial assets at fair value through profit or loss ("FVTPL")

	Note	Group 2024 RM'000	2023 RM'000
Fixed income securities			
Sukuk		-	10,045
Perpetual securities	(i)	2,655,890	2,787,381
Term investment accounts		2,000,000	1,000,000
Negotiable Islamic debt instrument		99,835	-
		4,755,725	3,797,426
Equity instruments			
Shares		1,825	1,825
Unit trusts		730,897	709,297
		732,722	711,122
		5,488,447	4,508,548

	Note	TH 2024 RM'000	2023 RM'000
Fixed income securities			
Sukuk		-	10,045
Perpetual securities	(i)	2,966,060	3,099,972
Term investment accounts		2,000,000	1,000,000
Negotiable Islamic debt instrument		99,835	-
		5,065,895	4,110,017
Equity instruments			
Unit trusts		675,000	675,000
		5,740,895	4,785,017

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7. Financial assets at fair value through profit or loss (“FVTPL”) (cont'd.)

i) Perpetual securities

Financial assets at FVTPL are securities that failed the SPPP test. These securities have the following features:

- There is no fixed redemption date;
- The issuer may at its sole discretion, elect to defer payment in whole or in part of any periodic distribution amount and shall have no obligation to pay the relevant part of the periodic distribution amount and any failure to pay such periodic distribution amount shall not constitute a default of the issuer;
- Additional profit does not accrue on the deferred profit distribution amount;
- The securities may be redeemed at the option of the issuer on each call date together with unpaid profit distributions accrued to such date; and
- Certain issuers allow for the redemption by the issuer to be in whole or in part in relation to the Sukuk.

8. Financial assets at fair value through other comprehensive income (“FVOCI”)

	Note	Group 2024 RM'000	2023 RM'000
Fixed income securities			
Sukuk	(i)	17,880,368	16,874,895
Malaysian Government investment issues		2,370,427	2,170,377
		20,250,795	19,045,272
Equity instruments			
Quoted shares		12,424,146	10,365,537
Unquoted shares		1,088,553	890,681
Shares managed by external fund managers		5,132,840	4,733,009
		18,645,539	15,989,227
		38,896,334	35,034,499

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

8. Financial assets at fair value through other comprehensive income ("FVOCI") (cont'd.)

	Note	2024 RM'000	TH 2023 RM'000
Fixed income securities			
Sukuk	(i)	17,880,368	16,874,895
Malaysian Government investment issues		2,370,427	2,170,377
		20,250,795	19,045,272
Equity instruments			
Quoted shares		12,424,146	10,365,382
Unquoted shares		1,088,553	890,681
Shares managed by external fund managers		5,132,840	4,733,009
		18,645,539	15,989,072
		38,896,334	35,034,344

(i) Movement of allowance for impairment on debt instruments at FVOCI is as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	8,391	6,369	8,391	6,369
Reversal during the year (Note 34)	(1,949)	(650)	(1,949)	(650)
Charge during the year (Note 34)	1,030	2,672	1,030	2,672
At 31 December	7,472	8,391	7,472	8,391

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9. UJSB Sukuk and receivables at amortised cost

	Group / TH	
	2024 RM'000	2023 RM'000
UJSB Sukuk		
At subscription price	19,600,000	19,600,000
Add: Accumulated accretion of discount	4,843,613	3,906,313
Less: Early redemption	(628,059)	(398,788)
Total	23,815,554	23,107,525

i) Salient terms of UJSB Sukuk

The UJSB Sukuk was issued on 30 May 2019 and the salient terms of the Sukuk are as follows:

	Series 1	Series 2
Subscription price (RM'000)	RM9,450,059	RM9,600,000
Nominal value (RM'000)	RM12,477,545	RM14,347,576
Maturity date	29 May 2026	30 May 2029
Tenure	7 years	10 years
Coupon rate	Zero	Zero
Yield-to-maturity per annum	4.05%	4.10%
Settlement	Bullet repayment at the end of the Sukuk tenure.	
Early redemption	Option for early redemption is granted to allow UJSB to redeem the Sukuk at any time prior to the maturity of the Sukuk. UJSB may opt for early redemption at any point in time through settlement in: • cash; and/or • the Transferred Assets (in whole or in part); and/or any other assets to be mutually agreed between UJSB and TH at fair or market value equivalent to the early redemption sum. No penalty will be imposed and/or charged to UJSB for the early redemption of the Sukuk.	
Redemption	The Sukuk shall be redeemed at 100% of its nominal value on the maturity date through settlement in: • cash; and/or • the Transferred Assets (in whole or in part); and/or • any other assets to be mutually agreed between UJSB and TH at fair or market value equivalent to the nominal value of the Sukuk.	
Additional features	The Sukuk is unrated, non-tradeable, non-transferable and is guaranteed by the Government of Malaysia.	

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

9. UJSB Sukuk and receivables at amortised cost (cont'd.)

ii) Settlement of the transfer via issuance of Sukuk by UJSB

The settlement for the transferred assets is via the following:

- The issuance of 2 series of zero-coupon Murabahah Sukuk by UJSB ("UJSB Sukuk") at a total issue price of RM19.6 billion (total nominal value of RM27.6 billion); and
- A deferred cash settlement totaling RM300 million for a period of 2 years, of which RM100 million and RM200 million are due on 31 December 2019 and 2020, respectively.

The RM100 million which was due on 31 December 2019, which was part of the deferred cash consideration, was paid by UJSB on 30 December 2019 and the balance of RM200 million balance was paid on 30 December 2020.

iii) Contribution of the Sukuk recognised in the financial statements of the Group and of **TH**

The contribution of the accretion of discount, which has been recognised as part of the revenue of **TH**, and the carrying amount of the Sukuk to the profit before zakat of **TH** for the current financial year and the total assets of **TH** as at 31 December 2024, respectively, are as follows:

	Series 1 RM'000	Series 2 RM'000	Total RM'000
At 1 January 2024	11,564,351	11,543,174	23,107,525
Accretion of discount during the year	463,253	474,047	937,300
Proceeds on early redemption	(230,000)	-	(230,000)
Gain on early redemption	729	-	729
At 31 December 2024	11,798,333	12,017,221	23,815,554
At 1 January 2023	11,314,155	11,089,261	22,403,416
Accretion of discount during the year	449,597	453,913	903,510
Proceeds on early redemption	(200,000)	-	(200,000)
Gain on early redemption	599	-	599
At 31 December 2023	11,564,351	11,543,174	23,107,525

	Group		TH	
	2024	2023	2024	2023
Profit for the year (RM'000)	2,422,835	2,374,525	2,213,994	2,330,153
Accretion of discount as a % of profit for the year	38.7%	38.1%	42.3%	38.8%
Total assets (RM'000)	98,786,898	95,137,523	97,181,240	93,623,265
Carrying amount of Sukuk as a % of total assets	24.1%	24.3%	24.5%	24.7%

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9. UJSB Sukuk and receivables at amortised cost (cont'd.)

iii) Contribution of the Sukuk recognised in the financial statements of the Group and of **TH** (cont'd.)

On 30 November 2020, UJSB made a partial early redemption amounting to RM200 million (representing RM248.8 million in nominal value) of Sukuk (Series 1).

On 28 February 2023, UJSB made a further partial early redemption amounting to RM200 million (representing RM227.5 million in nominal value) of Sukuk (Series 1).

On 30 April 2024, UJSB made a further partial early redemption amounting to RM230 million (representing RM249.8 million in nominal value) of Sukuk (Series 1).

Following the early redemptions above, the accretion of discount for the remaining Sukuk until maturity is as follows:

	Series 1 RM'000	Series 2 RM'000	Total RM'000
Financial year ended/ending			
2019	237,910	231,213	469,123
2020	413,987	403,739	817,726
2021	421,257	417,556	838,813
2022	440,388	436,753	877,141
2023	449,597	453,913	903,510
2024	463,253	474,047	937,300
2025	478,074	492,706	970,780
2026	123,019	512,907	635,926
2027	-	533,060	533,060
2028	-	556,704	556,704
2029	-	234,977	234,977
Total accretion of discount	3,027,485	4,747,575	7,775,060

iv) Financial support letter issued by MoF Inc. to UJSB

As part of the conditions precedent set out in the Sukuk subscription agreement dated 15 May 2019, a certified true copy of the letter of financial support issued by MoF Inc. to UJSB must be provided to **TH** and Bank Islam Malaysia Berhad (“Lead Arranger, Lead Manager and Facility Agent”). The letter of financial support was issued by MoF Inc. to UJSB on 27 May 2019 and a certified true copy was provided to **TH** on 29 May 2019.

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9. UJSB Sukuk and receivables at amortised cost (cont'd.)

iv) Financial support letter issued by MoF Inc. to UJSB (cont'd.)

The key matters mentioned in the letter of financial support, including MoF Inc.'s assurance to UJSB, are as follows:

- The financial support letter is issued for the purpose of the issuance of the Sukuk by UJSB as settlement for the transfer of assets to UJSB under the Asset Transfer Agreements dated 27 December 2018;
- MoF Inc. will ensure UJSB continues to operate as a going concern throughout the tenure of the Sukuk;
- MoF Inc. will ensure UJSB will have the financial ability to fulfill its Sukuk obligations without limitation, to redeem the Sukuk on the respective maturity dates;
- The financial support letter is effective until the Sukuk have been redeemed and all amounts outstanding under the Sukuk have been fully settled;
- The financial support letter is interpreted based on and under the jurisdiction of the current laws in Malaysia; and
- The financial support letter is limited to the purpose and financial support mentioned above and shall not be construed directly or indirectly as a guarantee of UJSB's financial obligation.

v) Committed guarantee by the Government of Malaysia

Section 5 of the 2025 Fiscal Outlook and Federal Government Revenue Estimates report dated 18 October 2024, relating to Fiscal Risk and Liability, stated that UJSB is classified as an entity with a committed guarantee by the Government of Malaysia as of 30 June 2024 amounting to RM23.3 billion (as of 31 December 2023: RM23.1 billion).

The Cabinet of Ministers on 5 April 2019 has approved and agreed for the Government to provide an allocation for UJSB to finance the shortfall of sukuk redemption of at least RM17.8 billion under the "*Rancangan Malaysia ke-11*" (RMKe-11) by 2020 amounting to RM500 million as well as in the RMKe-12 and RMKe-13 amounting to RM1.73 billion annually starting 2021 until end of sukuk tenure of which early redemption amounting to RM200 million was successfully made on 30 November 2020.

The Government's commitment to ensure UJSB delivers its financial obligations until full redemption of the UJSB sukuk is further reinforced through the allocation in the Federal Budget under Various Capital Injections "*Pelbagai Suntikan Modal*", of RM1.5 billion dedicated for UJSB in 2021, as clarified by the Finance Minister during the parliamentary Questions and Answers for the 2021 Federal Budget on 26 November 2020.

vi) Recoverability of the Sukuk issued by UJSB

The Lembaga and management of **TH** are of the opinion that the Sukuk will be settled in full by UJSB upon maturity based on the financial support letter issued by MoF Inc. and the committed guarantee of the Government of Malaysia as mentioned above. The ability of UJSB to settle the Sukuk shall be from the recovery of the assets transferred and injection of capital or assets from the Government of Malaysia to cover for any shortfall. Further details on the significant judgment applied are included in Note 4(b).

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9. UJSB Sukuk and receivables at amortised cost

vi) Recoverability of the Sukuk issued by UJSB (cont'd.)

The recoverability of the Sukuk issued by UJSB can be further analysed as follows:

	Note	2024 RM'000	2023 RM'000
Carrying Amount ("CA") (NBV at TH Book)		23,815,554	23,107,525
Less: UJSB Net Assets (exclude Sukuk)	(i)	(9,740,524)	(9,038,732)
Shortfall		14,075,030	14,068,793
Committed Guarantees ("CG") by Government of Malaysia		23,264,000	23,108,000
Net surplus		9,188,970	9,039,207

(i) UJSB's Net Assets excluding Sukuk as disclosed in UJSB's audited financial statements as at 31 December 2023 (2023: 31 December 2022).

10. Financial assets at amortised cost

	Note	Group 2024 RM'000	2023 RM'000
At amortised cost			
Sukuk		2,348,508	3,299,802
Government guaranteed sukuk		3,304,735	2,995,280
Negotiable Islamic debt certificate		120,000	570,000
Less: Accumulated impairment loss	(i)		
- Sukuk		(54)	(160)
		5,773,189	6,864,922

		TH 2024 RM'000	2023 RM'000
At amortised cost			
Sukuk		2,998,508	3,949,802
Government guaranteed sukuk		3,304,735	2,995,280
Negotiable Islamic debt certificate		120,000	570,000
Less: Accumulated impairment loss	(i)		
- Sukuk		(54)	(160)
		6,423,189	7,514,922

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10. Financial assets at amortised cost (cont'd.)

Debt instruments at amortised cost include unrated debt securities/instruments.

(i) The movement of the loss allowance for debt instruments at amortised cost is as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	160	389	160	389
Net writeback recognised in profit or loss (Note 34)	(106)	(229)	(106)	(229)
At 31 December	54	160	54	160

11. Financing, advances and others

	TH	
	2024 RM'000	2023 RM'000
Financing to subsidiaries	1,442,529	1,484,676
Less: Accumulated impairment loss - Individual assessment	(522,879)	(580,209)
	919,650	904,467

Financing from **TH** to subsidiaries in Malaysia amounting to RM271,601,000 (2023: RM297,407,000) are charged at a profit rate of 5.5% per annum (2023: 5.5% per annum). Financing from **TH** to overseas subsidiaries amounting to RM1,170,928,000 equivalent to GBP208,406,000 (2023: RM1,187,269,000 equivalent to GBP203,042,000) are charged at a profit rate ranging from 3.0% to 4.5% per annum (2023: 3.0% to 4.5% per annum).

TH	Lifetime ECL RM'000	Total RM'000
1 January 2024	580,209	580,209
Allowance made during the year (Note 34)	38,723	38,723
Amount written back during the year (Note 34)	(76,329)	(76,329)
Foreign exchange difference	(19,724)	(19,724)
31 December 2024	522,879	522,879

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11. Financing, advances and others (cont'd.)

<i>TH (cont'd.)</i>	Lifetime ECL RM'000	Total RM'000
1 January 2023	463,223	463,223
Allowance made during the year (Note 34)	80,752	80,752
Amount written back during the year (Note 34)	(3,913)	(3,913)
Foreign exchange difference	40,147	40,147
31 December 2023	580,209	580,209

12. Finance lease receivables

	Note	Group / TH	
		2024 RM'000	2023 RM'000
At 1 January		746,460	2,769,012
Payment received during the year		(71,912)	(74,830)
Accretion during the year		37,377	43,584
Write off		-	(12,933)
Derecognition due to termination of contract		-	(2,006,987)
Foreign exchange difference		(14,358)	28,614
Less: Accumulated impairment loss	(i)	697,567 (78,414)	746,460 (66,981)
At 31 December		619,153	679,479

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

12. Finance lease receivables (cont'd.)

Ageing analysis of finance lease receivable

The ageing analysis of the Group and **TH**'s finance lease receivables is as follows:

	Group / TH	
	2024 RM'000	2023 RM'000
Neither past due nor impaired	613,196	673,359
Past due but not impaired:		
- 1 to 30 days due not impaired	5,957	6,120
- 31 to 60 days past due not impaired	-	-
- 61 to 90 days past due not impaired	-	-
- Past due more than 90 days	-	-
	5,957	6,120
Impaired	78,414	66,981
	697,567	746,460

(i) The movement of the allowance for impairment on finance lease receivables is as follows:

	Group / TH	
	2024 RM'000	2023 RM'000
At 1 January	66,981	1,006,416
Reversal during the year (Note 34)	-	(22,257)
Charge for the year (Note 34)	13,036	37,318
Derecognition due to termination of contract	-	(957,360)
Foreign exchange difference	(1,603)	2,864
At 31 December	78,414	66,981

Included in finance lease receivables is RM195,555,000 (2023: RM215,952,000) due from a counterparty with regards to lease rental on properties located in Makkah. Of the entire amount due from the counterparties, RM185,060,000 (2023: RM183,269,000) is secured against certain promissory notes which are enforceable under the law in the Kingdom of Saudi Arabia.

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2024** *(cont'd.)***13. Trade and other receivables at amortised cost**

	Note	2024 RM'000	Group 2023 RM'000
Trade receivables			
Trade receivables	(i)	1,616,391	1,653,709
Accrued rental income		121,011	115,657
Contract assets (Note 33(b))		7,005	2,137
Less: Accumulated impairment loss	(i)	(1,064,964)	(422,694)
		679,443	1,348,809
Other receivables			
Other receivables, deposits and prepayments	(ii)	552,887	507,941
Haji related receivables		159,762	-
Cash held at rental agent		27,170	56,308
Staff financing		2,325	2,643
Amount due from:			
- Jointly controlled entities		85,157	154,503
Less: Accumulated impairment loss			
- Other receivables	(ii)	(38,481)	(25,713)
- Jointly controlled entities	(iii)	(2,690)	(93,293)
		786,130	602,389
		1,465,573	1,951,198

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

13. Trade and other receivables at amortised cost (cont'd.)

		TH	
	Note	2024 RM'000	2023 RM'000
Trade receivables			
Trade receivables	(i)	1,453,476	1,478,441
Accrued rental income		121,011	115,657
Less: Accumulated impairment loss	(i)	(1,056,658)	(415,832)
		517,829	1,178,266
Other receivables			
Other receivables, deposits and prepayments	(ii)	419,815	423,274
Hajj related receivables		159,762	-
Staff financing		2,325	2,338
Amount due from:			
- Subsidiaries		1,623,903	1,683,334
- Associates		164,364	141,558
Less: Accumulated impairment loss			
- Other receivables	(ii)	(17,988)	(5,209)
- Amount due from subsidiaries	(iv)	(412,391)	(450,275)
		1,939,790	1,795,020
		2,457,619	2,973,286

i) Trade receivables

Trade receivables are amount due from customers for goods or services performed in the ordinary course of business and are generally given a credit term of 30 days. Included in trade receivables are rental receivables, accrued profit/coupon and accrued income from placement. Due to the short term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

13. Trade and other receivables at amortised cost *(cont'd.)*

i) Trade receivables *(cont'd.)*

Ageing analysis of trade receivables

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Neither past due nor impaired	482,610	1,157,220	379,783	1,042,446
1 to 30 days due not impaired	21,110	10,615	4,061	895
31 to 60 days past due not impaired	4,465	4,419	3,966	4,041
61 to 90 days past due not impaired	1,352	2,920	1,050	2,689
Past due more than 90 days	41,890	55,841	7,958	12,538
	68,817	73,795	17,035	20,163
Impaired	1,064,964	422,694	1,056,658	415,832
	1,616,391	1,653,709	1,453,476	1,478,441

The movement of the allowance for impairment on trade receivables is as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	422,694	28,877	415,832	22,578
Charge for the year (Note 34)	674,645	392,806	670,989	390,020
Write off	(1,640)	(1,215)	-	-
Reversal of impairment lossess (Note 34)	(17,222)	(3,781)	(16,828)	(2,773)
Foreign exchange difference	(13,513)	6,007	(13,335)	6,007
At 31 December	1,064,964	422,694	1,056,658	415,832

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

13. Trade and other receivables at amortised cost (cont'd.)

ii) Other receivables

Included in other receivables is the Tranche A and Tranche C Sukuk of Menara ABS at a carrying amount totalling RM316.8 million (2023: RM329.5 million) that were transferred from financial assets at FVTPL and FVOCI in prior year pursuant to its maturity and default on 13 January 2023.

Between year 2021 to 2023, Tranche A Sukuk saw several credit ratings downgrade, with a final rating of 'D' reflecting Menara ABS' failure to redeem the outstanding RM345 million Tranche A Sukuk due on 13 January 2023.

Sukuk Ijarah	Initial Rating	28 Jul 2021	Downgrade on		13 Jan 2023	Legal Maturity Date	TH's Holdings in nominal value (RM Mil)
			29 Mar 2022	21 Sep 2022			
Tranche A							
Tranche A1	AAA	AA2	BBB1	C3	D	13 Jan 2023	24
Tranche A2	AA2	A1	BBB3	C3	D	13 Jan 2023	20
Tranche A3	AA3	A3	BB2	C3	D	13 Jan 2023	30
Tranche A4	AA3	A3	BB2	C3	D	13 Jan 2023	10
Tranche B							
Tranche C		Unrated			Redeemed	13 Jan 2023	500
Total							584

Menara ABS' inability to redeem the Sukuk on the Legal Maturity date on 13 January 2023 has resulted the Sukuk to fall under Dissolution Event, i.e. default in principal payment. AmanahRaya Trustee Berhad as the Trustee exercised all its right under Declaration of Trust for the purpose of enforcement including but not limited to realisation or disposition of the Trust Asset.

To date, Menara ABS has managed to dispose only 2 out of 4 of its properties. TM Cyberjaya was sold on 13 May 2022 for RM45 million, while Wisma TM Taman Desa was sold on 5 September 2022 at RM35 million.

For recovery of the outstanding Sukuk balance, a proposed resolution was finalized and approved on 11 March 2024 for the Menara ABS Sukuk Recovery Plan ("the Plan"), which includes the following key elements:

- acquisition of Menara ABS by **TH**; and
- refurbishment of the building to improve rental rates, thereby increasing the property value of Menara TM.

The Plan was subsequently approved by the Sukuk holders of Menara ABS on 30 August 2024, where **TH** will:

- subscribe to new Ordinary Shares to be issued by Menara ABS;
- acquire existing shares held by the Trustee; and
- then apply the total proceeds from the subscription of these new shares to settle the outstanding Sukuk.

The acquisition of Menara ABS by **TH** is expected to be fully completed in the first half of the financial year 2025.

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13. Trade and other receivables at amortised cost (cont'd.)

ii) Other receivables (cont'd.)

The movement of the allowance for impairment on other receivables is as follows:

	Group		TH	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2023</u> RM'000
At 1 January	25,713	23,874	5,209	5,150
Charge for the year (Note 34)	12,779	1,865	12,779	59
Reversal of impairment lossess (Note 34)	(11)	(26)	-	-
At 31 December	38,481	25,713	17,988	5,209

iii) Amount due from jointly controlled entities

The movement of the allowance for impairment on amount due from jointly controlled entities is as follows:

	Group	
	<u>2024</u> RM'000	<u>2023</u> RM'000
At 1 January	93,293	81,462
Charge for the year (Note 34)	-	11,988
Reversal of impairment losses (Note 34)	(62,919)	-
Write off	(27,684)	(157)
At 31 December	2,690	93,293

iv) Amount due from subsidiaries

The movement of the allowance for impairment on amount due from subsidiaries is as follows:

	TH	
	<u>2024</u> RM'000	<u>2023</u> RM'000
At 1 January	450,275	145,187
Charge for the year (Note 34)	22,431	303,830
Reversal of impairment losses (Note 34)	(45,524)	(5,766)
Foreign exchange difference	(14,791)	7,024
At 31 December	412,391	450,275

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14. Biological assets

	Group	
	2024 RM'000	2023 RM'000
At 1 January	21,940	20,113
Changes in fair value recognised in profit or loss	5,594	1,819
Transfer to asset held for sale	(1,266)	-
Effect of movement in exchange rate	(15)	8
At 31 December	26,253	21,940

Breakdown of changes in fair value of biological assets recognised in profit or loss for the year, are as follows:

	Group	
	2024 RM'000	2023 RM'000
Biological assets	5,594	1,819
Biological assets classified as assets held for sale	1,657	(52)
	7,251	1,767

During the financial year, the Group harvested approximately 809,519 tonnes (2023: 787,741 tonnes) of fresh fruit bunches ("FFB"). The Group has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the biological transformation of the FFB before the oil content accrues exponentially in the one (1) month prior to harvest, FFB more than one (1) month before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on the income approach which considers the net present value of all directly attributable net cash flows including imputed contributory asset charges. Biological assets are classified as current assets for bearer plants that are expected to be harvested.

The significant unobservable inputs used in the valuation models quoted per metric tonne ("mt") include FFB price (RM704/mt – RM931/mt) (2023: RM583/mt – RM717/mt).

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy. If the selling price of the FFB increase or decrease by 10%, profit or loss of the Group would have increased or decreased by approximately RM4,896,000 and RM705,000 respectively.

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15. Inventories

	Note	Group 2024 RM'000	2023 RM'000
At cost			
Land held for property development	(i)	779,748	794,323
Property development costs	(i)	213,366	138,225
Completed properties	(ii)	25,659	33,152
Stores		7,214	5,562
Finished goods		4,215	6,154
		1,030,202	977,416

(i) Land held for property development and property development costs

	Group 2024 RM'000	2023 RM'000
Balance as at 1 January	954,259	942,832
Add: Cost incurred during the year	95,680	36,217
	1,049,939	979,049
Less: Costs recognised as an expense in profit or loss		
- Current year	(33,215)	(24,140)
- Unsold inventories	-	(650)
Less: Accumulated impairment loss	(23,610)	(21,711)
	993,114	932,548
Non-current portion - land held for property development	(779,748)	(794,323)
Current portion - property development cost	213,366	138,225

The portion of property development costs in respect of which significant development work has been undertaken and which is expected to be completed within the normal operating cycle of two to three years is considered as current asset.

Property development expenses stated in the profit or loss consist of property development costs charged, and include land costs and other incidental costs incurred on land sale that are charged directly to the profit or loss.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

15. Inventories (cont'd.)

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

The Group's property development costs that are impaired at the reporting date and the movement of the allowance for impairment are as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	21,711	18,269
Charge for the year (Note 34)	1,899	3,442
At 31 December	23,610	21,711

(ii) Completed properties

During the year, the amount of inventories recognised as an expense in cost of sales and impairment of the Group are RM7,483,824 (2023: RM20,980,513) and RM9,485 (2023: Nil) respectively.

16. Investment properties

	Group	
	2024 RM'000	2023 RM'000
At fair value		
At 1 January	6,238,075	6,655,486
Additions	14,477	685
Disposal	(12,640)	(7,711)
Transfer from/(to) property, plant and equipment (Note 23)	3,359	(6,200)
Transfer to asset held for sale (Note 26)	(62,228)	-
Accrued rental income	(5,354)	(5,631)
Fair value adjustment as per valuation report (Note 33)	99,738	(670,919)
Foreign exchange difference	(90,598)	272,365
At 31 December	6,184,829	6,238,075

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

16. Investment properties *(cont'd.)*

	<i>TH</i>	
	<u>2024</u> RM'000	<u>2023</u> RM'000
At fair value		
At 1 January	4,081,987	4,070,046
Additions	10,108	685
Disposal	(8,050)	(7,711)
Transfer from property, plant and equipment (Note 23)	3,759	-
Transfer to asset held for sale (Note 26)	(56,971)	-
Accrued rental income	(5,354)	(5,631)
Fair value adjustment as per valuation report (Note 33)	90,873	24,598
At 31 December	4,116,352	4,081,987

Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals receivable on monthly or quarterly basis. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements as receivable as follows:

	Group		<i>TH</i>	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2023</u> RM'000
Within one year	427,641	309,920	268,894	251,258
Between one and five years	1,502,662	1,051,119	1,132,178	1,037,955
More than 5 years	542,003	642,767	290,716	266,277
	2,472,306	2,003,806	1,691,788	1,555,490

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16. Investment properties (cont'd.)

Fair value of the Group's and **TH**'s investment properties are categorised as follows:

Group	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024			
Freehold land and buildings	1,328,685	2,489,867	3,818,552
Leasehold land and buildings	31,014	2,335,263	2,366,277
	1,359,699	4,825,130	6,184,829
2023			
Freehold land and buildings	1,095,712	2,688,875	3,784,587
Leasehold land and buildings	42,923	2,410,565	2,453,488
	1,138,635	5,099,440	6,238,075
TH	Level 2 RM'000	Level 3 RM'000	Total RM'000
2024			
Freehold land and buildings	1,626,485	2,489,867	4,116,352
2023			
Freehold land and buildings	1,393,112	2,688,875	4,081,987

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16. Investment properties (cont'd.)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly. Level 2 fair values of land and buildings have been generally derived using the sales price comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property. The fair value of the investment property is determined by using discounted cash flows as a primary method, and the sales price comparison approach as the secondary method. The secondary method considers the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to location and accessibility, size and shape of the lot, physical features, legal and legislation constraints, building design and condition, supply and demand, building code and public restriction.

17. Investment in jointly controlled entities

	Note	Group	
		2024 RM'000	2023 RM'000
At cost			
Unquoted shares		558,641	558,641
		558,641	558,641
Group's share of reserves in jointly controlled entities		(369,442)	(367,587)
Less: Accumulated impairment loss	(i)	(130)	(130)
		189,069	190,924

	Note	TH	
		2024 RM'000	2023 RM'000
At cost			
Unquoted shares		364,486	364,486
Less: Accumulated impairment loss	(i)	(364,486)	(364,486)
		-	-

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17. Investment in jointly controlled entities (cont'd.)

(i) The movement of the allowance for impairment on investment in jointly controlled entities are as follows:

	Group		TH	
	<u>2024</u> RM'000	<u>2023</u> RM'000	<u>2024</u> RM'000	<u>2023</u> RM'000
At 1 January/31 December	130	130	364,486	364,486

(ii) Other jointly controlled entities

No further impairment was recognised in financial year 2024.

Details of jointly controlled entities are as follows:

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Unquoted and incorporated in Malaysia			
Trurich Resources Sdn. Bhd.	Investment holding, cultivation of oil palm, processing and marketing of palm products	50	50
TH Alam Management Sdn. Bhd.	Ship operating and chartering	50	50
TH Properties Sdn. Bhd. and its jointly controlled entities:			
59 Inc. Sdn Bhd.	Property development	70	70
THP Utara Facilities Sdn. Bhd.	Facilities management	51	51

All jointly controlled entities of **TH** are not audited by the Auditor General of Malaysia.

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17. Investment in jointly controlled entities (cont'd.)

The following table summarises the information about the Group's jointly controlled entities adjusted for any differences in accounting policies:

	Trurich Resources Sdn. Bhd. RM'000	THP Utara Facilities Sdn. Bhd. RM'000	59 Inc. Sdn. Bhd. RM'000	TH Alam Management Sdn. Bhd. RM'000	Total RM'000
2024					
Summarised statements of financial position					
Assets	-	58,700	397,271	23,340	479,311
Liabilities	-	(40,139)	(142,217)	(21,210)	(203,566)
Net assets	-	18,561	255,054	2,130	275,745
Summarised statements of profit or loss and other comprehensive income					
Revenue	-	92,318	9,900	86,853	189,071
Profit/(loss) for the year	-	8,127	(2,806)	75,796	81,117
Total comprehensive income/(loss)	-	8,127	(2,806)	75,796	81,117
Share of net results for the financial year	-	4,145	(1,965)	1,065	3,245

A reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests are as follows:

	Trurich Resources Sdn. Bhd. RM'000	THP Utara Facilities Sdn. Bhd. RM'000	59 Inc. Sdn. Bhd. RM'000	TH Alam Management Sdn. Bhd. RM'000	Total RM'000
Group's share of net assets	-	9,466	178,538	1,065	189,069
Group's carrying amount of the investment	-	9,466	178,538	1,065	189,069

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

17. Investment in jointly controlled entities (cont'd.)

The following table summarises the information about the Group's jointly controlled entities adjusted for any differences in accounting policies: (cont'd.)

	Trurich Resources Sdn. Bhd. RM'000	THP Utara Facilities Sdn. Bhd. RM'000	59 Inc. Sdn. Bhd. RM'000	TH Alam Management Sdn. Bhd. RM'000	Total RM'000
<u>2023</u>					
Summarised statements of financial position					
Assets	246,152	66,086	343,787	39,411	695,436
Liabilities	(1,552,122)	(45,651)	(85,927)	(115,516)	(1,799,216)
Net (liabilities)/assets	(1,305,970)	20,435	257,860	(76,105)	(1,103,780)
Summarised statements of profit or loss and other comprehensive income					
Revenue	68,397	89,620	-	-	158,017
Profit/(loss) for the year	-	15,561	(5,242)	-	10,319
Total comprehensive income/(loss)	-	15,561	(5,242)	-	10,319
Share of net results for the financial year	-	7,936	(3,669)	-	4,267

A reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests are as follows:

	Trurich Resources Sdn. Bhd. RM'000	THP Utara Facilities Sdn. Bhd. RM'000	59 Inc. Sdn. Bhd. RM'000	TH Alam Management Sdn. Bhd. RM'000	Total RM'000
Group's share of net assets	-	10,422	180,502	-	190,924
Group's carrying amount of the investment	-	10,422	180,502	-	190,924

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

18. Investment in associates

		Group		TH	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At cost					
Quoted shares		4,210,120	4,156,175	4,210,120	4,156,175
Group's share of post acquisition reserves		500,981	361,775	-	-
Unquoted shares		161,585	202,500	378,783	378,783
Group's share of post acquisition reserves		150,618	92,115	-	-
Less: Accumulated impairment loss	(i)	(5,292)	(5,292)	(217,398)	(176,284)
		5,018,012	4,807,273	4,371,505	4,358,674

(i) The movement of the allowance for impairment on investment in associates is as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	5,292	36,957	176,284	205,576
Charge for the year (Note 34)	-	2	41,114	2,373
Writeback for the year (Note 34)	-	(1,126)	-	(1,126)
Disposal	-	(30,541)	-	(30,539)
At 31 December	5,292	5,292	217,398	176,284

(ii) Impairment

TH

2024

During the year, based on the impairment assessment performed, Putrajaya Perdana Berhad's ("PPB") recoverable amount could not be determined due to the uncertainty on PPB's actual liabilities to be considered in the recoverable amount. Therefore, full impairment has been recorded, with an additional impairment of RM41,114,309 during the year.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

18. Investment in associates (cont'd.)

(ii) Impairment (cont'd.)

TH (cont'd.)

2023

In prior year, based on impairment assessment performed, Putrajaya Perdana Berhad's ("PPB") recoverable amount was lower than its net carrying amount due to lower net assets recorded by PPB as at 31 December 2023 which is included in the recoverable amount calculation. Therefore, a further impairment was recorded at RM2,373,000.

In prior year, **TH** had received a final payment of RM1,126,000 from CCM Fertilizers Sdn. Bhd. ("CCMF") via its Selective Capital Reduction exercise. CCMF has paid back all of **TH's** 19,461,000 unit shares in CCMF for a total consideration of RM4,270,000. Following completion of the capital reduction exercise, **TH** has derecognised its investment in CCMF.

Details of associates are as follows:

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Direct holding			
Quoted and incorporated in Malaysia			
Bank Islam Malaysia Berhad	Islamic banking business and investment holding	49	49
Syarikat Takaful Malaysia Keluarga Berhad (“STMKB”) ¹	Family and General Takaful business	30	28
Theta Edge Berhad	Investment holding	27	27
Unquoted and incorporated in Malaysia			
Maju-TH Sdn. Bhd.	Property management	49	49
Nihon Canpack (Malaysia) Sdn. Bhd.	Manufacture and sale of canned beverages	40	40
Express Rail Link Sdn. Bhd.	Design, construction, maintenance and management of express railway system	36	36
Putrajaya Perdana Berhad	Investment holding	30	30
Perumahan Kinrara Berhad	Property development	25	25

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18. Investment in associates (cont'd.)

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

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Unquoted and incorporated in Malaysia <i>(cont'd.)</i>			
I&P Kota Bayu Emas Sdn. Bhd.	Property management	23	23
Bata (Malaysia) Sdn. Bhd.	Manufacture and marketing of footwear	20	20
Top Priority Sdn. Bhd. ²	Dormant	30	30
Prizevest Sdn. Bhd. ²	Dormant	30	30
Vittec Enterprise Sdn. Bhd. ²	Dormant	30	30
Indirect holding			
TH Plantations Berhad <i>and its subsidiary:</i>			
THP Applications & services Sdn. Bhd. <i>and its associate:</i>			
Cenergi Lawiang Sdn. Bhd. ³	Construction of a biogas power plant	40	-
TH Properties Sdn. Bhd. <i>and its associate:</i>			
HCM-TH Technologies JV ⁴	Dormant	40	40

¹ **TH** increased its stake in STMKB on 10 December 2024.

² **TH** no longer has significant influence over the financial and operational policies of these companies because these companies had been placed under the supervision of Receivers and Managers, even though **TH** still holds a certain amount of shares. Therefore, these companies were not equity accounted and the investments had been fully written off.

³ TH Plantations Berhad acquired a stake in the associate on 13 June 2024.

⁴ The unincorporated partnership was dissolved on 2 April 2018 following the dissolution of the company's partner namely HCM-TH Technologies Sdn. Bhd. through striking off in accordance with the Companies Act 2016 on 2 April 2018.

All associates of **TH** are not audited by the Auditor General of Malaysia.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

18. Investment in associates (cont'd.)

The following table summarises the information about the Group's associates adjusted for any differences in accounting policies:

2024

	Bank Islam Malaysia Berhad RM'000	Syarikat Takaful Malaysia Keluarga Berhad RM'000	Theta Edge Berhad RM'000	Perumahan Kinrara Berhad RM'000	Putrajaya Perdana Berhad RM'000	Other associates RM'000	Total RM'000
Summarised statements of financial position							
Assets	96,803,156	16,061,821	124,498	1,073,098	549,320	2,251,316	116,863,209
Liabilities	(89,147,074)	(14,092,569)	(59,560)	(179,371)	(425,046)	(2,273,816)	(106,177,436)
Net assets/(liabilities)	7,656,082	1,969,252	64,938	893,727	124,274	(22,500)	10,685,773
Group's share of net assets	3,741,758	588,235	17,715	218,963	37,282	50,667	4,654,620
Effect of group restructuring	(119,516)	482,908	-	-	-	-	363,392
Group's carrying amount of the investment	3,622,242	1,071,143	17,715	218,963	37,282	50,667	5,018,012
Summarised statements of profit or loss and other comprehensive income							
Revenue	4,577,277	435,235	45,805	325,211	223,271	557,140	6,163,939
Profit/(loss) for the year	571,084	396,974	(13,588)	70,448	(1,936)	53,607	1,076,589
Other comprehensive income	30,086	739	-	-	-	-	30,825
Total comprehensive income/(loss)	601,170	397,713	(13,588)	70,448	(1,936)	53,607	1,107,414
Share of net results for the financial year	278,938	90,860	(804)	17,872	-	9,699	396,565
Share of total other comprehensive income	14,704	221	-	-	-	-	14,925
Distribution of profits	(168,591)	(75,574)	(547)	(6,125)	-	(4,059)	(254,896)

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18. Investment in associates (cont'd.)

The following table summarises the information about the Group’s associates adjusted for any differences in accounting policies:
(cont'd.)

2023

	Bank Islam Malaysia Berhad RM'000	Syarikat Takaful Malaysia Keluarga Berhad RM'000	Theta Edge Berhad RM'000	Perumahan Kinrara Berhad RM'000	Putrajaya Perdana Berhad RM'000	Other associates RM'000	Total RM'000
Summarised statements of financial position							
Assets	90,961,874	14,258,463	120,328	987,678	549,320	2,010,658	108,888,321
Liabilities	(83,561,662)	(12,418,805)	(50,437)	(141,899)	(425,046)	(2,424,828)	(99,022,677)
Net assets/(liabilities)	7,400,212	1,839,658	69,891	845,779	124,274	(414,170)	9,865,644
Group's share of net assets	3,616,706	518,784	19,066	207,216	37,282	44,827	4,443,881
Effect of group restructuring	(119,516)	482,908	-	-	-	-	363,392
Group's carrying amount of the investment	3,497,190	1,001,692	19,066	207,216	37,282	44,827	4,807,273

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18. Investment in associates (cont'd.)

The following table summarises the information about the Group's associates adjusted for any differences in accounting policies:
(cont'd.)

2023 (cont'd.)

	Bank Islam Malaysia Berhad RM'000	Syarikat Takaful Malaysia Keluarga Berhad RM'000	Theta Edge Berhad RM'000	Perumahan Kinrara Berhad RM'000	Putrajaya Perdana Berhad RM'000	Other associates RM'000	Total RM'000
Summarised statements of profit or loss and other comprehensive income							
Revenue	4,331,773	935,648	95,813	241,860	223,271	680,879	6,509,244
Profit/(loss) for the year	553,050	369,057	(3,096)	59,657	(29,745)	(6,611)	942,312
Other comprehensive income	168,539	29,197	-	-	-	-	197,736
Total comprehensive income/(loss)	721,589	398,254	(3,096)	59,657	(29,745)	(6,611)	1,140,048
Share of net results for the financial year	270,298	103,495	(489)	15,026	(8,932)	2,926	382,324
Effect of dividend reinvestment plans	14,054	-	-	-	-	-	14,054
Total share of net results for the financial year	284,352	103,495	(489)	15,026	(8,932)	2,926	396,378
Share of total other comprehensive income	82,365	8,239	-	-	-	-	90,604
Distribution of profits	(176,464)	-	(483)	(14,700)	-	(9,919)	(201,566)

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19. Investment in subsidiaries

	Note	TH	
		2024 RM'000	2023 RM'000
At cost			
Quoted shares in Malaysia		776,963	776,963
		776,963	776,963
Unquoted shares in Malaysia		1,370,413	1,616,412
Less: Accumulated impairment loss	(i)	(206,879)	(204,958)
		1,163,534	1,411,454
		1,940,497	2,188,417
Market value of quoted shares		394,820	316,508

The movement of the allowance for impairment on investment in subsidiaries is as follows:

	TH	
	2024 RM'000	2023 RM'000
(i) <u>Unquoted shares</u>		
Balance as at 1 January	204,958	205,516
Charge for the year (Note 34)	1,921	-
Writeback for the year (Note 34)	-	(558)
As at 31 December	206,879	204,958

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19. Investment in subsidiaries (cont'd.)

Liquidation of subsidiaries

2024

There was no liquidation of **TH**'s subsidiary during the year.

2023

i) TH Global Services Sdn. Bhd. ("THGS")

THGS has completed its striking off process and gazetted on 10 February 2023. The details of the liquidation of THGS are as follows:

	As at date of striking off RM'000
Net liquidated proceeds	-
Less: Net asset liquidated	
<u>Asset</u>	
Amount due from group companies	95
Net loss on liquidation	(95)

Loss on liquidation of subsidiary is recognised in the statement of profit or loss within revenue in prior year.

ii) TH Hotel Terengganu Sdn. Bhd. ("THHT")

THHT has completed its striking off process and gazetted on 27 July 2023. The details of the liquidation of THHT are as follows:

	As at date of striking off RM'000
Net liquidated proceeds	-
Less: Net assets liquidated	
<u>Assets</u>	
Trade and other receivables	319
Amount due from group companies	125
Net loss on liquidation	(444)

Loss on liquidation of subsidiary is recognised in the statement of profit or loss within revenue in prior year.

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19. Investment in subsidiaries (cont'd.)

Liquidation of subsidiaries (cont'd.)

2023 (cont'd.)

iii) TH Hotel Alor Setar Sdn. Bhd. (“THAS”)

THAS has completed its striking off process and gazetted on 20 November 2023. The details of the liquidation of THAS are as follows:

	As at date of striking off RM'000
Net liquidated proceeds	-
Less: Net asset liquidated	
Assets	
Amount due from group companies	887
Net loss on liquidation	(887)

Loss on liquidation of subsidiary is recognised in the statement of profit or loss within revenue in prior year.

Impairment of investments in subsidiaries

i) Plantation sector

TH Plantations Berhad

The following factors have been identified as indicators for an impairment assessment to be performed:

- a) market value of the listed plantation subsidiary has decreased below its cost of investment;
- b) ongoing uncertainties over the plantation industry; and
- c) uncertainty issues over the future plan and the development status.

The recoverable amount of the investment in subsidiaries are based on its value in use and it is determined by discounting the future cash flows expected to be generated from the continuing operation of the subsidiary.

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19. Investment in subsidiaries (cont'd.)

Impairment of investments in subsidiaries (cont'd.)

i) Plantation sector (cont'd.)

TH Plantations Berhad (cont'd.)

The key assumptions used by **TH** in determining the recoverable amount are as follows:

2024

Period of projection	25 years
Bare land terminal value	RM1,755,528,000 (valuation performed by professional independent valuers)
Crude palm oil selling price	RM3,150/metric tonne - RM4,000/metric tonne
Discount rate	9.50%

Based on impairment test performed, no impairment was recognised during the financial year.

2023

Period of projection	25 years
Bare land terminal value	RM1,751,457,000 (valuation performed by professional independent valuers)
Crude palm oil selling price	RM3,000/metric tonne - RM3,500/metric tonne
Discount rate	9.96%

During the year, based on impairment test performed, TH Plantations Berhad's value in use is higher than the carrying amount of the cost of investment as at 31 December 2024. Therefore, no impairment was recognised by **TH** during the financial year.

In prior year, based on impairment test performed, TH Plantations Berhad's value in use is higher than the carrying amount of the cost of investment as at 31 December 2023. Therefore, no impairment was recognised by **TH** in prior year.

The Group's review included an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, no reasonable change in the base case key assumptions would cause the carrying amount of the cash-generating units to exceed their recoverable amounts.

ii) Property sector

2024

During the year, based on the impairment test performed, LTH Property Investment (L) Inc. recorded a net tangible asset value (primarily due to the lower recoverable amount resulting from the provision for capital gains withholding tax on sales of properties in Australia imposed on foreign residents) which was lower than its net carrying amount. Therefore, additional impairment was recorded by **TH** amounting RM1,920,804.

2023

In prior year, based on impairment test performed, LTH Property Investment (L) Inc. recorded a net tangible asset value (mainly contributed by an increase in market value of properties owned as per latest valuation report issued by certified professional valuer) which was higher than its net carrying amount. Therefore, a writeback of impairment was recorded by **TH** amounting to RM557,937.

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19. Investment in subsidiaries (cont'd.)

Impairment of investments in subsidiaries (cont'd.)

iii) System & Technology sector

2024

No impairment was recognised during the financial year.

2023

No impairment was recognised in prior year.

Commitments

As at 31 December 2024, **TH** has no further commitment to invest in any subsidiary.

As at 31 December 2023, **TH** has no further commitment to invest in any subsidiary.

Details of subsidiaries are as follows:

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Quoted and incorporated in Malaysia			
TH Plantations Berhad <i>and its subsidiaries:</i>	Investment holding, cultivation of oil palm, processing and marketing of palm products	74	74
THP Ibok Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	74	74
THP Bukit Belian Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	74	74
THP Kota Bahagia Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	74	74
THP Agro Management Sdn. Bhd.	Management services	74	74
Bumi Suria Ventures Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	74	74
Maju Warisanmas Sdn. Bhd.	Letting of investment property	74	74
THP Suria Mekar Sdn. Bhd.	Special purpose vehicle	74	74
Manisraya Sdn. Bhd.	Tradeline services in dealing and trading of fresh fruit bunches	74	74

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

19. Investment in subsidiaries (cont'd.)

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

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Quoted and incorporated in Malaysia <i>(cont'd.)</i>			
TH Plantations Berhad <i>and its subsidiaries: (cont'd.)</i>			
THP Saribas Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	59	59
Hydroflow Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	52	52
THP Sabaco Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	38	38
TH Ladang (Sabah & Sarawak) Sdn. Bhd. <i>and its subsidiaries:</i>	Investment holding	74	74
Cempaka Teratai Sdn. Bhd.	Investment holding	74	74
TH PELITA Gedong Sdn. Bhd.	Cultivation of oil palm, processing and marketing of palm products	52	52
Kee Wee Plantation Sdn. Bhd.	Investment holding	74	74
TH PELITA Sadong Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	52	52
TH-Bonggaya Sdn. Bhd.	Forestry	74	74
Ladang Jati Keningau Sdn. Bhd.	Teak	61	61
TH-USIA Jatimas Sdn. Bhd.	Forestry	52	52
TH PELITA Meludam Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	44	44
TH PELITA Simunjan Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	44	44

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

19. Investment in subsidiaries (cont'd.)

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

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Quoted and incorporated in Malaysia <i>(cont'd.)</i>			
TH Plantations Berhad <i>and its subsidiaries: (cont'd.)</i>			
TH Ladang (Sabah & Sarawak) Sdn. Bhd. <i>and its subsidiaries:</i>			
TH PELITA Beladin Sdn. Bhd.	Cultivation of oil palm and marketing of fresh fruit bunches	41	41
THP Applications & Services Sdn. Bhd.	Investment and collaboration with companies involved in potential biogas plant project	74	74
Halus Riang Sdn. Bhd.	Dormant	74	74
Kuni Riang Sdn. Bhd.	Dormant	74	74
Unquoted and incorporated in Malaysia			
TH Indo Industries Sdn. Bhd.	Dormant	100	100
TH Indopalms Sdn. Bhd.	Dormant	100	100
Sigma Entity Sdn. Bhd.	Property investment and management, letting of properties and maintenance services	100	100
TH Properties Sdn. Bhd. <i>and its subsidiaries:</i>	Investment holding	100	100
THP Development Consultancy Sdn. Bhd.	Property development consultancy and management of construction project	100	100
THP Hartanah Sdn. Bhd.	Property development	100	100
THP Timur Sdn. Bhd.	Property development	100	100
THP Mutiara Sdn. Bhd.	Property development	100	100

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19. Investment in subsidiaries (cont'd.)

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

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Unquoted and incorporated in Malaysia (cont'd.)			
TH Properties Sdn. Bhd. and its subsidiaries: (cont'd.)			
THP Perlis Sdn. Bhd.	Property development	100	100
THP Pelindung Sdn. Bhd.	Property development	100	100
Keramat Green Development Sdn. Bhd.	Property development	100	100
THP Sydney Bay Views Sdn. Bhd.	Investment property	100	100
TH Universal Builders Sdn. Bhd.	Property and facility management, maintenance and services	100	100
THP Wentworth Point (Labuan) Corporation	Investment holding	100	100
THP Australia Capital Sdn. Bhd.	Investment holding	100	100
THP Australia Developments Corporation ¹	Investment holding	-	100
THP Bay Pavilions Corporation	Investment holding	100	100
THP Lidcombe (Labuan) Corporation	Investment holding	100	100
THP-SBB JV Sdn. Bhd.	Dormant	100	100
THP Enstek Development Sdn. Bhd.	Property development	100	100
THP Bina Sdn. Bhd.	Major infrastructure concessions, construction, provision of venture capital and management expertise	100	100
THP Services Sdn. Bhd.	Provision of facilities management services	100	100
THP Konsortium Sdn. Bhd.	Investment holding	51	51

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19. Investment in subsidiaries (cont'd.)

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

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Unquoted and incorporated in Malaysia <i>(cont'd.)</i>			
TH Hotel & Residence Sdn. Bhd. <i>and its subsidiaries:</i>	Investment holding and hotel operations	100	100
TH Travel & Services Sdn. Bhd.	Provision of umrah and hajj services, tour and ticketing	100	100
THV Management Services Sdn. Bhd.	Hotel management and operations	100	100
TH Marine Holding (L) Inc. <i>and its subsidiaries:</i>	Investment holding	100	100
Marine 1 (L) Inc.	Ship owning	100	100
TH-Alam Holdings (L) Inc. <i>and its subsidiaries:</i>	Investment holding	51	51
Alam-JV DP1 (L) Inc.	Ship owning	51	51
Alam-JV DP2 (L) Inc.	Ship owning	51	51
Premia Cards Sdn. Bhd.	Dormant	100	100
LTH Property Investment (L) Inc.	Investment holding and property investment	100	100
Incorporated in United Kingdom			
LTH Property Holdings Limited <i>and its subsidiary:</i>	Investment holding	100	100
10 Queen Street Place London Limited	Investment property holding	100	100
LTH Property Holdings 2 Limited <i>and its subsidiaries:</i>	Investment holding	100	100
Leatherhead Properties Limited	Investment property holding	100	100
Millstream Property Limited	Investment property holding	100	100

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

19. Investment in subsidiaries (cont'd.)

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

Name of company	Principal activities	Effective ownership interest	
		<u>2024</u> %	<u>2023</u> %
Incorporated in United Kingdom <i>(cont'd.)</i>			
LTH Property Holdings 3 Limited <i>and its subsidiaries:</i>	Investment holding	100	100
Horseferry Property Limited	Investment property holding	100	100
LTH Property Holdings 4 Limited <i>and its subsidiaries:</i>	Investment holding	100	100
LTH Residence Limited	Investment property holding	100	100
LTH Residence Two Limited	Investment property holding	100	100
Incorporated in Australia			
THP Australia Capital Sdn. Bhd. <i>and its subsidiaries:</i>			
THP Amanah Pty. Ltd. ¹	Trustee to Piety THP Venture Fund which invests in the Bay Pavilion Trust	-	100
THP Treasury Pty. Ltd ¹	Trustee to THP WP1 Trust which extends financing to One The Waterfront Project, Wentworth, Sydney	-	100
Incorporated in Indonesia			
TH Plantations Berhad <i>and its subsidiary:</i>			
P.T. Persada Kencana Prima	Cultivation of oil palm and marketing of fresh fruit bunches	69	69

¹ These companies had been deregistered on 18 April 2024, 26 January 2024 and 17 January 2024 respectively.

All subsidiaries of **TH** are not audited by the Auditor General of Malaysia.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

19. Investment in subsidiaries (cont'd.)

Non-controlling interests in subsidiaries

The summarised financial information of the Group’s subsidiaries that have material non-controlling interests (“NCI”) (amounts before intra-group eliminations) are as follows:

	TH Plantations Berhad	
	2024	2023
	RM'000	RM'000
Summarised statement of financial position		
Assets	2,692,841	2,626,318
Liabilities	(1,323,941)	(1,313,155)
Net assets	1,368,900	1,313,163
Summarised statement of profit or loss and statement of comprehensive income		
Revenue	877,732	752,027
Profit for the year	97,322	60,096
Total comprehensive income	104,672	59,294
Summarised statement of cash flows		
Cash flows from operating activities	182,914	123,750
Cash flows used in investing activities	(29,168)	(80,159)
Cash flows used in financing activities	(75,592)	(75,724)
Net increase/(decrease) in cash and cash equivalents	78,154	(32,133)
Dividends to non-controlling interests	13,269	22,434

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20. Forestry

	Group	
	2024 RM'000	2023 RM'000
At 1 January	42,487	38,958
Additions during the year	16,441	15,156
Additions charged to profit or loss	(16,441)	(15,156)
Impairment during the year (Note 34)	(1,987)	-
Change in fair value recognised in profit or loss (Note 33)	23,399	3,529
At 31 December	63,899	42,487

Fair value information

Fair value of forestry is categorised as follows:

	Level 3	
	2024 RM'000	2023 RM'000
Forestry	63,899	42,487

Fair value information

In prior year, included in the forestry is a forestry with carrying amount of RM1,987,000 carried at fair value less costs to sell estimated based on the offer letter received from a minority shareholder of the subsidiary to acquire forestry based on its current condition. During the year, the Group has recognised an impairment loss amounting to RM1,987,000 as the offer has expired.

The following information shows the valuation techniques used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation models in the current and prior year.

Description of valuation technique and inputs used:

- Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from forestry, taking into account expected timber volume, timber sales price, canopy wood sales price, upkeep and maintenance cost and land rental. The expected net cash flows are discounted using risk-adjusted discount rates.

Significant unobservable inputs in current year

- Expected clear bole volume (142tonne/ha - 335tonne/ha)
- Clear bole price (RM190/tonne)
- Log extraction cost (RM90/tonne)
- Pre-tax discount rate (10%)
- Land rental rate (3%)

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20. Forestry (cont'd.)

Fair value information (cont'd.)

Significant unobservable inputs in prior year

- Expected clear bole volume (142tonne/ha - 335tonne/ha)
- Clear bole price (RM190/tonne)
- Log extraction cost (RM90/tonne)
- Pre-tax discount rate (10%)
- Land rental rate (3%)

Inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value would increase/(decrease) if:

- Expected clear bole volume were higher/(lower);
- Clear bole price higher/(lower);
- Log extraction cost were lower/(higher);
- Discount rates were lower/(higher);
- Land rental rates were lower/(higher).

Valuation processes applied by the Group for Level 3 fair value

The fair value of forestry is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of forestry being valued. The independent professional valuer provides the fair value of the Group’s forestry annually. Changes in Level 3 fair values are analysed by the management annually.

The values assigned to the key assumptions represent management’s assessment of current trends in forestry in Malaysia and are based on both external and internal sources (historical data). The changes in the key assumptions as compared to prior year are as the result from the change in the market condition of the assets.

The above estimates are particularly sensitive in the following cases:

- A reduction of timber volume by 10% would have resulted in a decrease in the change of fair value by RM6,402,000.
- A reduction of timber price by 10% would have resulted in a decrease in the change of fair value by RM6,402,000.
- An increase of 2% in the discount rate would have resulted in a decrease of fair value gain by RM6,653,000.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

21. Plantation development expenditure

	Group	
	2024 RM'000	2023 RM'000
At 1 January	16,853	37,847
Additions during the year	23,897	60,329
Transfer to property, plant and equipment (Note 23)	(59,934)	(90,101)
Transfer of impairment to property, plant and equipment (Note 23)	55,146	6,240
Foreign exchange difference	-	2,538
At 31 December	35,962	16,853

Included in additions during the year were:

	Group	
	2024 RM'000	2023 RM'000
Depreciation of:		
- Property, plant and equipment (Note 23(a))	642	532
- Right-of-use assets (Note 22)	39	22
Personnel expenses:		
- Wages, salaries and others	8,720	8,836
- Contribution to Employees Provident Fund	389	395

i) TH Plantations Berhad Group ("THPB Group")

Impairment loss on plantations development expenditure ("PDE")

2024

During the year, no further impairment was recognized for PDE.

2023

In prior year, no further impairment was recognized for PDE.

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22. Right-of-use assets

The Group’s obligation under its leases are secured by the lessor’s title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group and **TH** have lease contracts for land. The lease terms are between 20 to 999 years.

Asset restoration obligations (“ARO”) are stated in some of the contracts. Therefore, provisions have been made for these purposes, where applicable.

The Group also has certain leases of fittings and other equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

2024

Group	Land RM'000	Building RM'000	Equipment & motor vehicle RM'000	Total RM'000
Cost				
At 1 January 2024	181,940	335,890	197	518,027
Additions	2,942	203,653	-	206,595
Derecognition	-	1,154	-	1,154
Transfer to assets held for sale	(66,248)	-	-	(66,248)
Foreign exchange difference	(4,902)	-	-	(4,902)
At 31 December 2024	113,732	540,697	197	654,626
Accumulated depreciation				
At 1 January 2024	75,117	315,293	197	390,607
Depreciation for the year	13,526	40,289	-	53,815
At 31 December 2024	88,643	355,582	197	444,422
Accumulated impairment				
At 1 January 2024	22,819	12,562	-	35,381
At 31 December 2024	22,819	12,562	-	35,381
Net carrying amount at 31 December 2024	2,270	172,553	-	174,823

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

22. Right-of-use assets *(cont'd.)*

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period: *(cont'd.)*

2023

Group	Land RM'000	Building RM'000	Equipment & motor vehicle RM'000	Total RM'000
Cost				
At 1 January 2023	177,973	342,754	197	520,924
Additions	350	6,363	-	6,713
Disposal	(14)	-	-	(14)
Derecognition	(1)	(13,227)	-	(13,228)
Remeasurement of lease liabilities	(1,431)	-	-	(1,431)
Foreign exchange difference	5,063	-	-	5,063
At 31 December 2023	181,940	335,890	197	518,027
Accumulated depreciation				
At 1 January 2023	61,669	313,489	197	375,355
Depreciation for the year	13,448	7,825	-	21,273
Derecognition	-	(6,021)	-	(6,021)
At 31 December 2023	75,117	315,293	197	390,607
Accumulated impairment				
At 1 January 2023	22,819	19,197	-	42,016
Derecognition	-	(6,635)	-	(6,635)
At 31 December 2023	22,819	12,562	-	35,381
Net carrying amount at 31 December 2023	84,004	8,035	-	92,039

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

22. Right-of-use assets (cont'd.)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period: (cont'd.)

2024

TH	Land RM'000	Building RM'000	Total RM'000
Cost			
At 1 January 2024	26,442	319,087	345,529
Additions	-	203,216	203,216
At 31 December 2024	26,442	522,303	548,745
Accumulated depreciation			
At 1 January 2024	7,337	311,457	318,794
Depreciation for the year	1,467	38,547	40,014
At 31 December 2024	8,804	350,004	358,808
Net carrying amount at 31 December 2024	17,638	172,299	189,937

2023

TH			
Cost			
At 1 January 2023	26,442	314,595	341,037
Additions	-	6,213	6,213
Derecognition	-	(1,721)	(1,721)
At 31 December 2023	26,442	319,087	345,529
Accumulated depreciation			
At 1 January 2023	5,869	305,289	311,158
Depreciation for the year	1,468	7,719	9,187
Derecognition	-	(1,551)	(1,551)
At 31 December 2023	7,337	311,457	318,794
Net carrying amount at 31 December 2023	19,105	7,630	26,735

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

22. Right-of-use assets (cont'd.)

The following are the amounts recognised in profit or loss:

2024

	Group RM'000	TH RM'000
Depreciation of right-of-use assets	53,815	40,014
Finance cost on lease liabilities	12,611	4,996
Expense relating to:		
- short-term leases	20,417	20,417
- leases of low-value assets	4,192	3,736
	91,035	69,163
Breakdown of depreciation charge for the year, are as follows:		
Recognised in profit or loss (Note 35)	51,975	38,213
Depreciation of right-of-use assets under TKJHM and TWT (Note 28(ii))	1,801	1,801
Capitalised in plantation development expenditure (Note 21)	39	-
	53,815	40,014

2023

	Group RM'000	TH RM'000
Depreciation of right-of-use assets	21,273	9,187
Finance cost on lease liabilities	14,985	8,182
Expense relating to:		
- short-term leases	20,879	20,840
- leases of low-value assets	3,883	3,614
	61,020	41,823
Breakdown of depreciation charge in prior year, are as follows:		
Recognised in profit or loss (Note 35)	19,300	7,236
Depreciation of right-of-use assets under TKJHM and TWT (Note 28(ii))	1,951	1,951
Capitalised in plantation development expenditure (Note 21)	22	-
	21,273	9,187

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22. Right-of-use assets (cont'd.)

Impairment of right-of-use assets

TH Plantations Berhad Group

The Group has engaged a registered valuer in prior year to value the plantation assets which consist of bearer plant, plantation development (“PDE”) and right-of-use assets (“ROU”) of a plantation subsidiary that has not been performing up to Group expectation. The total carrying amount of bearer plant, PDE and ROU as at 31 December 2024 amounted to RM67,809,000 (2023: RM77,841,000). The Group is of the view that the fair value less cost to sell are consistent with prior year valuation report as there is no significant change in the market condition. The cash-generating unit consists of planted area in relation to oil palm oil and plantable area.

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

Fair value less cost to sell is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement.

Extension option

The Group and **TH** have several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group’s and **TH**’s business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are also leases that are either non-cancellable, or may only be cancelled by incurring a substantive termination fee. There are also some leases that contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for further term.

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23. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Bearer plant RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work in progress RM'000	Total RM'000
Cost									
At 1 January 2024	23,640	11,335	1,116,748	561,722	227,704	330,338	1,441,990	4,458	3,717,935
Additions	-	110	-	3,546	-	5,396	20,371	16,613	46,036
Disposals	-	-	-	(2,071)	-	(88)	(232,873)	-	(235,032)
Write off	-	-	(6,136)	(851)	-	(3,427)	(9,756)	-	(20,170)
Transfer from plantation development expenditure (Note 21)	-	-	59,934	-	-	-	-	-	59,934
Transfer to investment property (Note 16)	(237)	-	-	(6,504)	-	-	-	-	(6,741)
Transfer to assets held for sale	-	-	(66,215)	(6,086)	-	-	(2,331)	(876)	(75,508)
Reclassifications	-	-	-	8,448	-	(183)	4,584	(12,849)	-
Foreign exchange difference	-	-	(6,025)	(2,107)	-	-	(73)	(53)	(8,258)
At 31 December 2024	23,403	11,445	1,098,306	556,097	227,704	332,036	1,221,912	7,293	3,478,196
Accumulated depreciation									
At 1 January 2024	-	1,793	427,436	234,174	143,338	296,851	903,046	-	2,006,638
Depreciation for the year (Note 23(a))	-	(255)	49,193	16,583	4,624	18,112	48,335	-	136,592
Disposals	-	-	-	(518)	-	(10)	(172,086)	-	(172,614)
Write off	-	-	(6,130)	(803)	-	(1,717)	(9,695)	-	(18,345)
Transfer to investment property (Note 16)	-	-	-	(3,382)	-	-	-	-	(3,382)
Transfer to assets held for sale	(22,572)	-	-	(1,371)	-	-	(1,298)	-	(25,241)
Foreign exchange difference	-	-	(3,277)	(103)	-	-	(62)	-	(3,442)
At 31 December 2024	(22,572)	1,538	467,222	244,580	147,962	313,236	768,240	-	1,920,206

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23. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Leasehold land RM'000	Bearer plant RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work in progress RM'000	Total RM'000
Accumulated impairment									
At 1 January 2024	-	-	78,430	480	-	2,306	182,965	-	264,181
Impairment loss during the year	-	-	47,169	-	-	-	4,133	-	51,302
Disposals	-	-	-	-	-	-	(441)	-	(441)
Write off	-	-	-	-	-	(1,710)	-	-	(1,710)
Transfer from plantation development expenditure (Note 21)	-	-	55,146	-	-	-	-	-	55,146
At 31 December 2024	-	-	180,745	480	-	596	186,657	-	368,478
Net carrying amount at 31 December 2024	45,975	9,907	450,339	311,037	79,742	18,204	267,015	7,293	1,189,512
	Freehold land RM'000	Leasehold land RM'000	Bearer plant RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work in progress RM'000	Total RM'000
Cost									
At 1 January 2023	23,640	11,335	1,034,214	546,651	227,704	336,714	1,419,835	8,584	3,608,677
Additions	-	-	-	3,273	-	2,377	43,783	8,723	58,156
Disposals	-	-	(858)	-	-	(1,663)	(6,836)	-	(9,357)
Write off	-	-	(8,745)	(444)	-	(7,825)	(20,954)	-	(37,968)
Transfer from plantation development expenditure (Note 21)	-	-	90,101	-	-	-	-	-	90,101
Transfer to investment property (Note 16)	-	-	-	6,200	-	-	-	-	6,200
Reclassifications	-	-	-	6,013	-	735	6,106	(12,854)	-
Foreign exchange difference	-	-	2,036	29	-	-	56	5	2,126
At 31 December 2023	23,640	11,335	1,116,748	561,722	227,704	330,338	1,441,990	4,458	3,717,935

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23. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land RM'000	Leasehold land RM'000	Bearer plant RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work in progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2023	-	2,049	347,084	214,380	138,714	281,099	874,796	-	1,858,122
Depreciation for the year (Note 23(a))	-	(256)	87,872	20,098	4,624	24,782	55,824	-	192,944
Disposals	-	-	(69)	-	-	(1,663)	(6,833)	-	(8,565)
Write off	-	-	(7,739)	(316)	-	(7,367)	(20,786)	-	(36,208)
Foreign exchange difference	-	-	288	12	-	-	45	-	345
At 31 December 2023	-	1,793	427,436	234,174	143,338	296,851	903,046	-	2,006,638
Accumulated impairment									
At 1 January 2023	-	-	67,029	480	-	1,314	237,797	500	307,120
Impairment loss during the year	-	-	5,161	-	-	492	169	-	5,822
Reversal of impairment loss	-	-	-	-	-	-	(55,001)	-	(55,001)
Transfer from plantation development expenditure (Note 21)	-	-	6,240	-	-	-	-	-	6,240
Reclassification	-	-	-	-	-	500	-	(500)	-
At 31 December 2023	-	-	78,430	480	-	2,306	182,965	-	264,181
Net carrying amount at 31 December 2023	23,640	9,542	610,882	327,068	84,366	31,181	355,979	4,458	1,447,116

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)**23. Property, plant and equipment** (cont'd.)

<i>TH</i>	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work in progress RM'000	Total RM'000
Cost								
At 1 January 2024	23,640	11,335	141,877	227,704	320,787	475,653	-	1,200,996
Additions	-	110	-	-	4,536	9,741	-	14,387
Write off	-	-	-	-	(1,531)	(1,342)	-	(2,873)
Transfer to investment property (Note 16)	(237)	-	(6,904)	-	-	-	-	(7,141)
At 31 December 2024	23,403	11,445	134,973	227,704	323,792	484,052	-	1,205,369
Accumulated depreciation								
At 1 January 2024	-	4,029	51,629	143,338	292,386	425,138	-	916,520
Depreciation for the year (Note 23(a))	-	129	2,700	4,624	17,551	16,737	-	41,741
Write off	-	-	-	-	(1,531)	(1,340)	-	(2,871)
Transfer to investment property (Note 16)	-	-	(3,382)	-	-	-	-	(3,382)
At 31 December 2024	-	4,158	50,947	147,962	308,406	440,535	-	952,008
Net carrying amount at 31 December 2024	23,403	7,287	84,026	79,742	15,386	43,517	-	253,361

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23. Property, plant and equipment (cont'd.)

TH	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Building renovations RM'000	Plant, machineries, fittings and motor vehicles RM'000	Work in progress RM'000	Total RM'000
Cost								
At 1 January 2023	23,640	11,335	141,443	227,704	327,485	474,636	-	1,206,243
Additions	-	-	434	-	1,127	20,660	-	22,221
Disposals	-	-	-	-	-	(178)	-	(178)
Write off	-	-	-	-	(7,825)	(19,465)	-	(27,290)
At 31 December 2023	23,640	11,335	141,877	227,704	320,787	475,653	-	1,200,996
Accumulated depreciation								
At 1 January 2023	-	3,900	48,778	138,714	275,467	421,490	-	888,349
Depreciation for the year (Note 23(a))	-	129	2,851	4,624	24,286	23,184	-	55,074
Disposals	-	-	-	-	-	(174)	-	(174)
Write off	-	-	-	-	(7,367)	(19,362)	-	(26,729)
At 31 December 2023	-	4,029	51,629	143,338	292,386	425,138	-	916,520
Net carrying amount at 31 December 2023	23,640	7,306	90,248	84,366	28,401	50,515	-	284,476

(a) Depreciation for the year is allocated as follows

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit or loss (Note 35)	135,212	191,595	41,003	54,257
Depreciation of assets under TKJHM and TWT (Note 28(ii))	738	817	738	817
Capitalised in plantation development expenditure (Note 21)	642	532	-	-
	136,592	192,944	41,741	55,074

(b) Collateral

- i) Leasehold land held by a subsidiary company at a carrying value amounting to RM6,821,000 (2023: RM6,989,000) has been pledged as security for bank borrowings as disclosed in Note 30(i).

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24. Intangible assets

Group	Goodwill RM'000	Total RM'000
2024		
Cost		
At 1 January 2024/31 December 2024	285,397	285,397
Accumulated impairment		
At 1 January 2024/31 December 2024	285,397	285,397
Net carrying amount at 31 December 2024	-	-
2023		
Cost		
At 1 January 2023	303,004	303,004
Write off (Note 34)	(18,890)	(18,890)
Foreign exchange difference	1,283	1,283
At 31 December 2023	285,397	285,397
Accumulated impairment		
At 1 January/31 December 2023	285,397	285,397
Net carrying amount at 31 December 2023	-	-

Impairment tests on goodwill

The Group's total goodwill is attributable to the cash-generating units ("CGUs"), being the lowest level of asset for which there are separately identifiable cash flows.

The Group had performed impairment tests to determine whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGUs was determined based on the higher of fair value less costs to sell or value in use. The calculations use cash flow projections based on financial budgets and estimates approved by management covering projection periods.

Cash flows beyond the period disclosed are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

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25. Deferred tax assets/liabilities

Recognised deferred tax assets and liabilities

A summary of deferred tax assets and liabilities of the Group are as follows:

	Group	
	2024 RM'000	2023 RM'000
Deferred tax assets	28,273	42,344
Deferred tax liabilities	(67,184)	(87,192)
	(38,911)	(44,848)

Deferred tax assets and liabilities are, after appropriate offsetting, attributable to the following:

	Assets RM'000	Group Liabilities RM'000	Net RM'000
2024			
Property, plant and equipment	7,193	-	7,193
Other investments	-	(5,214)	(5,214)
Accelerated capital allowances	-	(4,650)	(4,650)
Tax losses and unabsorbed capital allowances	30,926	-	30,926
Provisions	-	(15,862)	(15,862)
Impairment allowances	-	(598)	(598)
Change in fair value reserve	7,080	-	7,080
Biological assets	-	(6,251)	(6,251)
Right-of-use assets	-	(12,421)	(12,421)
Lease liabilities	18,033	-	18,033
Others	-	(57,147)	(57,147)
Set off of tax	(34,959)	34,959	-
Tax assets/(liabilities)	28,273	(67,184)	(38,911)

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

25. Deferred tax assets/liabilities *(cont'd.)*

Recognised deferred tax assets and liabilities *(cont'd.)*

Deferred tax assets and liabilities are attributable to the following:

	Assets RM'000	Group Liabilities RM'000	Net RM'000
<u>2023</u>			
Property, plant and equipment	-	(15,644)	(15,644)
Other investments	-	(5,214)	(5,214)
Accelerated capital allowances	-	(4,650)	(4,650)
Tax losses and unabsorbed capital allowances	32,545	-	32,545
Provisions	10,394	(15,744)	(5,350)
Impairment allowances	-	(598)	(598)
Change in fair value reserve	1,638	-	1,638
Biological assets	-	(5,252)	(5,252)
Right-of-use assets	-	(11,660)	(11,660)
Lease liabilities	16,636	-	16,636
Others	-	(47,299)	(47,299)
Set off of tax	(18,869)	18,869	-
Tax assets/(liabilities)	42,344	(87,192)	(44,848)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2024 RM'000	2023 RM'000
Unabsorbed capital allowances	587,827	758,042
Unutilised tax losses	189,620	3,668
Deductible temporary differences	55,715	2,470
	833,162	764,180

The unutilised business losses are allowed to be carried forward for a maximum period of ten (10) consecutive years of assessment. The unabsorbed capital allowances do not expire under the current tax legislation in Malaysia and can be utilised against income from the same business source, subject to no substantial change in shareholdings.

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25. Deferred tax assets/liabilities (cont'd.)

Recognised deferred tax assets and liabilities (cont'd.)

Group

Movement in temporary differences during the year 2024:

	As at 1 January RM'000	Recognised in profit or loss RM'000	Recognised in profit or loss relating to asset held for sale RM'000	Transfer from/(to) assets held for sale RM'000	Reclassification RM'000	As at 31 December RM'000
2024						
Property, plant and equipment	(15,644)	1,341	(2,977)	24,257	216	7,193
Other investments	(5,214)	-	-	-	-	(5,214)
Accelerated capital allowances	(4,650)	-	-	-	-	(4,650)
Tax loss and unabsorbed capital allowances	32,545	(6,549)	(15)	(5,129)	10,074	30,926
Provisions	(5,350)	(222)	-	-	(10,290)	(15,862)
Impairment allowances	(598)	-	-	-	-	(598)
Change in fair value reserve	1,638	2,876	2,566	-	-	7,080
Biological assets	(5,252)	(1,701)	398	304	-	(6,251)
Right-of-use assets	(11,660)	(723)	(38)	-	-	(12,421)
Lease liabilities	16,636	1,377	20	-	-	18,033
Others	(47,299)	(11,488)	(110)	1,750	-	(57,147)
Tax (liabilities)/assets	(44,848)	(15,089)	(156)	21,182	-	(38,911)

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

25. Deferred tax assets/liabilities *(cont'd.)*

Recognised deferred tax assets and liabilities *(cont'd.)*

Group *(cont'd.)*

Movement in temporary differences during the year 2023:

	As at 1 January RM'000	Recognised in profit or loss RM'000	Recognised in profit or loss relating to asset held for sale RM'000	Transfer from/(to) assets held for sale RM'000	Reclassification RM'000	As at 31 December RM'000
<u>2023</u>						
Property, plant and equipment	(22,199)	12,179	(5,624)	-	-	(15,644)
Other investments	(5,214)	-	-	-	-	(5,214)
Accelerated capital allowances	(4,650)	-	-	-	-	(4,650)
Tax loss and unabsorbed capital allowances	36,024	(3,090)	(389)	-	-	32,545
Provisions	(5,990)	640	-	-	-	(5,350)
Impairment allowances	(598)	-	-	-	-	(598)
Change in fair value reserve	(22,232)	(1,825)	25,695	-	-	1,638
Biological assets	(4,788)	(452)	(12)	-	-	(5,252)
Right-of-use assets	(12,023)	273	90	-	-	(11,660)
Lease liabilities	16,135	610	(109)	-	-	16,636
Others	(41,126)	(6,173)	-	-	-	(47,299)
Tax (liabilities)/assets	(66,661)	2,162	19,651	-	-	(44,848)

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

26. Assets of disposal group classified as held for sale/Liabilities associated with assets of disposal group classified as held for sale

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Assets of disposal group classified as held for sale:</u>				
Investment properties	62,228	-	56,971	-
Property, plant and equipment	595,629	529,483	7,909	8,148
Right-of-use assets	270,412	204,163	-	-
Current tax assets	8	-	-	-
Deferred tax assets	32,473	30,180	-	-
Biological assets	8,803	5,880	-	-
Inventories	5,133	1,254	-	-
Trade and other receivables at amortised cost	14,340	77	-	-
Cash and short-term funds	438	1,771	-	-
	989,464	772,808	64,880	8,148
<u>Liabilities associated with assets of disposal group classified as held for sale:</u>				
Deferred tax liabilities	106,974	83,656	-	-
Other liabilities	34,742	20,581	-	-
Lease liabilities	35,343	35,426	-	-
Current tax liabilities	1,880	1,177	-	-
	178,939	140,840	-	-

	Group			
	Assets		Liabilities	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets of disposal group classified as held for sale/Liabilities associated with assets of disposal group classified as held for sale				
Assets of TH Plantations Berhad (a)	919,327	764,660	178,939	140,840
Investment properties	62,228	-	-	-
Property, plant and equipment	7,909	8,148	-	-
	989,464	772,808	178,939	140,840

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

26. Assets of disposal group classified as held for sale/Liabilities associated with assets of disposal group classified as held for sale (cont'd.)

	TH Assets	
	2024 RM'000	2023 RM'000
Assets of disposal group classified as held for sale		
Investment properties	56,971	-
Property, plant and equipment	7,909	8,148
	64,880	8,148

Property, plant and equipment classified as assets held for sale by **TH** comprise land, shop lots, factory and apartments in Malaysia. Aggressive initiatives are taken to look for prospective buyers for these properties. The sale is expected to be completed by end of the next financial year ending 2025.

(a) TH Plantations Berhad Group ("THPB Group")

2024

As at 31 December 2024, investments in Hydroflow Sdn. Bhd., TH PELITA Meludam Sdn. Bhd., TH PELITA Beladin Sdn. Bhd., TH PELITA Simunjan Sdn. Bhd., TH PELITA Gedong Sdn. Bhd. are classified as assets held for sale as one disposal group. The efforts to sell the disposal group have commenced, and the sale is now expected to be completed in financial year 2025 instead of 2024. The carrying amount of assets held for sale are stated at cost.

The assets and liabilities of THPB classified as held for sale prior to any consolidation adjustments in the Group's statement of financial position are as follows:

Group	2024 RM'000	2023 RM'000
Assets		
Property, plant and equipment	595,556	539,866
Right-of-use assets	270,412	204,163
Current tax assets	8	-
Deferred tax assets	32,473	30,180
Biological assets	8,803	5,880
Inventories	5,133	1,254
Trade and other receivables	14,340	63
Prepayment and other assets	-	14
Cash and short-term funds	438	1,771
Assets of disposal group classified as held for sale	927,163	783,191

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

26. Assets of disposal group classified as held for sale/Liabilities associated with assets of disposal group classified as held for sale (cont'd.)

(a) TH Plantations Berhad Group ("THPB Group") (cont'd.)

2024 (cont'd.)

The assets and liabilities of THPB classified as held for sale prior to any consolidation adjustments in the Group's statement of financial position are as follows: (cont'd.)

Group (cont'd.)	2024 RM'000	2023 RM'000
Liabilities		
Deferred tax liabilities	100,190	79,439
Trade and other payables	34,742	20,581
Lease liabilities	35,343	1,177
Current tax liabilities of disposal group classified as held for sale	1,880	35,426
Liabilities directly associated with assets held for sale	172,155	136,623
Net assets directly associated with assets and liabilities of disposal group classified as held for sale	755,008	646,568

2023

In prior year, investments in TH PELITA Meludam Sdn. Bhd., TH PELITA Beladin Sdn. Bhd., TH PELITA Simunjan Sdn. Bhd., TH PELITA Gedong Sdn. Bhd. and TH PELITA Sadong Sdn. Bhd. were presented as assets held for sale. These investments relate to the oil palm plantations segment of the Group.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

27. Depositors' savings fund

	Group / TH	
	2024 RM'000	2023 RM'000
At 1 January	89,005,313	87,599,988
Deposits received during the year	21,446,832	21,602,169
Less: Withdrawals during the year	(21,419,694)	(22,840,439)
	89,032,451	86,361,718
Profit distribution paid during the year	2,714,167	2,643,595
At 31 December	91,746,618	89,005,313

i) Requirements under the TH Act

Requirements under the TH Act that govern the distribution of profits to depositors and the Government Guarantee Payments are stated in Section 22 and 24 of the TH Act, respectively, as disclosed in Note 2(a)(iii) and 2(a)(iv).

ii) Distribution of profit

TH has yet to declare the profit distribution in respect of the financial year ended 31 December 2024. The profit distribution will be declared by TH after the completion of audit on TH's financial statements as recommended by the Royal Commission of Inquiry. It will be accounted for as an appropriation of the revenue reserve in the financial statements for the financial year ending 31 December 2025.

On 2 April 2024, TH declared a profit distribution to its depositors at the rate of 3.10% for the financial year ended 31 December 2023 amounting to RM2,714,167,000. The financial statements for the year ended 31 December 2023 do not reflect this declared profit distribution. It is accounted for as an appropriation of the revenue reserve in the financial statements for the financial year ended 31 December 2024.

The effects of the profit distributions declared for financial year ended 2023 as per Section 22 of the TH Act are as follows:

	TH 2023 RM'000
Revenue reserve	2,509,332
Equalisation reserve	680,000
Total distributable reserves prior to profit distribution	3,189,332
Profit declared for the financial year ended 31 December 2023	(2,714,167)
Net distributable reserves after profit distribution	475,165

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

28. Other liabilities

		Note	Group 2024 RM'000	2023 RM'000
Trade payables				
Trade payables			81,190	69,001
Hajj related payables			-	39,436
Deposits received			50,124	52,849
Contract liabilities (Note 33(b))			72,642	3,735
			203,956	165,021
Other payables				
Other payables and accruals			135,770	181,441
Inactive depositors' accounts		(i)	339,673	353,656
TKJHM and TWT funds		(ii)	136,265	125,210
Dividend payable to non-controlling interests			8,151	-
Amount due to jointly controlled entities			2,985	46,412
			622,844	706,719
			826,800	871,740

			TH
	Note	2024 RM'000	2023 RM'000
Trade payables			
Trade payables		-	6,986
Hajj related payables		-	39,436
Deposits received		50,124	52,849
		50,124	99,271
Other payables			
Other payables and accruals		127,009	168,291
Inactive depositors' accounts	(i)	339,673	353,656
TKJHM and TWT funds	(ii)	136,265	125,210
Amount due to subsidiaries		-	93
		602,947	647,250
		653,071	746,521

Trade and other payables are non-profit bearing and the normal trade credit terms granted to the Group range from 1 month to 3 months (2023: 1 month to 3 months).

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28. Other liabilities (cont'd.)

i) Inactive depositors' accounts

Pursuant to Section 23 of the **TH** Act, all unclaimed monies held by **TH** shall be entered in a register to be kept by the Chief Executive Officer of **TH** until those monies are paid to the depositors at any time subsequent to its registration as unclaimed monies. Under this circumstances, depositors include heirs, executors, personal representatives, administrators, assigns, lawful attorney and agent.

In line with this Section of the **TH** Act, the savings account of an inactive or dormant depositor of **TH** for more than 7 years is transferred to TKJHM Fund. Similarly, cheques which were issued upon closure of accounts but remained unpresented and have exceeded the validity period shall be cancelled with balances transferred to TKJHM funds.

If claims are subsequently made by the depositors or their heirs, executors, personal representatives, administrators, assigns, lawful attorney or agents, these balances will be returned to the claimant upon verification of their identity.

The movement of inactive depositors' accounts is as follows:

	Group / TH	
	2024 RM'000	2023 RM'000
At 1 January	353,656	371,652
Additions during the year	40	86
Withdrawals during the year	(14,023)	(18,082)
At 31 December	339,673	353,656

ii) Tabung Kebajikan Jemaah Haji Malaysia (“TKJHM”) and Tabung Was'ul Khair Tetamu Allah (“TWT”) (formerly known as Tabung Warga Tua) funds

TKJHM Fund

The TKJHM Fund was established by **TH** to fund the welfare of hajj pilgrims in accordance with predetermined guidelines set by the TKJHM Committee. The guidelines spell out the usage of the TKJHM Fund which among others include the protection, monitoring and welfare of pilgrims as well as general community service. The sources of funding of TKJHM Fund comprise income from placements of dormant accounts, contribution from individuals, agencies and private sectors, state governments, net surpluses and commissions from hajj activities.

TWT Fund

The TWT Fund was set up in 1999 by **TH** to partially fund the cost of performing hajj for elderly pilgrims who have been selected to perform hajj in a particular hajj season and who meet certain predetermined conditions that qualifies them to receive the subsistence. The source of funding of TWT Fund is from a one- off contribution received from depositors of **TH** upon establishment of the TWT Fund. The unutilised contribution is placed with Shariah compliant financial institution to earn income that would be used to fund eligible elderly pilgrims to perform hajj in the future.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

28. Other liabilities (cont'd.)

- ii) **Tabung Kebajikan Jemaah Haji Malaysia ("TKJHM") and Tabung Was'ul Khair Tetamu Allah ("TWT") (formerly known as Tabung Warga Tua) funds** (cont'd.)

The movement of TKJHM and TWT Funds is as follows:

	Group / TH	
	2024 RM'000	2023 RM'000
<u>TKJHM Fund</u>		
As at 1 January	122,372	90,860
Net surplus during the year	10,454	31,512
As at 31 December	132,826	122,372
<u>TWT Fund</u>		
As at 1 January	2,838	2,315
Net surplus during the year	601	523
As at 31 December	3,439	2,838
Total funds of TKJHM and TWT	136,265	125,210

The net surplus of TKJHM can only be utilised for the purpose of community services, protection, monitoring and general welfare of Hajj pilgrims, in accordance with the guidelines of TKJHM while the net surplus of TWT can only be utilised for funding elderly to perform Hajj based on guidelines set by the Committee of TWT.

The income and expenditure of TKJHM is summarised as follows:

	Group / TH			
	TKJHM		TWT	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Receipts and income	32,858	46,443	601	523
Less: Expenses and welfare contributions	(19,865)	(12,163)	-	-
Depreciation of properties, plant and equipment (Note 23(a))	(738)	(817)	-	-
Depreciation of right-of-use asset (Note 22)	(1,801)	(1,951)	-	-
Net surplus during the year	10,454	31,512	601	523

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29. Lease liabilities

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Within 1 year				
Lease liabilities	24,782	13,325	10,786	8,335
> 1 year				
Lease liabilities	447,201	316,567	386,998	242,392
	471,983	329,892	397,784	250,727

The movement of lease liabilities during the financial year is as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	329,892	447,035	250,727	369,820
Additions during the year	202,928	8,897	202,400	6,012
Accretion for the year	18,419	15,298	10,786	8,335
Payments during the year	(56,485)	(17,541)	(49,536)	(5,212)
Derecognition	(7,100)	(1,092)	(6,406)	(170)
Write back due to termination of contract	-	(136,460)	-	(136,460)
Reclassification to accruals	-	5,353	-	-
Foreign exchange differences	(15,671)	8,402	(10,187)	8,402
At 31 December	471,983	329,892	397,784	250,727

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

30. Borrowings

	Note	Group 2024 RM'000	2023 RM'000
Current - < 12 months:			
<i>Secured</i>			
Commodity Murabahah Term Financing-I	(i)	38,500	36,000
Term Financing (I)	(ii)	-	105,833
Term Financing (II)	(iii)	634	-
Tawarruq Revolving Credit-I	(iv)	-	606,160
		39,134	747,993
Non-current - > 12 months:			
<i>Secured</i>			
Commodity Murabahah Term Financing-I	(i)	54,297	92,134
Murabahah Term Financing-I	(v)	582,343	-
Tawarruq Term Financing-I	(vi)	569,401	593,412
Term Financing (I)	(iii)	25,000	-
<i>Unsecured</i>			
Term Financing	(vii)	51,597	49,189
		1,282,638	734,735
		1,321,772	1,482,728

Borrowings of the Group are repayable as follows:

	Group 2024 RM'000	2023 RM'000
Less than one year	39,134	747,993
Between one and five years	1,231,041	685,546
More than five years	51,597	49,189
	1,321,772	1,482,728

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30. Borrowings (cont'd.)

i) **Commodity Murabahah Term Financing-I (THP Saribas Sdn. Bhd.)**

The Commodity Murabahah Term Financing-I Facility, which was obtained by a subsidiary of TH Plantations Berhad ("THPB"), THP Saribas Sdn. Bhd., is secured over the leasehold land with a carrying amount of RM6,821,000 (2023: RM6,989,000).

Significant covenants

The Commodity Murabahah Term Financing-I loan Facility is subject to the fulfilment of the following significant covenants:

- a) not to grant any financings, loans, advance, provide security or guarantee any person except for normal trade credit or trade guarantee in the ordinary course of business;
- b) not to incur, assume or permit to exist any indebtedness, loans or financing under Islamic banking principles except those already disclosed in writing and consented to by the bank and unsecured indebtedness incurred in the ordinary course of business of the subsidiary;
- c) not to create or permit to subsist any security interest over any of its assets, business or undertaking (except liens arising by operation of law and in the normal course of business which in the financier opinion is not material);
- d) not to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of its business, on ordinary commercial terms and on arm's length basis; and
- e) not to declare any dividends in excess of ten per cent (10%) of its paid-up capital or any amount in excess of fifty per cent (50%) of its annual net income after tax or such other threshold as may be prescribed by the financier, provided always any such permissible declaration of dividends may only be made if all payment obligation of the subsidiary is current.

ii) **Secured Term Financing (I)**

The secured Term Financing relates to borrowings obtained by TH Alam Holdings (L) Inc., an investment holding company with subsidiary companies involved in chartering of vessels.

The financing is secured by a first legal charge over the vessels, legal assignment of charter proceeds, assignment of the insurance policy for the vessels and short-term placement with a licensed bank.

Significant covenants

- a) To maintain a debt-to-equity ratio of not more than 2.0 times;
- b) To maintain a Financial Service Coverage Ratio with minimum of 1.25 times;
- c) To maintain a Financial Service Reserve Account with minimum balance of RM6,000,000; and
- d) To maintain a Debt Service Reserve Account with minimum balance of RM8,000,000.

The financing was fully repaid on 20 September 2024 through cash from the sale of vessels to a third party and a waiver of the financing by the bank.

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30. Borrowings (cont'd.)

iii) Secured Term Financing (II)

During the year, TH Properties Sdn. Bhd. ("TH Properties") entered into a secured term financing agreement, where the financing is subject to an interest rate of 5.20% per annum. The principal portion of the financing is repayable within 5 years, while the interest portion is repayable every 6 months, commencing from the date of the first drawdown. This financing is secured by a first legal charge over 75 vacant bungalow units owned by TH Properties and freehold land held for development by TH Properties, as well as a corporate guarantee from the company.

iv) Tawarruq Revolving Credit-I Facility

On 28 August 2023, LTH Property Holdings' subsidiary, 10 Queen Street Place London Limited ("10 QSP"), entered into a Tawarruq Revolving Credit-I Facility agreement with Bank Islam Malaysia Berhad ("Bank Islam") for the provision of £108,000,000, of which £103,000,000 was drawdown on 30 August 2023, to enable 10 QSP to settle the previous short-term commodity Murabaha financing. The financing is subject to a profit rate, which is the aggregate of the margin of 0.5% and cost of funds at 1.2% per annum ("all in rate"). The all in rate for the period was 7.58%.

The financing was due for repayment in 360 days after the first drawdown, being 25 August 2024.

The Tawarruq Revolving Credit-I Facility was fully repaid on 23 August 2024 by utilizing the refinancing received, as stated in (v).

v) Murabahah Term Financing-I Facility

On 23 August 2024, subsidiary of LTH Property Holdings, 10 Queen Street Place London Limited ("10 QSP"), entered into a Murabahah Term Financing-I Facility agreement with Maybank Islamic Berhad ("MIB") for an allocation of £103,000,000, enabling 10 QSP to settle the Tawarruq revolving credit-I facility with Bank Islam, as stated in (iv). The facility is subject to a profit rate of SONIA + 1.50% per annum. The financing is to be repaid within two years from the first drawdown, i.e., by 22 August 2026.

The significant covenants applicable to 10 QSP include the requirement to maintain a Financial Service Reserve Account ("FSRA") with MIB, which is fully managed by MIB. 10 QSP must maintain a minimum balance in the FSRA equivalent to 3 months' profit payments on the total financing amount (minimum FSRA balance) before the first disbursement of the facility and throughout the facility's term. 10 QSP has deposited the required minimum FSRA balance into the account designated by MIB, while the process of opening the FSRA account is still ongoing.

vi) Tawarruq Term Financing-I Facility

On 28 August 2023, LTH Property Holdings 3 entered into a Tawarruq facility agreement with MBSB Bank Berhad for a provision of £100,000,000, to enable the company to settle part of an amount due to **TH**. The financing is subject to a profit rate of SONIA + 1.55%. A ceiling profit rate of 15% has been established under the terms of the facility. The financing is due for repayment on the fifth anniversary of the first drawdown, being 14 July 2028.

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30. Borrowings (cont'd.)

vi) *Tawarruq Term Financing-I Facility* (cont'd.)

The significant covenants applicable to LTH Property Holdings 3 include the requirement to maintain both an FSRA and a Financial Service Account ("FSA") with a bank approved by MBSB Bank Berhad, which are fully controlled and managed by the security trustee as defined in the Tawarruq facility agreement. The borrower must maintain a minimum balance in the FSRA equivalent to 4.5 months of profit payments or 1.5 times the quarterly installment (minimum FSRA balance). In addition, the FSA is maintained to record the quarterly payment amounts to be made each quarter and the settlement of the relevant principal amount under the overall financing. The company's investment properties are also pledged as collateral for the financing.

vii) *Unsecured Term Financing*

The unsecured term financing was obtained by a subsidiary of THPB, TH Bonggaya Sdn. Bhd., and was recognised at fair value at the date of initial drawdown. The total drawdown of Forest Plantations Facility as at 31 December 2024 is RM79,297,000 (2023: RM79,297,000). The unsecured term loan facility is a conventional loan granted by a government agency, Forest Plantation Development Sdn. Bhd. ("FPDSB").

Significant covenants

The term loan facility is subject to the fulfilment of the following significant covenants:

The subsidiary will not do or cause to be done the following except with the express written consent by FPDSB:

- i) Assign, transfer, sell, charge or otherwise howsoever deal with the subsidiary rights, title and interest under the loan agreement or the security documents or any part thereof or any interest therein or make the same subject to any change encumbrance liability or lien whatsoever or rescind remove or amend any condition or restriction affecting this Agreement or the Security Documents without the written consent of FPDSB first had and obtained; and
- ii) Give sub-concession of the Plantable Area, lease out or grant any license or otherwise howsoever part with the possession or make or accept the surrender of any lease whatsoever of and in respect of the Agreement or the Security Documents or the Plantable Area or the implementation of the project without the consent in writing of FPDSB first had and obtained, provided however that nothing in this clause prohibits the borrower from appointing or engaging sub-contractors to carry out various works or activities in relation to the implementation of the project.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

31. Provision for retirement benefits

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	907,807	784,653	907,782	784,225
Remeasurement of retirement benefit liability	44,238	95,868	44,238	95,868
Provision for the year (Note 35)	67,250	67,967	67,215	67,967
Payment during the year	(50,294)	(40,681)	(50,294)	(40,278)
At 31 December	969,001	907,807	968,941	907,782

The provisions recognised in the statement of financial position are as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Present value of unfunded retirement benefit plan	969,001	907,807	968,941	907,782

The provisions recognised in profit or loss are as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current service cost	24,004	21,605	23,969	21,605
Finance cost	41,435	41,580	41,435	41,580
Remeasurement	1,811	4,782	1,811	4,782
Total	67,250	67,967	67,215	67,967

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31. Provision for retirement benefits (cont'd.)

Actuarial assumptions

Actuarial assumptions used to determine defined benefit obligations for retirement benefits are as follows:

	Group		TH	
	<u>2024</u> %	<u>2023</u> %	<u>2024</u> %	<u>2023</u> %
Discount rate	4.4	5.3 - 6.9	4.4	4.6 - 4.7
Salary increment rate	4.5	4.5 - 5.0	4.5	4.5
Medical cost inflation rate	4.5 - 5.5	4.5 - 5.5	4.5 - 5.5	4.5 - 5.5
Hajj cost inflation rate	4.0	4.0	4.0	4.0

The professional actuary has taken into account both external and internal factors in deriving the assumptions. External factors are current market condition, economic outlook and industry data while internal factors consist of the Group's and TH's historical experience and policies.

TH provides for several retirement plans on an unfunded basis. These plans are briefly described as follows:

Types of retirement benefits

- i) Post-employment medical benefits
- TH provides post-employment medical benefits for its employees and dependents covering cost of medical treatment at private and/or government hospitals after employees' retirement. The costs of medical treatment at the hospital for retired employees are borne directly by TH.
- ii) Accumulated annual leave reward
- TH provides a plan that allows its employees to accumulate their annual leave which can be converted into cash upon retirement in accordance with the number of accumulated leave up to a maximum of 120 or 150 days.
- iii) Hajj performance
- TH provides for employees and spouse or a family member the opportunity to perform Hajj as employees attain retirement age and fulfil the number of years in service that entitles them for this benefit.
- iv) Gratuity plan
- TH provides a retirement gratuity plan for retiring employees who have achieved a specified period of service subject to certain terms and conditions.

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31. Provision for retirement benefits (cont'd.)

Additional disclosure information

- i) Description of the plans' characteristics and associated risks
- The plans cover several sub-plans, of which the largest (in terms of the size of the liability) is the post-employment medical plan followed by the gratuity plan. As such, the valuation results are particularly sensitive to changes in the discount rate, the assumed medical cost inflation rate and the assumed salary increase rate.
- ii) Description of funding arrangements and policies
- The plans are unfunded. Benefits are paid out directly by **TH** as and when a plan member leaves the plan (upon retirement age or death in service).
- iii) Detailed profile of defined benefit obligation
- Details of defined benefit obligation by plan and in aggregate as at valuation date 31 December are as follows:

<i>TH</i>	Post- Employment Medical	Accumulated Annual Leave	Hajj Performance	Staff Gratuity	Total
2024					
Obligation (RM'000)	697,106	16,268	63,759	191,808	968,941
(%) of total	71.9	1.7	6.6	19.8	100.0
Expected obligation within 12 months	17,156	1,574	3,301	19,259	41,290
2023					
Obligation (RM'000)	635,690	16,110	59,988	195,994	907,782
(%) of total	70.0	1.8	6.6	21.6	100.0
Expected obligation within 12 months	15,119	1,760	3,119	24,404	44,402

- iv) Administrative expenses
- Administrative expenses of the plans were paid by **TH** and accounted for separately in the statement of profit or loss.
- v) Curtailment, settlement and plan amendments
- There were no events of curtailment or settlement for the financial year ended 31 December 2024.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

31. Provision for retirement benefits (cont'd.)

Significant actuarial assumptions and sensitivity analysis

i) Significant actuarial assumptions

The following analysis shows the increase/(decrease) in the defined benefit obligation arising from a change in the assumptions:

<i>TH</i>	Base rate	Sensitivity analysis	2024 RM'000
Assumptions			
Discount rate	4.4%	1% increase	(132,483)
Discount rate	4.4%	1% decrease	164,864
Future medical cost inflation rate	4.5% - 5.5%	1% increase	147,734
Future medical cost inflation rate	4.5% - 5.5%	1% decrease	(116,149)
Future salary increment rate	4.5%	1% increase	21,646
Future salary increment rate	4.5%	1% decrease	(20,782)

<i>TH</i>	Base rate	Sensitivity analysis	2023 RM'000
Assumptions			
Discount rate	4.6% - 4.7%	1% increase	(123,908)
Discount rate	4.6% - 4.7%	1% decrease	150,981
Future medical cost inflation rate	4.5% - 5.5%	1% increase	128,198
Future medical cost inflation rate	4.5% - 5.5%	1% decrease	(101,273)
Future salary increment rate	4.5%	1% increase	17,950
Future salary increment rate	4.5%	1% decrease	(19,534)

The key assumptions identified such as the discount rate, the medical cost inflation rate and the salary increment rate can have a material effect on the outcome of the valuation.

ii) Methods and assumptions used in sensitivity analysis

Other assumptions are held constant when quantifying the sensitivity of results to a particular assumption.

The sensitivity results above determine their individual impact on the defined benefit obligation plan. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions. The plan's sensitivity to such changes can vary over time.

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32. Surplus funds

The following are the types of reserves that make up the surplus funds of the Group and **TH**:

Distributable reserves

Group

(a) Revenue reserve

Revenue reserve represents cumulative net profits of the Group.

TH

(a) Revenue reserve

Revenue reserve represents accumulated distributable profits of **TH** that may be used, at the discretion of the Lembaga for the purpose of profit distribution subject to fulfilment of Section 22 of the **TH** Act which is further disclosed in Note 2(a)(iv).

(b) Equalisation reserve

TH shall transfer into or out of the Equalisation Reserve certain amount as may be determined by the Lembaga from time to time to strengthen **TH**'s reserve in achieving continuous financial soundness and prudent profit distribution to depositors.

Non-distributable reserves

Group

(a) Capital reserve

Capital reserve comprises share of post-acquisition capital reserve of certain associated companies and jointly-controlled entities of the Group, issuance of bonus issue in a subsidiary and negative goodwill on acquisition of subsidiary companies in prior years.

(b) Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations in Indonesia, United Kingdom and Australia and offshore banking operations - Federal Territory of Labuan.

(c) Fair value through other comprehensive income ("FVOCI") reserve

A non-distributable reserve that comprises the cumulative net change in the fair value of financial assets at FVOCI. In addition, the loss allowance arising from recognition of expected credit losses on debt instruments at FVOCI are accumulated in FVOCI reserve instead of reducing the carrying amount of the assets.

TH

(a) Statutory reserve

A non-distributable reserve established as a Reserve Fund in accordance with the **TH** Act. Section 21(3) of the **TH** Act states that transfer into the Statutory reserve shall be determined by the Lembaga and transfer out of the Statutory reserve shall be determined by the Minister.

(b) Fair value through other comprehensive income ("FVOCI") reserve

A non-distributable reserve that comprises the cumulative net change in the fair value of financial assets at FVOCI. In addition, the loss allowance arising from recognition of expected credit losses on debt instruments at FVOCI are accumulated in FVOCI reserve instead of reducing the carrying amount of the assets.

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Group	Capital reserve RM'000	Translation reserve RM'000	FVOCI deficit RM'000	Total other reserves RM'000
2024				
At 1 January 2024	9,353	(50,952)	(674,853)	(716,452)
Movement in fair value reserve of debt instruments at FVOCI:				
Net changes in fair value	-	-	5,266	5,266
Changes in expected credit losses	-	-	(919)	(919)
Net changes in fair value of equity instruments at FVOCI	-	-	1,247,444	1,247,444
Share of other comprehensive income of associated companies	-	2,485	12,440	14,925
Currency translation differences in respect of foreign operations	-	24,696	-	24,696
Total other comprehensive income for the year	-	27,181	1,264,231	1,291,412
Transfer of gain on disposal of equity instruments measured at FVOCI	-	-	(776,737)	(776,737)
Transfer of realised losses of equity instruments measured at FVOCI	-	-	71,619	71,619
At 31 December 2024	9,353	(23,771)	(115,740)	(130,158)
2023				
At 1 January 2023	9,353	(16,801)	(2,060,458)	(2,067,906)
Movement in fair value reserve of debt instruments at FVOCI:				
Net changes in fair value	-	-	553,146	553,146
Changes in expected credit losses	-	-	2,022	2,022
Net changes in fair value of equity instruments at FVOCI	-	-	1,092,179	1,092,179
Share of other comprehensive income of associated companies	-	173	90,431	90,604
Currency translation differences in respect of foreign operations	-	(34,324)	-	(34,324)
Total other comprehensive (loss)/income for the year	-	(34,151)	1,737,778	1,703,627
Transfer of gain on disposal of equity instruments measured at FVOCI	-	(352,173)	(352,173)	
At 31 December 2023	9,353	(50,952)	(674,853)	(716,452)

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

33. Revenue

		Group		TH	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from:					
Income from financial assets at FVTPL	(i)	285,602	218,891	303,500	236,722
Income from equity instruments at FVOCI	(ii)	487,261	430,038	487,258	430,038
Income from debt instruments at FVOCI	(ii)	862,407	758,624	862,407	758,624
Income from financial assets at amortised cost	(iii)	261,610	301,288	295,473	335,059
Income from UJSB Sukuk (Note 9(iii))		937,300	903,510	937,300	903,510
Income from financing to subsidiaries		-	-	55,502	54,961
Income from money market		258,671	276,857	258,671	276,857
Income from investment in subsidiaries, associates and jointly controlled entities	(iv)	(29,556)	(1,426)	291,423	241,104
Income from derivatives		2,567	-	2,567	-
Rental of properties		386,174	389,611	247,323	229,933
Accrued rental income		5,354	5,631	5,354	5,631
Gain/(loss) on disposal of investment properties		9,236	(5,957)	9,337	(5,957)
Finance lease income		37,377	43,584	37,377	43,584
Revenue from contracts with customers	(v)	1,415,464	1,309,658	-	-
Changes in fair value of:					
- investment properties		99,738	(670,919)	90,873	24,598
- accrued rental income		(5,354)	(5,631)	(5,354)	(5,631)
- trade receivables		647	1,034	647	1,034
- forestry		23,399	3,529	-	-
- biological assets		7,251	1,767	-	-
Changes in fair value of financial assets at FVTPL		(10,868)	20,467	(14,104)	33,058
		5,034,280	3,980,556	3,865,554	3,563,125

Details of revenue by category are as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(i) Income from financial assets at FVTPL:				
Income from Sukuk	277	2,544	277	2,544
Income from perpetual securities	186,818	172,450	204,807	190,390
Income from unit trusts	30,043	30,040	30,043	30,040
Income from placement in term investment accounts	63,227	13,748	63,227	13,748
Income from Negotiable Islamic debt instrument	5,146	-	5,146	-
Income from other investments	91	109	-	-
	285,602	218,891	303,500	236,722

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33. Revenue (cont'd.)

Details of revenue by category are as follows: (cont'd.)

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(ii) Income from financial assets at FVOCI:				
Equity instruments:				
Dividend income				
- quoted equities	380,987	324,525	380,984	324,525
- unquoted equities	21,276	21,150	21,276	21,150
- external fund managers	84,998	84,363	84,998	84,363
	487,261	430,038	487,258	430,038
Fixed income securities:				
Income from government debt securities	83,041	18,817	83,041	18,817
Income from government guaranteed sukuk	133,598	153,835	133,598	153,835
Income from Sukuk	645,768	585,972	645,768	585,972
	862,407	758,624	862,407	758,624
Total	1,349,668	1,188,662	1,349,665	1,188,662
(iii) Income from financial assets at amortised cost:				
Income from government guaranteed sukuk	111,600	102,636	111,600	102,636
Income from Sukuk	146,511	196,099	180,374	229,870
Income from Negotiable Islamic debt certificates	3,499	2,553	3,499	2,553
	261,610	301,288	295,473	335,059

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33. Revenue (cont'd.)

Details of revenue by category are as follows: (cont'd.)

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(iv) Income from investment in subsidiaries, associates and jointly controlled entities:				
- quoted subsidiaries	-	-	13,052	9,789
- unquoted subsidiaries	-	-	23,475	29,749
- quoted associates	-	-	244,712	176,947
- unquoted associates	-	-	10,184	24,619
Loss on liquidation of:				
- unquoted subsidiaries	(29,556)	(1,426)	-	-
	(29,556)	(1,426)	291,423	241,104

(v) Disaggregation of the Group's revenue from contracts with customers are as follows:

	Group	
	2024 RM'000	2023 RM'000
Type of services		
Plantation	877,641	751,918
Services	452,440	468,306
Property development	24,544	26,311
Land sales	26,196	24,871
Property and facilities management	34,643	38,252
	1,415,464	1,309,658
Timing of revenue recognition		
At a point in time	1,062,607	951,366
Over time	352,857	358,292
	1,415,464	1,309,658

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33. Revenue (cont'd.)

(a) Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially satisfied) at reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	Within 1 year RM'000	Between 1 to 4 years RM'000	Total RM'000
Land sales	337,802	-	337,802
Property development	2,553	-	2,553
Facilities management	12,835	33,515	46,350
	353,190	33,515	386,705

(b) Contract balances

The Group's contract balances are as follows:

	2024 RM'000	2023 RM'000
Trade receivables	16,374	8,597
Contract assets (Note 13)	7,005	2,137
Contract liabilities (Note 28)	(72,642)	(3,735)

The contract assets primarily relate to the Group's rights to consideration for work completed on residential properties under construction in Malaysia but not yet billed at the reporting date. Typically, the amount will be billed within 30 days (2023: 30 days) and payment is expected within 30 days (2023: 30 days).

The contract liabilities primarily relate to the advance consideration received from customers for commercial properties under construction and land sale, which revenue is recognised upon completion of contracts. The contract liabilities are expected to be recognised as revenue upon issuance of vacant possession to purchasers for commercial properties under construction and land sale.

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33. Revenue *(cont'd.)*

(b) Contract balances *(cont'd.)*

Significant changes to property segment's contract assets/(contract liabilities) balances during the year are as follows:

Group	At beginning of the year RM'000	Revenue recognised RM'000	Progress billed RM'000	At the end of the year RM'000
2024				
Land	(3,734)	26,196	(91,200)	(68,738)
Completed units	-	8,985	(11,539)	(2,554)
Ongoing project	1,741	15,559	(12,438)	4,862
Facilities management	395	103,808	(103,410)	793
	(1,598)	154,548	(218,587)	(65,637)
2023				
Land	(2,548)	24,871	(26,057)	(3,734)
Completed units	-	21,765	(21,765)	-
Ongoing project	-	4,546	(2,805)	1,741
Facilities management	591	80,835	(81,031)	395
	(1,957)	132,017	(131,658)	(1,598)

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)**34. Impairment, write off and expected credit losses**

	Group		TH	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	RM'000	RM'000	RM'000	RM'000
Impairment:				
- unquoted subsidiaries	-	-	1,921	-
- unquoted associates	-	2	41,114	2,373
- property, plant and equipment	51,302	660	-	-
- inventory	1,899	3,442	-	-
- forestry	1,987	-	-	-
Reversal of impairment and expected credit losses:				
- unquoted subsidiaries	-	-	-	(558)
- unquoted associates	-	(1,126)	-	(1,126)
- amount due from jointly controlled entities	(62,919)	-	-	-
- financing, advances and others	-	-	(76,329)	(3,913)
- amount due from subsidiaries	-	-	(45,524)	(5,766)
- property, plant and equipment	-	(55,001)	-	-
- trade receivables	(17,222)	(3,781)	(16,828)	(2,773)
- other receivables	(11)	(26)	-	-
- finance lease receivables	-	(22,257)	-	(22,257)
- financial lease liabilities	-	(136,460)	-	(136,460)
- other investments at amortised costs	(359)	(413)	(359)	(413)
- financial assets at FVOCI	(1,949)	(650)	(1,949)	(650)
- financial assets at amortised costs	(109)	(229)	(109)	(229)
Expected credit losses:				
- financing, advances and others	-	-	38,723	80,752
- amount due from subsidiaries	-	-	22,431	303,830
- amount due from jointly controlled entities	-	11,988	-	-
- trade receivables	674,645	392,806	670,989	390,020
- other receivables	12,779	1,865	12,779	59
- finance lease receivables	13,036	37,318	13,036	37,318
- financial assets at FVOCI	1,030	2,672	1,030	2,672
- financial assets at amortised costs	3	-	3	-
Write off:				
- intangible assets	-	18,890	-	-
- property, plant and equipment	115	1,760	2	561
- property, plant and equipment (held for sale)	311	23	-	-
- finance lease receivables	-	12,933	-	12,933
- other investments at amortised costs	148	-	148	-
- inventory	11	-	-	-
- trade receivables	1,449	166	1,449	151
- other receivables	-	-	-	-
	676,146	264,582	662,527	656,524

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

34. Impairment, write off and expected credit losses (cont'd.)

The details of impairment, write off and expected credit losses arising from this are as follows:

Group	Note	Property, plant and equipment RM'000	Trade receivables RM'000	Amount due from jointly controlled entities RM'000	Finance lease receivables RM'000	Others RM'000	Total RM'000
2024							
TH	(i)	2	655,610	-	13,036	(6,121)	662,527
TH Plantations Berhad Group		425	-	-	-	1,975	2,400
TH Marine Holdings (L)	(ii)	4,133	-	(62,919)	-	-	(58,786)
		4,560	655,610	(62,919)	13,036	(4,146)	606,141
Others		47,169	-	-	-	22,836	70,005
		51,729	655,610	(62,919)	13,036	18,690	676,146
2023							
TH	(i)	561	387,398	-	15,061	253,504	656,524
TH Plantations Berhad Group		-	-	-	-	-	-
TH Marine Holdings (L)	(ii)	1,221	-	-	-	-	1,221
		(53,219)	387,398	11,988	15,061	253,504	614,732
Others		-	-	-	-	(350,150)	(350,150)
		(53,219)	387,398	11,988	15,061	(96,646)	264,582

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

34. Impairment, write off and expected credit losses (cont'd.)

Impairment in 2024 of trade receivables, finance lease receivables, property, plant and equipment and amount due from jointly controlled entity are discussed as follows:

2024

(i) **TH**

Trade receivables

Included in impairment, write off, and expected credit losses for trade receivables during the year is RM670,974,000 (2023: RM266,425,000) provided for an amount due from a debtor with respect to finance lease receivables in Saudi Arabia that has been reclassified to trade receivables upon award of an arbitration judgement.

TH entered into finance lease agreements with the debtor in Saudi Arabia in 2014, 2016, and 2017, with Promissory Notes ("PN") as guarantees for repayment. The debtor failed to make payments according to the terms of the lease agreements starting from 2019. Following this, **TH** demanded the outstanding payments from the debtor through enforcement of the PN in court. In 2021, the debtor brought the matter to the arbitration tribunal. The arbitration tribunal, in its judgement in 2023, annulled all the finance lease agreements and awarded **TH** the right to receive a repayment of SAR899,236,840 from the debtor.

TH has recorded impairment, write off, and expected credit losses from 2019 to 2022 totaling RM926,420,000 cumulatively. The amount of impairment, write off, and expected credit losses recorded each year is based on discounted cash flow projection methodology, which incorporates the best assumptions and expectations regarding payment recoverability for the respective year.

Following the arbitration judgement in 2023, **TH** held several rounds of discussions to find the best and most practical solution, including entering into a Settlement Agreement in November 2024. However, this was not complied with by the debtor. Therefore, considering the debtor's inability to settle the outstanding debts, **TH** has, in the current year, fully provided for the remaining irrecoverable debt as expected credit losses.

Finance lease receivables

TH entered into Sub-Lease Agreements ("Agreements") with several counterparties to operate several hotels in the Kingdom of Saudi Arabia ("KSA"). Some of the counterparties faced difficulties in making payments to **TH** due to adverse financial position exacerbated by COVID-19 which resulted in non-payment of the outstanding sub-lease income.

For most hotels, **TH** secured the sub lease receivables via Promissory Notes ("PN") either with the operator and/or third party guarantee.

TH allocates the exposure to the finance lease receivable's credit risk based on cash flow projections taking into account KSA's tourism industry outlook as a result of COVID-19 pandemic, the recoverability of the enforcement of the PN in KSA and a revised settlement plan as proposed by the operator during the year.

During the financial year ended 31 December 2024, **TH** has provided RM13,036,000 (2023: RM15,061,000) for the expected credit losses of the receivables.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

34. Impairment, write off and expected credit losses (cont'd.)

Impairment in 2024 of trade receivables, finance lease receivables, property, plant and equipment and amount due from jointly controlled entity are discussed as follows: (cont'd.)

2024 (cont'd.)

(ii) **TH Marine Holding (L) Inc.**

Property, plant and equipment

The Group had performed a review of the recoverable amount of the Group's vessels and equipment. Impairment assessment review for each vessel is performed as those vessels are able to generate its own identifiable cash inflows. The review led to the recognition of additional impairment on the Group's vessels and equipment amounting to RM4,133,000 (2023: impairment writeback of RM55,001,000). The recoverable amount of the vessels and equipment were based on the higher of the assets' fair value less costs to sell and its value in use.

Amount due from jointly controlled entities

The reversal of expected credit losses for the amount due from jointly controlled entity is the result of a debt settlement between related companies that had been long outstanding, as stated in Note 46(d).

35. Operating profit

	Group		TH	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Operating profit was arrived at after crediting/(charging):				
(Loss)/gain on disposal of:				
- property, plant and equipment	(6,876)	6	43	6
- investment properties	9,236	(5,957)	9,337	(5,957)
Reversal of provisions for liquidation of subsidiaries no longer required	-	60,080	-	-
Depreciation of property, plant and equipment (Note 23(a))	(135,212)	(191,595)	(41,003)	(54,257)
Depreciation of right-of-use assets (Note 22)	(51,975)	(19,300)	(38,213)	(7,236)
Audit fees:				
- Jabatan Audit Negara	(889)	(889)	(889)	(889)
- Other auditors	(3,346)	(3,518)	-	(223)
Rental of premises	(41)	(236)	-	-
Low value item leases	(4,192)	(3,883)	(3,736)	(3,614)
Short-term leases	(2,785)	(3,435)	(2,785)	(3,396)
Contract reassessed leases	(17,632)	(17,444)	(17,632)	(17,444)
Provision for retirement benefits (Note 31)	(67,250)	(67,967)	(67,215)	(67,967)
Loss/(gain) on foreign exchange differences:				
- Realised	(2,828)	51,580	(2,828)	51,522
- Unrealised	(108,157)	320,080	(94,257)	308,362
Staff costs:				
- Employee short term benefits	(428,121)	(446,278)	(240,975)	(249,116)
- EPF Contributions	(49,438)	(47,822)	(32,520)	(31,084)

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36. Finance costs

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Finance costs				
- Borrowings	98,564	72,575	-	-
- Finance lease charges on lease liabilities	12,611	14,985	4,996	8,182
	111,175	87,560	4,996	8,182

37. Zakat

Zakat refers to payment of business zakat mandatorily imposed upon **TH** and its subsidiaries in accordance with the Shariah principles. The basis of calculating the business zakat is based on the adjusted working capital method. The basis period for the calculation of zakat is based on the financial year.

38. Tax expense

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia income tax:				
- Current year	82,975	42,748	-	-
- Under provision in prior years	901	968	-	-
Overseas income tax:				
- Current year	14,845	(2,093)	-	-
	98,721	41,623	-	-
Deferred tax				
- Overprovision in prior years	(2,492)	(2,486)	-	-
- Origination and reversal of temporary differences	17,581	324	-	-
	15,089	(2,162)	-	-
	113,810	39,461	-	-

TH is exempted from payment of income tax on its income except for statutory dividend income for a period of five years commencing from year of assessment 2017 to 2021 pursuant to Section 127(3A) of the Income Tax Act, 1967. On 8 April 2022, **TH** has been granted a period of extension for the exemption for a further period of 5 years commencing from year of assessment 2022 until 2026.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

38. Tax expense (cont'd.)

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

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation and zakat	2,640,955	2,522,158	2,313,341	2,433,399
Income tax using Malaysian statutory tax rate of 24% (2023: 24%)	633,829	605,318	555,202	584,016
Effect of differences in tax rates	290	5,719	-	-
Non-deductible expenses	(8,210)	146,084	-	-
Non-assessable income	(244,561)	(448,489)	(368,319)	(422,942)
Recognition of previously unrecognised tax losses	62,853	(8,064)	-	-
Tax exempt income	(186,883)	(161,074)	(186,883)	(161,074)
Effects of unrecognised deferred tax assets	4,940	39,126	-	-
Share of tax of associates	(139,444)	(136,617)	-	-
Share of tax of jointly controlled entities	(7,413)	(1,024)	-	-
	115,401	40,979	-	-
Under/(Over) provision of tax in prior years				
- Current	901	968	-	-
- Deferred tax	(2,492)	(2,486)	-	-
	113,810	39,461	-	-

Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to MFRS 112 issued in June 2023. Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect and is currently engaged with tax specialists to assist with applying the legislation.

39. Segment information

The **TH** Group comprises the following main business segments:

- (a) Investment holding - Investment in companies from different industries as part of the Group's corporate strategy;
- (b) Plantation - Oil palm estate and teak plantations;
- (c) Property - Property development, facility management, and investment property holding; and
- (d) Others - Hospitality, information technology and marine.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

39. Segment information (cont'd.)

	Investment holding RM'000	Plantation RM'000	Property RM'000	Others RM'000	Group adjustments RM'000	Consolidated RM'000
2024						
Revenue						
Revenue from external customers	3,446,326	908,382	232,599	446,973	-	5,034,280
Inter-segment revenue	419,228	-	70,567	6,888	(496,683)	-
	3,865,554	908,382	303,166	453,861	(496,683)	5,034,280
Profit for the year						
Profit before impairment	2,980,864	217,732	108,858	131,568	(410,556)	3,028,466
Impairment, write off, and expected credit losses	(662,527)	(2,400)	(5,314)	58,927	(64,832)	(676,146)
Finance costs	(4,996)	(51,241)	(139,928)	(9,938)	94,928	(111,175)
Share of profit after tax and zakat of associates	-	-	-	-	396,565	396,565
Share of profit after tax and zakat of jointly controlled entities	-	-	2,180	-	1,065	3,245
Zakat	(99,347)	(2,331)	(500)	(2,132)	-	(104,310)
Tax expense	-	(63,098)	(42,042)	(6,844)	(1,826)	(113,810)
	2,213,994	98,662	(76,746)	171,581	15,344	2,422,835
Segment assets						
Assets by segment	92,744,855	1,744,140	3,891,015	439,232	(6,257,162)	92,562,080
Interest in associates	4,371,505	200	-	-	646,307	5,018,012
Investments in jointly controlled entities	-	-	188,004	-	1,065	189,069
Deferred tax assets	-	22,107	701	7,316	(1,851)	28,273
Assets held for sale	64,880	927,165	5,257	-	(7,838)	989,464
Total	97,181,240	2,693,612	4,084,977	446,548	(5,619,479)	98,786,898
Segment liabilities						
Liabilities by segment	93,868,628	979,758	4,428,107	174,970	(4,003,383)	95,448,080
Deferred tax liabilities	-	172,036	5,197	-	(110,049)	67,184
Liabilities associated with assets held for sale	-	172,155	-	-	6,784	178,939
Total	93,868,628	1,323,949	4,433,304	174,970	(4,106,648)	95,694,203

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

39. Segment information (cont'd.)

	Investment holding RM'000	Plantation RM'000	Property RM'000	Others RM'000	Group adjustments RM'000	Consolidated RM'000
<u>2023</u>						
Revenue						
Revenue from external customers	3,175,316	757,323	(405,842)	453,759	-	3,980,556
Inter-segment revenue	387,809	-	42,583	6,454	(436,846)	-
	3,563,125	757,323	(363,259)	460,213	(436,846)	3,980,556
Profit for the year						
Profit before impairment	3,098,105	153,792	(499,531)	92,550	(371,261)	2,473,655
Impairment, write off, and expected credit losses	(656,524)	(1,195)	(25,542)	42,432	376,247	(264,582)
Finance costs	(8,182)	(52,794)	(112,286)	(9,472)	95,174	(87,560)
Share of profit after tax and zakat of associates	-	-	-	-	396,378	396,378
Share of profit after tax and zakat of jointly controlled entities	-	-	4,267	-	-	4,267
Zakat	(103,246)	(2,441)	-	(2,485)	-	(108,172)
Tax expense	-	(25,811)	(5,672)	(6,152)	(1,826)	(39,461)
	2,330,153	71,551	(638,764)	116,873	494,712	2,374,525
Segment assets						
Assets by segment	89,256,443	2,067,923	3,971,788	485,392	(6,457,372)	89,324,174
Interest in associates	4,358,674	-	-	-	448,599	4,807,273
Investments in jointly controlled entities	-	-	190,924	-	-	190,924
Deferred tax assets	-	38,884	658	4,654	(1,852)	42,344
Assets held for sale	8,148	783,191	-	-	(18,531)	772,808
Total	93,623,265	2,889,998	4,163,370	490,046	(6,029,156)	95,137,523
Segment liabilities						
Liabilities by segment	91,018,033	998,120	4,453,220	340,258	(4,099,761)	92,709,870
Deferred tax liabilities	-	191,196	5,303	-	(109,307)	87,192
Liabilities associated with assets held for sale	-	136,623	-	-	4,217	140,840
Total	91,018,033	1,325,939	4,458,523	340,258	(4,204,851)	92,937,902

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

40. Commitments

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Capital commitments				
Contracted but not accounted for in the financial statements:				
- Property development costs	104,414	54,492	-	-
- Investments	111,481	257,754	111,481	257,754
	215,895	312,246	111,481	257,754
Authorised but not contracted for:				
- Property, plant and equipment	231,772	196,774	142,100	116,200
- Plantation development expenditure	32,744	34,877	-	-
	264,516	231,651	142,100	116,200

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41. Related party transactions

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

The Group has related party relationships with its subsidiaries (Note 19), associates (Note 18), jointly controlled entities (Note 17), directors and key management personnel (Note 41(b)).

(a) Significant related party transactions

In addition to balances with the related entities presented in the financial statements, the aggregate value of transactions and outstanding balances relating to entities over which the Group and **TH** have controls or significant influence are as follows:

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Jointly controlled entities				
Charter hire of vessels	65,128	88,812	-	-
Other related income	8,735	7,949	-	-
Associates				
Dividends	-	-	254,896	201,566
Subsidiaries				
Dividends	-	-	51,527	52,538
Income from debt securities	-	-	51,852	51,710
Income from services	-	-	(76,053)	(49,037)
Profit from financing	-	-	55,502	54,961
Rental income	-	-	7,463	6,817

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41. Related party transactions (cont'd.)
(b) Key management personnel

	Group		TH	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Members and Directors				
Honorarium fees	640	473	640	473
Fees and other emoluments*	3,433	2,813	-	-
Other key management personnel				
Remunerations and other emoluments	17,338	15,878	11,764	10,590

In accordance with Section 7 of the **TH** Act, Members of **TH** shall not be entitled to any remuneration but may be paid such honorarium and travelling and subsistence allowances as the Minister may determine. In accordance with Section 6 (1) of the **TH** Act, Members of **TH** comprise the following:

- i) a Chairman, who shall be appointed by the Minister;
- ii) a representative of the Prime Minister's Department;
- iii) a representative of the Treasury; and
- iv) not more than seven other members who shall be appointed by the Minister.

* Fees and other emoluments for the Group includes the Directors of subsidiary companies.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and **TH** either directly or indirectly. The key management personnel include all the directors of the Group and **TH**, and certain members of senior management of the Group and **TH**.

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42. Financial risk management policies

Categories of financial instruments

The tables below provide an analysis of financial instruments categorised as follows:

- At fair value through profit or loss ("FVTPL")
- At fair value through other comprehensive income ("FVOCI")
- At amortised cost

Group	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	Amortised cost RM'000
2024				
Financial assets				
Cash and short term funds	7,004,737	-	-	7,004,737
Deposits and placements with banks and other financial institutions	775,183	-	-	775,183
Financial assets at FVTPL	5,488,447	5,488,447	-	-
Financial assets at FVOCI	38,896,334	-	38,896,334	-
UJSB Sukuk and receivables at amortised cost	23,815,554	-	-	23,815,554
Other financial assets at amortised cost	5,773,189	-	-	5,773,189
Finance lease receivables	619,153	-	-	619,153
Trade and other receivables at amortised cost	1,465,573	-	-	1,465,573
	83,838,170	5,488,447	38,896,334	39,453,389
Financial liabilities				
Depositors' savings fund	91,746,618	-	-	91,746,618
Other liabilities	826,800	-	-	826,800
Lease liabilities	471,983	-	-	471,983
Borrowings	1,321,772	-	-	1,321,772
	94,367,173	-	-	94,367,173

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42. Financial risk management policies (cont'd.)

Categories of financial instruments (cont'd.)

The tables below provide an analysis of financial instruments categorised as follows: (cont'd.)

Group (cont'd.)	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	Amortised cost RM'000
<u>2023</u>				
Financial assets				
Cash and short term funds	7,847,875	-	-	7,847,875
Deposits and placements with banks and other financial institutions	479,895	-	-	479,895
Financial assets at FVTPL	4,508,548	4,508,548	-	-
Financial assets at FVOCI	35,034,499	-	35,034,499	-
UJSB Sukuk and receivables at amortised cost	23,107,525	-	-	23,107,525
Other financial assets at amortised cost	6,864,922	-	-	6,864,922
Finance lease receivables	679,479	-	-	679,479
Trade and other receivables at amortised cost	1,951,198	-	-	1,951,198
	80,473,941	4,508,548	35,034,499	40,930,894
Financial liabilities				
Depositors' savings fund	89,005,313	-	-	89,005,313
Other liabilities	871,740	-	-	871,740
Lease liabilities	329,892	-	-	329,892
Borrowings	1,482,728	-	-	1,482,728
	91,689,673	-	-	91,689,673

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Categories of financial instruments (cont'd.)

The tables below provide an analysis of financial instruments categorised as follows: (cont'd.)

TH	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	Amortised cost RM'000
2024				
Financial assets				
Cash and short term funds	6,626,452	-	-	6,626,452
Deposits and placements with banks and other financial institutions	745,862	-	-	745,862
Financial assets at FVTPL	5,740,895	5,740,895	-	-
Financial assets at FVOCI	38,896,334	-	38,896,334	-
UJSB Sukuk and receivables at amortised cost	23,815,554	-	-	23,815,554
Other financial assets at amortised cost	6,423,189	-	-	6,423,189
Financing, advances and others	919,650	-	-	919,650
Finance lease receivables	619,153	-	-	619,153
Trade and other receivables at amortised cost	2,457,619	-	-	2,457,619
	86,244,708	5,740,895	38,896,334	41,607,479
Financial liabilities				
Depositors' savings fund	91,746,618	-	-	91,746,618
Other liabilities	653,071	-	-	653,071
Lease liabilities	397,784	-	-	397,784
	92,797,473	-	-	92,797,473

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Categories of financial instruments (cont'd.)

The tables below provide an analysis of financial instruments categorised as follows: (cont'd.)

TH (cont'd.)	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	Amortised cost RM'000
2023				
Financial assets				
Cash and short term funds	7,255,788	-	-	7,255,788
Deposits and placements with banks and other financial institutions	420,000	-	-	420,000
Financial assets at FVTPL	4,785,017	4,785,017	-	-
Financial assets at FVOCI	35,034,344	-	35,034,344	-
UJSB Sukuk and receivables at amortised cost	23,107,525	-	-	23,107,525
Other financial assets at amortised cost	7,514,922	-	-	7,514,922
Financing, advances and others	904,467	-	-	904,467
Finance lease receivables	679,479	-	-	679,479
Trade and other receivables at amortised cost	2,973,286	-	-	2,973,286
	82,674,828	4,785,017	35,034,344	42,855,467
Financial liabilities				
Depositors' savings fund	89,005,313	-	-	89,005,313
Other liabilities	746,521	-	-	746,521
Lease liabilities	250,727	-	-	250,727
	90,002,561	-	-	90,002,561

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management

The Group and **TH** are exposed to the following risks arising from investments in financial instruments:

- i) Credit risk
- ii) Market risk
- iii) Liquidity risk

The Group and **TH**'s overall financial risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and **TH**. Financial risk management is carried out through risk review, internal control systems, insurance programmes and adherence to the Group and **TH**'s financial risk management policies. The members of the Lembaga and directors of the subsidiary companies regularly review these risks and approve the treasury policies, which cover the management of these risks.

- i) Credit risk

Credit risk is the risk of a financial loss to the Group and **TH** if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and **TH**'s exposure to credit risk arises principally from the following types of financial assets that are subjects to assessment of expected credit losses:

- Cash and short-term funds and deposits and placements with banks and other financial institutions
- Trade receivables and contract assets
- Debt instruments at amortised cost
- Debt instruments measured at FVOCI
- Other financial assets at amortised cost
- Finance lease receivables

- a) Impairment of financial assets

- i) Cash and short-term funds and deposits and placements

While cash and short-term funds and deposits and placements are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

- ii) Trade receivables and contract assets

The Group and **TH** have applied the MFRS 9 simplified approach in measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics (e.g. tenant type) and the days past due.

The expected loss rates are based on previous year's 12 months collection trend against the outstanding receivables. At every reporting date, the expected loss rates are revised based on the analysis of the forward looking information and macroeconomic factors that affect the ability of the customer to settle the receivables.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

i) Credit risk (cont'd.)

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

ii) Trade receivables and contract assets (cont'd.)

The assessment of the correlation between historical observed default rate, forecast economic data (such as Kuala Lumpur Composite Index, unemployment rate) and ECLs are significant estimates. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Group's and **TH**'s historical credit loss experience and forecast economic data may also not be representative of customer's actual default in the future.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group and **TH** is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivable.

Trade receivables are written off when there is no reasonable expectations of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and **TH**, and a failure to make contractual payments for a period greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

iii) Debt instruments

The Group and **TH** measure loss allowance for debt instruments at amortised cost and FVOCI at amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

i) Debt instruments at fair value through other comprehensive income (FVOCI)

The loss allowance for debt instruments at FVOCI is recognised in other comprehensive income and does not reduce the carrying amount of the financial assets in the statement of financial position. The movement of the loss allowance for debt instruments at FVOCI is set out in Note 8.

ii) Debt instruments at amortised cost

Debt instruments at amortised cost include unrated debt securities/instruments. The movement of the loss allowance for debt instruments at amortised cost is set out in Note 10.

iii) Other financial assets at amortised cost

Other financial assets at amortised cost include financing to subsidiaries and trade and other receivables. The movement of the loss allowance for other financial assets at amortised cost is set out in Note 11 and Note 13.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

i) Credit risk (cont'd.)

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

iv) Finance lease receivables

TH's exposure to credit risk of finance lease receivables arises principally from its accommodation sub-lease receivables from counterparties in Malaysia and Kingdom of Saudi Arabia. To measure the expected credit losses, the ability for each counterparties to settle the receivables is assessed separately based on historical default rate, analysis of forward-looking information, macroeconomic factors and the applicable law of which the counterparties operates.

The estimated ECLs are very sensitive to the changes in macroeconomics factor and the ability to enforce payment of the Promissory Notes issued by the counterparties. However, the factors above may not be representative of counterparties' actual default in the future.

b) Credit quality of investment portfolio

The investment portfolio (excluding equity securities, unit trusts and investment units in closed end funds) of the Group by external party rating is as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Financial assets at FVOCI				
Debt instrument				
Government bonds and treasury bills	2,370,427	-	-	2,370,427
Sukuk				
Rated AAA	7,022,066	-	-	7,022,066
Rated A1 to AA1	7,600,869	-	-	7,600,869
Rated A	105,689	-	-	105,689
Lower than A	27,578	-	-	27,578
Not rated	100,793	-	-	100,793
Government Guaranteed Debt Securities	3,023,373	-	-	3,023,373
Gross carrying amount	20,250,795	-	-	20,250,795
Impairment allowances	(7,472)	-	-	(7,472)
Financial assets at amortised cost				
Other financial assets at amortised cost	5,773,243	-	-	5,773,243
UJSB Sukuk and receivables at amortised cost	23,815,554	-	-	23,815,554
Finance lease receivables	619,153	-	78,414	697,567
Trade and other receivables at amortised cost	1,447,818	-	1,123,890	2,571,708
Impairment allowances	(54)	-	(1,184,549)	(1,184,603)
Net carrying amount	31,655,714	-	17,755	31,673,469

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

i) Credit risk (cont'd.)

b) Credit quality of investment portfolio (cont'd.)

The investment portfolio (excluding equity securities, unit trusts and investment units in closed end funds) of the Group by external party rating is as follows: (cont'd.)

Group (cont'd.)	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>2023</u>				
Financial assets at FVOCI				
Debt instruments				
Government bonds and treasury bills	2,170,377	-	-	2,170,377
Sukuk				
Rated AAA	6,467,167	-	-	6,467,167
Rated A1 to AA1	6,786,150	-	-	6,786,150
Rated A	434,400	-	-	434,400
Lower than A	26,415	-	-	26,415
Government Guaranteed Debt Securities	3,160,763	-	-	3,160,763
Gross carrying amount	19,045,272	-	-	19,045,272
Impairment allowances	(8,391)	-	-	(8,391)
Financial assets at amortised cost				
Other financial assets at amortised cost	6,865,082	-	-	6,865,082
UJSB Sukuk and receivables at amortised cost	23,107,525	-	-	23,107,525
Finance lease receivables	679,479	-	66,981	746,460
Trade and other receivables at amortised cost	1,246,490	-	1,246,408	2,492,898
Impairment allowances	(160)	-	(608,681)	(608,841)
Net carrying amount	31,898,416	-	704,708	32,603,124

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

i) Credit risk (cont'd.)

b) Credit quality of investment portfolio (cont'd.)

The investment portfolio (excluding equity securities, unit trusts and investment units in closed end funds) of **TH** by external party rating is as follows: (cont'd.)

TH	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Financial assets at FVOCI				
Debt instruments				
Government bonds and treasury bills	2,370,427	-	-	2,370,427
Sukuk				
Rated AAA	7,022,066	-	-	7,022,066
Rated A1 to AA1	7,600,869	-	-	7,600,869
Rated A	105,689	-	-	105,689
Lower than A	27,578	-	-	27,578
Not rated	100,793	-	-	100,793
Government Guaranteed Debt Securities	3,023,373	-	-	3,023,373
Gross carrying amount	20,250,795	-	-	20,250,795
Impairment allowances	(7,472)	-	-	(7,472)
Financial assets at amortised cost				
Other financial assets at amortised cost	6,423,243	-	-	6,423,243
UJSB Sukuk and receivables at amortised cost	23,815,554	-	-	23,815,554
Finance lease receivables	619,153	-	78,414	697,567
Trade and other receivables at amortised cost	2,439,864	-	1,504,792	3,944,656
Financing to subsidiaries	919,650	-	522,879	1,442,529
Impairment allowances	(54)	-	(2,088,330)	(2,088,384)
Net carrying amount	34,217,410	-	17,755	34,235,165

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

i) Credit risk (cont'd.)

b) Credit quality of investment portfolio (cont'd.)

The investment portfolio (excluding equity securities, unit trusts and investment units in closed end funds) of **TH** by external party rating is as follows: (cont'd.)

TH (cont'd.)	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Financial assets at FVOCI				
Debt instruments				
Malaysian Government investment issues	2,170,377	-	-	2,170,377
Sukuk				
Rated AAA	6,467,167	-	-	6,467,167
Rated A1 to AA1	6,786,150	-	-	6,786,150
Rated A	434,400	-	-	434,400
Lower than A	26,415	-	-	26,415
Government Guaranteed Debt Securities	3,160,763	-	-	3,160,763
Gross carrying amount	19,045,272	-	-	19,045,272
Impairment allowances	(8,391)	-	-	(8,391)
Financial assets at amortised cost				
Other financial assets at amortised cost	7,515,082	-	-	7,515,082
UJSB Sukuk and receivables at amortised cost	23,107,525	-	-	23,107,525
Finance lease receivables	679,479	-	66,981	746,460
Trade and other receivables at amortised cost	2,268,578	-	1,576,024	3,844,602
Financing to subsidiaries	904,467	-	580,209	1,484,676
Impairment allowances	(160)	-	(1,518,506)	(1,518,666)
Net carrying amount	34,474,971	-	704,708	35,179,679

ii) Market risk

Market risk is the risk that market prices and rates will move, affecting financial position, results and cash flows of the Group and **TH**. Furthermore, significant or sudden movements in rates could affect the liquidity/funding position of the Group and **TH**. The Group and **TH** are exposed to the following main market factors:

- Foreign currency exchange risk;
- Profit rate risk; and
- Price risk

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

ii) Market risk (cont'd.)

a) Foreign currency exchange risk

The Group and **TH**'s exposure to foreign currency risk at the end of the reporting period, is as follows:

	USD RM'000	GBP RM'000	Group AUD RM'000	SAR RM'000	IDR RM'000
2024					
Cash and short-term funds	30,903	142,877	3,921	181,386	-
Finance lease receivables	-	-	-	464,573	-
Trade and other receivables at amortised cost	-	-	-	17,755	-
Other liabilities	-	-	(21)	(4,084)	(1,236)
Borrowings	-	(1,151,744)	-	-	-

2023					
Cash and short-term funds	31,961	304,090	2	113,024	-
Finance lease receivables	-	-	-	518,959	-
Trade and other receivables at amortised cost	-	-	-	704,708	-
Other liabilities	-	-	(40)	(6,295)	(902)
Borrowings	-	(1,199,571)	-	-	-

	USD RM'000	TH GBP RM'000	SAR RM'000
2024			
Cash and short-term funds	30,903	16,855	181,381
Finance lease receivables	-	-	464,573
Financing to subsidiaries	-	1,170,928	-
Trade and other receivables at amortised cost	-	1,468,225	17,755

2023			
Cash and short-term funds	31,961	168,930	107,642
Finance lease receivables	-	-	518,959
Financing to subsidiaries	-	1,187,269	-
Trade and other receivables at amortised cost	-	1,528,041	704,708

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

ii) Market risk (cont'd.)

a) Foreign currency exchange risk (cont'd.)

The Group and **TH** are primarily exposed to changes in USD/RM, GBP/RM, and SAR/RM exchange rates. The sensitivity of profit or loss to changes in the exchange rates is as follows:

	Group Impact on post-tax profit		TH Impact on post-tax profit	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
USD/RM exchange rate - increase 1%	309	320	309	320
USD/RM exchange rate - decrease 1%	(309)	(320)	(309)	(320)
GBP/RM exchange rate - increase 1%	(10,089)	(8,955)	26,560	28,842
GBP/RM exchange rate - decrease 1%	10,089	8,955	(26,560)	(28,842)
SAR/RM exchange rate - increase 1%	6,596	13,304	6,637	13,313
SAR/RM exchange rate - decrease 1%	(6,596)	(13,304)	(6,637)	(13,313)

Changes in exchange rates may have an impact on the Group's and **TH**'s foreign currency position. The Group and **TH** control the overall foreign exchange risk by limiting the open exposure to non-Ringgit positions on an aggregate basis.

Foreign currency risk for the Group and **TH** in respect of Indonesian Rupiah and Australian Dollar is deemed not material and hence, sensitivity analysis is not presented.

b) Profit rate risk

The Group and **TH** may be exposed to a loss in earnings due to the profit rates structure of the balance sheet arising from profit rates and yield curve changes. The sensitivity to profit rates arises from the mismatches in the repricing rates, cash flows and other characteristic of the assets and their corresponding liability funding. The Group and **TH** manage their profit rate risk exposure through the use of fixed/floating rate debts and financial instruments.

The following table summarises the Group's and **TH**'s exposure to profit rate risk. The table indicates effective average profit rates at the reporting date and the periods in which the financial instruments reprice or mature, whichever is earlier.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

ii) Market risk (cont'd.)

b) Profit rate risk (cont'd.)

Group	Non-trading book				Trading books RM'000	Total RM'000	Effective profit rate %
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-profit/ sensitive RM'000			
2024							
Assets							
Cash and short term funds	4,689,639	-	-	2,315,098	-	7,004,737	2.35-5.65
Deposits and placements with banks and other financial institutions	775,183	-	-	-	-	775,183	2.35-4.20
Financial assets at FVTPL	975,668	2,804,511	975,546	-	732,722	5,488,447	4.10-14.53
Financial assets at FVOCI	1,544,885	9,026,582	9,679,328	18,645,539	-	38,896,334	0.00-9.03
UJSB Sukuk and receivables at amortised cost	-	23,815,554	-	-	-	23,815,554	4.05-4.10
Financial assets at amortised cost	135,998	670,019	4,967,172	-	-	5,773,189	2.17-5.78
Finance lease receivables	-	-	619,153	-	-	619,153	5.30-10.30
Trade and other receivables at amortised cost	697,953	550,935	-	216,685	-	1,465,573	5.44-6.23
Other non-profit sensitive balances	-	-	-	14,948,728	-	14,948,728	-
	8,819,326	36,867,601	16,241,199	36,126,050	732,722	98,786,898	
Liabilities							
Depositors' savings fund	-	-	-	91,746,618	-	91,746,618	-
Lease liabilities	9,849	87,516	374,618	-	-	471,983	5.30-8.20
Borrowings	42,418	1,230,165	49,189	-	-	1,321,772	2.16-5.71
Other non-profit sensitive balances	-	-	-	2,153,830	-	2,153,830	-
	52,267	1,317,681	423,807	93,900,448	-	95,694,203	
Total surplus funds	-	-	-	-	3,092,695	3,092,695	
Total profit sensitivity gap	8,767,059	35,549,920	15,817,392	(57,774,398)	(2,359,973)	-	

* This is arrived at after deducting impairment allowances from the outstanding gross impaired financing.

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ii) Market risk (cont'd.)

b) Profit rate risk (cont'd.)

Group (cont'd.)	Non-trading book				Trading books RM'000	Total RM'000	Effective profit rate %
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-profit/ sensitive RM'000			
<u>2023</u>							
Assets							
Cash and short term funds	5,698,424	-	-	2,149,451	-	7,847,875	2.35-5.65
Deposits and placements with banks and other financial institutions	479,895	-	-	-	-	479,895	2.35-4.20
Financial assets at FVTPL	1,172,045	1,610,727	1,014,654	-	711,122	4,508,548	4.15-13.53
Financial assets at FVOCI	1,613,002	8,595,582	8,836,688	15,989,071	156	35,034,499	0.00-9.35
UJSB Sukuk and receivables at amortised cost	-	11,564,351	11,543,174	-	-	23,107,525	4.05-4.10
Financial assets at amortised cost	1,570,133	375,998	4,918,791	-	-	6,864,922	0.35-5.78
Finance lease receivables	-	-	679,479	-	-	679,479	5.30-10.30
Trade and other receivables at amortised cost	1,316,012	389,202	-	245,984	-	1,951,198	5.44-6.23
Other non-profit sensitive balances	-	-	-	14,663,582	-	14,663,582	-
	11,849,511	22,535,860	26,992,786	33,048,088	711,278	95,137,523	
Liabilities							
Depositors' savings fund	-	-	-	89,005,313	-	89,005,313	-
Lease liabilities	10,982	105,346	213,564	-	-	329,892	5.30-8.20
Borrowings	148,251	1,285,288	49,189	-	-	1,482,728	2.16-5.71
Other non-profit sensitive balances	-	-	-	2,119,969	-	2,119,969	-
	159,233	1,390,634	262,753	91,125,282	-	92,937,902	
Total surplus funds	-	-	-	-	2,199,621	2,199,621	
Total profit sensitivity gap	11,690,278	21,145,226	26,730,033	(58,077,194)	(1,488,343)	-	

* This is arrived at after deducting impairment allowances from the outstanding gross impaired financing.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

ii) Market risk (cont'd.)

b) Profit rate risk (cont'd.)

TH	Non-trading book				Trading books RM'000	Total RM'000	Effective profit rate %
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-profit/ sensitive RM'000			
2024							
Assets							
Cash and short term funds	4,518,022	-	-	2,108,430	-	6,626,452	3.00-4.95
Deposits and placements with banks and other financial institutions	745,862	-	-	-	-	745,862	3.50 - 4.10
Financial assets at FVTPL	975,668	2,804,511	1,285,716	-	675,000	5,740,895	4.10 - 14.53
Financial assets at FVOCI	1,544,885	9,026,582	9,679,328	18,645,539	-	38,896,334	0.00 - 9.03
UJSB Sukuk and receivables at amortised cost	-	23,815,554	-	-	-	23,815,554	4.05 - 4.10
Financial assets at amortised cost	135,998	670,019	5,617,172	-	-	6,423,189	2.17 - 5.78
Financing, advances and others	-	919,650	-	-	-	919,650	3.00-5.53
Finance lease receivables	-	-	619,153	-	-	619,153	5.30-10.30
Trade and other receivables at amortised cost	517,828	1,939,791	-	-	-	2,457,619	-
Other non-profit sensitive balances	-	-	-	10,936,532	-	10,936,532	-
	8,438,263	39,176,107	17,201,369	31,690,501	675,000	97,181,240	
Liabilities							
Depositors' savings fund	-	-	-	91,746,618	-	91,746,618	-
Other liabilities	-	-	-	653,071	-	653,071	-
Lease liabilities	-	-	397,784	-	-	397,784	5.30
Other non-profit sensitive balances	-	-	-	1,071,155	-	1,071,155	-
	-	-	397,784	93,470,844	-	93,868,628	
Total surplus funds	-	-	-	3,312,612	-	3,312,612	
Total profit sensitivity gap	8,438,263	39,176,107	16,803,585	(65,092,955)	675,000	-	

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ii) Market risk (cont'd.)

b) Profit rate risk (cont'd.)

TH (cont'd.)	Non-trading book				Trading books RM'000	Total RM'000	Effective profit rate %
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-profit/ sensitive RM'000			
<u>2023</u>							
Assets							
Cash and short term funds	5,353,001	-	-	1,902,787	-	7,255,788	3.00-5.65
Deposits and placements with banks and other financial institutions	420,000	-	-	-	-	420,000	3.45-4.20
Financial assets at FVTPL	1,172,045	1,610,727	1,327,245	-	675,000	4,785,017	4.15-13.53
Financial assets at FVOCI	1,613,002	8,595,582	8,836,688	15,989,072	-	35,034,344	0.00-9.35
UJSB Sukuk and receivables at amortised cost	-	11,564,351	11,543,174	-	-	23,107,525	4.05-4.10
Financial assets at amortised cost	1,570,133	375,998	5,568,791	-	-	7,514,922	0.35-5.78
Financing, advances and others	-	904,467	-	-	-	904,467	3.00-5.53
Finance lease receivables	-	-	679,479	-	-	679,479	5.30-10.30
Trade and other receivables at amortised cost	1,178,265	1,795,021	-	-	-	2,973,286	-
Other non-profit sensitive balances	-	-	-	10,948,437	-	10,948,437	-
	11,306,446	24,846,146	27,955,377	28,840,296	675,000	93,623,265	
Liabilities							
Depositors' savings fund	-	-	-	89,005,313	-	89,005,313	-
Other liabilities	-	-	-	746,521	-	746,521	-
Lease liabilities	-	-	250,727	-	-	250,727	5.30
Other non-profit sensitive balances	-	-	-	1,015,472	-	1,015,472	-
	-	-	250,727	90,767,306	-	91,018,033	
Total surplus funds	-	-	-	2,605,232	-	2,605,232	
Total profit sensitivity gap	11,306,446	24,846,146	27,704,650	(64,532,242)	675,000	-	

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

ii) Market risk (cont'd.)

c) Price risk

i) Equity investment risk

The Group's and **TH**'s equity positions or investments are exposed to the changes in equity prices or values that may affect their profitability.

The table below summarises the impact of increases/decreases of the Group's and **TH**'s equity and post-tax profit:

Group	Impact on post-tax profit	
	2024 RM'000	2023 RM'000
Quoted shares - increase 1%	217,671	192,547
Quoted shares - decrease 1%	(217,671)	(192,547)
Unquoted shares - increase 1%	11,899	12,841
Unquoted shares - decrease 1%	(11,899)	(12,841)
TH		
Quoted shares - increase 1%	225,441	200,315
Quoted shares - decrease 1%	(225,441)	(200,315)
Unquoted shares - increase 1%	24,135	25,046
Unquoted shares - decrease 1%	(24,135)	(25,046)

To manage rate of return or profit rate risk and equity investment risk, the Group and **TH** diversify their portfolios. Diversification of the portfolios are in accordance with the limits set by the Group and **TH** respectively.

ii) Commodity inventory risk

The risk of loss is due to movements in commodity prices.

Market risk in the trading portfolio is monitored and controlled using Value-at-Risk ("VAR"). It is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates over a specified time horizon and to a given level of confidence. The VAR model is based on historical simulation which derives plausible future scenarios from past series of recorded market rates and prices.

The historical simulation model incorporates the following features:

- potential market movements are calculated with reference to data from the past two years;
- historical market rates and prices are calculated with reference to foreign exchange rates and profit rates; and
- VAR is calculated using a 99 per cent confidence level and for a one-day holding period.

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42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

iii) Liquidity risk

Liquidity risk is the risk that the Group and **TH** do not have sufficient financial resources to meet their obligations when they fall due, or might have to fund these obligations at excessive cost. This risk can arise from mismatches in the timing of cash flows. The Group's and **TH**'s exposure to liquidity risk arises primarily from depositors' saving fund, trade payables, financing and deposits and placements of banks and other financial institutions.

Management of **TH** monitors rolling forecast of **TH**'s liquidity reserve and cash and cash equivalents on the bases of expected cash flows. The most significant financial liabilities of **TH** is the depositors' savings fund. If any expenditure of **TH** in relation to withdrawals by the depositors cannot be met by **TH**, it shall be charged on and payable out of the Consolidated Fund of the Government of Malaysia in accordance with the **TH** Act. Any payment out of the Consolidated Fund of the Government shall as soon as practicable be repaid by **TH** to the Consolidated Fund and until it is repaid, it shall be a debt to the Government and a first charge on the assets of **TH**, as disclosed in Note 2(a)(iii).

Subsidiary companies maintain a level of cash and cash equivalents and bank facilities deemed adequate by the respective management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

a) The tables below summarises the Group's assets and liabilities based on the remaining contractual maturities.

Group	Non-trading book				Trading books RM'000	Total RM'000
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
2024						
Assets						
Cash and short term funds	4,689,639	-	-	2,315,098	-	7,004,737
Deposits and placements with banks and other financial institutions	775,183	-	-	-	-	775,183
Financial assets at FVTPL	975,668	2,804,511	975,546	-	732,722	5,488,447
Financial assets at FVOCI	1,544,885	9,026,582	9,679,328	18,645,539	-	38,896,334
UJSB Sukuk and receivables at amortised cost	-	23,815,554	-	-	-	23,815,554
Financial assets at amortised cost	135,998	670,019	4,967,172	-	-	5,773,189
Finance lease receivables	-	-	619,153	-	-	619,153
Trade and other receivables at amortised cost	697,953	550,935	-	216,685	-	1,465,573
Other non-specific maturity	-	-	-	14,948,728	-	14,948,728
	8,819,326	36,867,601	16,241,199	36,126,050	732,722	98,786,898

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

iii) Liquidity risk (cont'd.)

a) The tables below summarises the Group’s assets and liabilities based on the remaining contractual maturities. (cont'd.)

Group (cont'd.)	Non-trading book				Trading books RM'000	Total RM'000
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
2024 (cont'd.)						
Liabilities						
Depositors' savings fund	-	-	-	91,746,618	-	91,746,618
Lease liabilities	9,849	87,516	374,618	-	-	471,983
Borrowings	42,418	1,230,165	49,189	-	-	1,321,772
Other non-specific maturity	-	-	-	2,153,830	-	2,153,830
	52,267	1,317,681	423,807	93,900,448	-	95,694,203
Net maturity mismatches	8,767,059	35,549,920	15,817,392	(57,774,398)	732,722	3,092,695

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

iii) Liquidity risk (cont'd.)

a) The tables below summarises the Group's assets and liabilities based on the remaining contractual maturities. (cont'd.)

Group (cont'd.)	Non-trading book				Trading books RM'000	Total RM'000
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
<u>2023</u>						
Assets						
Cash and short term funds	5,698,424	-	-	2,149,451	-	7,847,875
Deposits and placements with banks and other financial institutions	479,895	-	-	-	-	479,895
Financial assets at FVTPL	1,172,045	1,610,727	1,014,654	-	711,122	4,508,548
Financial assets at FVOCI	1,613,002	8,595,582	8,836,688	15,989,071	156	35,034,499
UJSB Sukuk and receivables at amortised cost	-	11,564,351	11,543,174	-	-	23,107,525
Financial assets at amortised cost	1,570,133	375,998	4,918,791	-	-	6,864,922
Finance lease receivables	-	-	679,479	-	-	679,479
Trade and other receivables at amortised cost	1,316,012	389,202	-	245,984	-	1,951,198
Other non-specific maturity	-	-	-	14,663,582	-	14,663,582
	11,849,511	22,535,860	26,992,786	33,048,088	711,278	95,137,523
Liabilities						
Depositors' savings fund	-	-	-	89,005,313	-	89,005,313
Lease liabilities	10,982	105,346	213,564	-	-	329,892
Borrowings	148,251	1,285,288	49,189	-	-	1,482,728
Other non-specific maturity	-	-	-	2,119,969	-	2,119,969
	159,233	1,390,634	262,753	91,125,282	-	92,937,902
Net maturity mismatches	11,690,278	21,145,226	26,730,033	(58,077,194)	711,278	2,199,621

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

iii) Liquidity risk (cont'd.)

a) The tables below summarises the **TH**'s assets and liabilities based on the remaining contractual maturities.

TH	Non-trading book				Trading books RM'000	Total RM'000
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
2024						
Assets						
Cash and short term funds	4,518,022	-	-	2,108,430	-	6,626,452
Deposits and placements with banks and other financial institutions	745,862	-	-	-	-	745,862
Financial assets at FVTPL	975,668	2,804,511	1,285,716	-	675,000	5,740,895
Financial assets at FVOCI	1,544,885	9,026,582	9,679,328	18,645,539	-	38,896,334
UJSB Sukuk and receivables at amortised cost	-	23,815,554	-	-	-	23,815,554
Financial assets at amortised cost	135,998	670,019	5,617,172	-	-	6,423,189
Financing, advances and others	-	919,650	-	-	-	919,650
Finance lease receivables	-	-	619,153	-	-	619,153
Trade and other receivables at amortised cost	517,828	1,939,791	-	-	-	2,457,619
Other non-specific maturity	-	-	-	10,936,532	-	10,936,532
	8,438,263	39,176,107	17,201,369	31,690,501	675,000	97,181,240
Liabilities						
Depositors' savings fund	-	-	-	91,746,618	-	91,746,618
Other liabilities	-	-	-	653,071	-	653,071
Lease liabilities	-	-	397,784	-	-	397,784
Other non-specific maturity	-	-	-	1,071,155	-	1,071,155
	-	-	397,784	93,470,844	-	93,868,628
Net maturity mismatches	8,438,263	39,176,107	16,803,585	(61,780,343)	675,000	3,312,612

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)**42. Financial risk management policies** (cont'd.)**Financial risk management** (cont'd.)iii) *Liquidity risk* (cont'd.)a) The tables below summarises the **TH's** assets and liabilities based on the remaining contractual maturities. (cont'd.)

TH (cont'd.)	Non-trading book				Trading books RM'000	Total RM'000
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
2023						
Assets						
Cash and short term funds	5,353,001	-	-	1,902,787	-	7,255,788
Deposits and placements with banks and other financial institutions	420,000	-	-	-	-	420,000
Financial assets at FVTPL	1,172,045	1,610,727	1,327,245	-	675,000	4,785,017
Financial assets at FVOCI	1,613,002	8,595,582	8,836,688	15,989,072	-	35,034,344
UJSB Sukuk and receivables at amortised cost	-	11,564,351	11,543,174	-	-	23,107,525
Financial assets at amortised cost	1,570,133	375,998	5,568,791	-	-	7,514,922
Financing, advances and others	-	904,467	-	-	-	904,467
Finance lease receivables	-	-	679,479	-	-	679,479
Trade and other receivables at amortised cost	1,178,265	1,795,021	-	-	-	2,973,286
Other non-specific maturity	-	-	-	10,948,437	-	10,948,437
	11,306,446	24,846,146	27,955,377	28,840,296	675,000	93,623,265
Liabilities						
Depositors' savings fund	-	-	-	89,005,313	-	89,005,313
Other liabilities	-	-	-	746,521	-	746,521
Lease liabilities	-	-	250,727	-	-	250,727
Other non-specific maturity	-	-	-	1,015,472	-	1,015,472
	-	-	250,727	90,767,306	-	91,018,033
Net maturity mismatches	11,306,446	24,846,146	27,704,650	(61,927,010)	675,000	2,605,232

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

iii) Liquidity risk (cont'd.)

- b) The tables below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis.

Group	Non-trading book				Trading books RM'000	Total RM'000
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
2024						
Financial liabilities						
Depositors' savings fund	-	-	-	91,746,618	-	91,746,618
Borrowings	42,418	1,230,165	49,189	-	-	1,321,772
Lease liabilities	9,849	87,516	374,618	-	-	471,983
Other liabilities	826,800	-	-	-	-	826,800
	879,067	1,317,681	423,807	91,746,618	-	94,367,173
2023						
Financial liabilities						
Depositors' savings fund	-	-	-	89,005,313	-	89,005,313
Borrowings	148,251	1,285,288	49,189	-	-	1,482,728
Lease liabilities	10,982	105,346	213,564	-	-	329,892
Other liabilities	871,740	-	-	-	-	871,740
	1,030,973	1,390,634	262,753	89,005,313	-	91,689,673

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

42. Financial risk management policies (cont'd.)

Financial risk management (cont'd.)

iii) Liquidity risk (cont'd.)

- b) The tables below presents the cash flows payable by **TH** under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis.

TH	Non-trading book				Trading books RM'000	Total RM'000
	Less than 1 year RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000		
<u>2024</u>						
Financial liabilities						
Depositors' savings fund	-	-	-	91,746,618	-	91,746,618
Other liabilities	-	-	-	653,071	-	653,071
Lease liabilities	-	-	397,784	-	-	397,784
	-	-	397,784	92,399,689	-	92,797,473
<u>2023</u>						
Financial liabilities						
Depositors' savings fund	-	-	-	89,005,313	-	89,005,313
Other liabilities	-	-	-	746,521	-	746,521
Lease liabilities	-	-	250,727	-	-	250,727
	-	-	250,727	89,751,834	-	90,002,561

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

43. Fair value of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the amount at which the financial assets could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the financial position date.

Fair value of financial instruments of the Group and **TH** which comprise cash and short-term funds, deposits and placements with banks and other financial institutions and short-term receivables, payables and financing are not very sensitive to changes in market conditions due to the short-term maturity of these financial instruments. Therefore, the carrying amount of financial assets and liabilities at the financial position date approximated their fair values.

Fair value hierarchy

MFRS 7 *Disclosures* specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques adopted are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's and **TH's** assumptions. The fair value hierarchy is as follows:

a) Level 1

Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.

b) Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes profit rate swaps and structured debts. The sources of input parameters include Bank Negara Malaysia's indicative yields.

c) Level 3

Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

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The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with the carrying amounts of the instruments not carried at fair value shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
2024									
Assets									
Financial assets at FVTPL	55,896	5,430,726	1,825	5,488,447	-	-	-	-	-
Financial assets at FVOCI	17,556,986	20,250,795	1,088,553	38,896,334	-	-	-	-	-
Financial assets at amortised cost	-	-	-	-	-	2,635,765	3,375,209	6,010,974	5,773,189
UJSB Sukuk and receivable at amortised cost	-	-	-	-	-	-	23,283,695	23,283,695	23,815,554
Finance lease receivables	-	-	-	-	-	-	619,153	619,153	619,153
	17,612,882	25,681,521	1,090,378	44,384,781	-	2,635,765	27,278,057	29,913,822	30,207,896
Liabilities									
Depositors' savings fund	-	-	-	-	-	-	91,746,618	91,746,618	91,746,618
Lease liabilities	-	-	-	-	-	-	471,983	471,983	471,983
Borrowings	-	-	-	-	-	-	1,469,914	1,469,914	1,321,772
	-	-	-	-	-	-	93,688,515	93,688,515	93,540,373

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

43. Fair value of financial assets and liabilities (cont'd.)

Fair value information (cont'd.)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with the carrying amounts of the instruments not carried at fair value shown in the statement of financial position: (cont'd.)

TH	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
2024 (cont'd.)									
Assets									
Financial assets									
at FVTPL	-	5,740,895	-	5,740,895	-	-	-	-	-
Financial assets									
at FVOCI	17,556,986	20,250,795	1,088,553	38,896,334	-	-	-	-	-
Financial assets									
at amortised cost	-	-	-	-	-	3,285,765	3,375,209	6,660,974	6,423,189
UJSB Sukuk									
and receivables									
at amortised cost	-	-	-	-	-	-	23,942,622	23,942,622	23,815,554
Financing, advances									
and others	-	-	-	-	-	-	1,442,529	1,442,529	919,650
Finance lease									
receivables	-	-	-	-	-	-	619,153	619,153	619,153
	17,556,986	25,991,690	1,088,553	44,637,229	-	3,285,765	29,379,513	32,665,278	31,777,546
Liabilities									
Depositors' savings									
fund	-	-	-	-	-	-	91,746,618	91,746,618	91,746,618
Lease liabilities	-	-	-	-	-	-	397,784	397,784	397,784
	-	-	-	-	-	-	92,144,402	92,144,402	92,144,402

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2024** (cont'd.)**43. Fair value of financial assets and liabilities** (cont'd.)**Fair value information** (cont'd.)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with the carrying amounts of the instruments not carried at fair value shown in the statement of financial position: (cont'd.)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
2023									
Assets									
Financial assets at FVTPL	34,297	4,472,426	1,825	4,508,548	-	-	-	-	-
Financial assets at FVOCI	15,098,546	19,045,272	890,681	35,034,499	-	-	-	-	-
Financial assets at amortised cost	-	-	-	-	-	4,033,104	3,066,815	7,099,919	6,864,922
UJSB Sukuk and receivables at amortised cost	-	-	-	-	-	-	23,283,695	23,283,695	23,107,525
Finance lease receivables	-	-	-	-	-	-	679,479	679,479	679,479
	15,132,843	23,517,698	892,506	39,543,047	-	4,033,104	27,029,989	31,063,093	30,651,926
Liabilities									
Depositors' savings fund	-	-	-	-	-	-	89,005,313	89,005,313	89,005,313
Lease liabilities	-	-	-	-	-	-	329,892	329,892	329,892
Borrowings	-	-	-	-	-	-	1,469,914	1,469,914	1,482,728
	-	-	-	-	-	-	90,805,119	90,805,119	90,817,933

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

43. Fair value of financial assets and liabilities (cont'd.)

Fair value information (cont'd.)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with the carrying amounts of the instruments not carried at fair value shown in the statement of financial position: (cont'd.)

TH	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
<u>2023 (cont'd.)</u>									
Assets									
Financial assets at FVTPL	-	4,785,017	-	4,785,017	-	-	-	-	-
Financial assets at FVOCI	15,098,391	19,045,272	890,681	35,034,344	-	-	-	-	-
Financial assets at amortised cost	-	-	-	-	-	4,683,104	3,066,815	7,749,919	7,514,922
UJSB Sukuk and receivables at amortised cost	-	-	-	-	-	-	23,283,695	23,283,695	23,107,525
Financing, advances and others	-	-	-	-	-	-	1,484,676	1,484,676	904,467
Finance lease receivables	-	-	-	-	-	-	679,479	679,479	679,479
	15,098,391	23,830,289	890,681	39,819,361	-	4,683,104	28,514,665	33,197,769	32,206,393
Liabilities									
Depositors' savings fund	-	-	-	-	-	-	89,005,313	89,005,313	89,005,313
Lease liabilities	-	-	-	-	-	-	250,727	250,727	250,727
	-	-	-	-	-	-	89,256,040	89,256,040	89,256,040

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FOR THE YEAR ENDED 31 DECEMBER 2024 *(cont'd.)*

43. Fair value of financial assets and liabilities *(cont'd.)*

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key observable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and input used
a) Amount due from/(to) related companies	The fair values of amount due from/(to) related companies or subsidiaries are estimated to approximate their carrying amount.
b) Borrowings	The fair values of borrowings are estimated by discounting the expected future cash flows using the applicable prevailing interest rates for similar instruments as at reporting date.
c) Financing, advances and others	The fair values of variable rate financings, advances and others are estimated to approximate their carrying amount. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles.
d) Finance lease receivables	The fair values of finance lease receivables are estimated to approximate their carrying amount.
e) UJSB sukuk	For those inputs which cannot be referenced to observable data and, therefore, inputs are adjusted for relative tenor and issuer quality.
f) Depositors' savings fund	The fair values of deposits approximate their carrying amount due to the deposits being repayable on demand.
g) Lease liabilities	Discounted cash flow based on repayment schedule, discounted at market rate.

Financial instruments carried at fair value

Type	Description of valuation technique and input used
a) Unquoted shares	Adjusted net assets value or market approach using observable inputs.

The profit rates used to discount estimated cash flows, when applicable, are as follows:

	Group	
	2024	2023
Borrowings	5.44%	5.44%

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44. Contingent liabilities

(a) Litigation

Group

(i) THP Enstek Development Sdn Bhd ("THPED")

THP Enstek Development Sdn Bhd ("THPED"), a subsidiary of the Group had entered into various agreements with Davanam Constructions Sdn. Bhd. ("Davanam") and Ascenteus Holdings Sdn. Bhd. ("Ascenteus") on 26 March 2009, 3 July 2009 and 1 June 2010 (together "the Agreement") for the development by Davanam of land area in Bandar Enstek into premium villas and a club house. THPED was to be entitled to 10% of the gross development value of the entire project less deductible items or not less than RM1 million per acre of the total gross land area, whichever was higher.

THPED through its solicitors issued a letter of demand on 23 August 2016 to Davanam demanding remedy of several breaches of the Agreement. As Davanam failed to do so, the THPED terminated the Agreement via letter dated 27 October 2016.

On 21 August 2019, Davanam filed the Writ of Summons and Statement of Claim against THPED at the Kuala Lumpur High Court ("KL High Court") seeking to recover damages from THPED arising out of the alleged wrongful termination of the Agreement dated 3 July 2009 by THPED. THPED has also filed a defence and counter-claim in the region of RM20.0 million. The trial proceedings were held on 18 April 2022 and ended on 15 September 2022. On 23 April 2024, the KL High Court dismissed with costs both Davanam's claim and THPED counterclaims.

Davanam filed its appeal on 20 May 2024 and THPED proceeded to file its Notice of Appeal on 21 May 2024. The Court of Appeal has set 7 April 2025 for the hearing of both of the afore-mentioned appeals.

(ii) TH PELITA Simunjan Sdn. Bhd. ("THPS")

TH PELITA Simunjan Sdn. Bhd. ("THPS") is currently involved in a legal proceeding alongside LCDA Holdings Sdn. Bhd. and Mohd Najib bin Arbi @ Nigel Anak Abi (collectively, "the Defendants"). The case involves claims by nine (9) individuals representing Native Customary Rights ("NCR") landowners from Kampung Ruan Surik, Simunjan, Sarawak ("Native Groups").

The Native Groups are seeking declarations affirming their customary ownership of the NCR land and alleging wrongful interference by the Defendants, orders restraining the Defendants from further activities on the land, including a mandatory injunction for the removal of machinery and structures and compensation claims amounting to RM184,200,000 in special damages and RM46,050,000 in aggravated damages.

Based on legal advice and assessment of the facts, the Group believes that TH PELITA Simunjan Sdn. Bhd. has a strong defense. Therefore, no provision for litigation is required for the current financial year.

45. Capital management

Under the wakalah contract (Note 2(e)), **TH** act as an agent to administer the depositors' savings fund. Accordingly, **TH's** capital management is to ensure that the depositors' savings are secured and profit distribution to depositors are stable. To achieve this, **TH** has developed a long term strategic asset allocation and, reserves and distribution policies. **TH** may adjust its tactical asset allocation and investment risk profile in light of the changes in economic conditions while observing the above policies.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (cont'd.)

45. Capital management (cont'd.)

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group is determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

One of the subsidiaries, TH Plantations Berhad ("THPB Group") is adopting the strategy to maintain the debt-to- equity ratio of less than one time during the year.

46. Significant events during the year

a) Syarikat Takaful Malaysia Keluarga Berhad ("STMKB") - Increase in Shareholding

On 10 December 2024, **TH** increased its shareholding in STMKB by 14 million units of STMKB shares at an average price of RM3.85 per share via the open market. This resulted in **TH**'s shareholding increasing from 28.20% to 29.87%, in line with the increase in its cost of investment as of 31 December 2024.

b) TH Indo Industries Sdn. Bhd. ("THII") dan TH Indopalms Sdn. Bhd. ("THIP") - Capital Reduction Exercise

On 16 October 2023, special resolutions were passed to approve reduction of share capital of both THII and THIP under Section 115 of the Companies Act 2016, from RM152,000,000 to RM2 and RM94,000,000 to RM2 respectively by way of repayment via cash distribution to **TH**, of RM151,999,998 and RM93,999,998 respectively. During the financial year, the capital reduction exercise was completed on 31 March 2024 and 29 February 2024, respectively.

Both THII and THIP are in the process of liquidation with a target to complete by December 2025.

c) TH Hotel & Residences ("THHR") - Cessation of Hotel Operations

Effective 30 September 2024, TH Hotel & Residences Sdn. Bhd. ("THHR") ceased its hotel operations in Kelana Jaya hotel, including the closure of all services, such as the Hajj Café in Menara **TH** Tun Razak, and the disposal of related assets. THHR will remain as an investment holding company for TH Travel & Services and THV Management.

d) TH Marine Holdings ("THMHL") Group – Changes in Vessel Ownership

During the financial year, Alam DP1 (L) Inc. ("DP1"), (wholly owned subsidiary of TH Alam Holding (L) Inc. ("THAL")), disposed of its four vessels to a third-party buyer, Nam Cheong Ltd. THAL, (subsidiary of THMHL), utilized the proceeds to fully settle its outstanding borrowings with Maybank Islamic Berhad. The remaining balance was allocated to clearing long-outstanding intercompany balances owed within THMHL Group and by Alam Maritim Group to related companies in THMHL Group. Additionally, Alam DP2 (L) Inc. ("DP2") (another wholly owned subsidiary of THAL), sold its two vessels, Setia Hijrah and Setia Jihad, to Marine 1 (L) Inc. ("M1") (wholly owned subsidiary of THMHL). Following this transaction, M1 currently owns four vessels, including its existing vessels, Taha As-Salam and Taha As-Safa. The proceeds from the sale were fully utilized to settle outstanding borrowings with OCBC.

e) TH Real Estate ("THRE") - Completion of Liquidation Process

During the financial year, the liquidation process of TH Real Estate, a company incorporated in Kingdom of Saudi Arabia and a wholly owned subsidiary of THHR, was duly completed. The liquidation process began in 2021 with the appointment of a liquidator, Wisam Al-Sindi.