from generation to generation

IBRACO BERHAD

Annual Report 2015

Contents

Corporate Profile

IBRACO was established in 1971 and is listed on the Main Board of Bursa Malaysia Securities Berhad. IBRACO has been in the forefront of property development for more than 40 years.

With its proven track record of over 40 years, IBRACO has established itself as the Premier Property Developer in Sarawak. Over the decades, Ibraco has built and maintained a good reputation for design, quality construction and timely delivery, gaining the confidence of house buyers who regard Ibraco projects as choice properties.

It proudly established Greater Tabuan Township, Kuching's most sought-after addresses. This flagship development, spanned over more than 1,000 acres, encompass affordable and luxury residences, high-rises as well as integrated developments. This township has seen substantial appreciation in value over the years, successively creating a strong base of IBRACO brand loyalists. Ibraco's success in township development has earned the BrandLaureate Special Edition World Awards for Brand Excellence in Property-Township Development.

In 2012, IBRACO made its foray into Bintulu with its inaugural comprehensive integrated development project in the heart of Bintulu, riding on the robust growth spearheaded by the SCORE (Sarawak Corridor of Renewable Energy) program driven by the Sarawak State Government.

In 2015, IBRACO continue to expand beyond its comfort zone by venturing into West Malaysian Coast with its modest high-rise development proposal in the Kuala Lumpur City Centre.

IBRACO's property development is supported by its wholly owned construction-based company, Ibraco Construction Sdn Bhd with activities in civil engineering and building works. Ibraco Construction was incorporated in 2002 and has been managed by team of experienced personnel committed to deliver quality homes. As recognition for excellence in the building industry over the years, Ibraco Construction has won the PAM Awards for Excellence in Architecture for the Masjid Wan Alwi and business excellence attested by the 21st International Construction Award (New Millenium Award) in Madrid, Spain. Its product and service quality in commercial development also accolade the SHEDA Excellence Awards for Outstanding Development in Retail Development.

Our Vision

To Be The Leading Conglomerate In The Building Industry

Our Mission

To Provide Quality Homes, Optimize Shareholders' Returns And Nurture Its Employees

Our Values

- Responsibility & Accountability
- Excellence In Service
- Customer Focus
- Respect Oneself And Fellow Colleagues


The
Park
Residence

Chairman's Statement

2015 has been another rewarding year for IBRACO Group despite the challenging operating environment arising from the continued weak market sentiment, and impact of the Goods and Service Tax. For five consecutive years, the Group maintained a strong record of revenue and profit growth. We improved our year-on-year performance, with Group revenue rising 11% to RM254 million in 2015 from RM229 million in 2014, while profit net of tax grew by 35% to RM52.46 million from RM38.77 million in 2014.

The main contributor of the Group's revenue and profit came from our flagship Tabuan Tranquility development which accounted for 63% of the group's aggregate revenue. This project spans over an area of approximately 173 acres, entailing a mixed development of residential properties, hypermarket, shop offices, small office home office, eateries and educational block. Tabuan Tranquility development would continue to be a major contributor of revenue and profit to the Group for the next two years.

Other sources of revenue and profit were from the development of shop offices and lock-up retail outlet in Bintulu as well as the affordable apartments at Stutong Heights. In 2015, these developments contributed about 34% of the Group revenue.

Our developments also bring pride besides generating profits and returns to shareholders. Ibraco Berhad was awarded the BrandLaureate Special Edition World Award 2015 under the category of Brand Excellence in Property – Township Development, in celebration of our brand excellence and supremacy, as well as our commitment to enhance our brand image as a Premier Property Developer.

Key Corporate Developments

In 2015, Ibraco Berhad completed the renounceable rights issue of 50,653,638 new ordinary shares of RM1.00 each at an issue price of RM1.00 per rights share. This besides enhancing the capital of the Group also demonstrate the shareholders' confidence on the future and prospects of the Group.

Ibraco Berhad also issued a total of 70,915,093 new ordinary shares of RM1.00 each as bonus shares to reward shareholders for their support and confidence in the Group. To provide better liquidity, the ordinary share of RM1.00 each was also split into 2 ordinary shares of RM0.50 each.

Value Creation and Returns to Shareholders

For 2015, the Group's basic earnings per share stood at 11 sen compared to 9 sen in 2014. The Group's basic earnings per share has recorded an increasing trend for the last five consecutive years. With the continued improvement in earnings performance, the Group has been able to maintain a good dividend pay-out ratio despite the very much enlarged share capital in 2015. An interim single tier dividend of 3.50 sen per ordinary share was paid in December 2015, representing a 33% pay-out of its profit after tax for the year.

Ibraco Group continues to maintain a healthy balance sheet and a comfortable level of gearing, enabling us to properly manage our cash level and reserves for future investment and to capitalise on attractive investment opportunities which may arise from time to time. Our net gearing ratio for 2015 was about 36.9% compared to 40.4% in 2014.

Community Outreach

As we continue to strive for improvement, we remain committed to our corporate social responsibility. In 2015, Ibraco Group participated and sponsored a series of community events and we will continue to contribute back to society and our operating environment positively through various community activities.

Forward Looking

Available reports and statistics predicted a moderate growth pace for Malaysia's economy in 2016 due to moderate domestic demand as households continue to adjust to the higher cost of living amidst an

Group revenue rising 11% to RM254 million in 2015 from RM229 million in 2014, while profit net of tax grew by 35% to RM52.46 million from RM38.77 million in 2014.

uncertain economic environment. As we enter into the new financial year, we are mindful of the many uncertainties that lie ahead for both the domestic and global economies. Nonetheless, we remain confident of achieving another fruitful year in 2016 with strong lock-in sales recorded in the Year 2015. The Group monitors the market demand for our products and adopts a prudent approach with respect to all upcoming launches to suit the needs of the market.

We are pleased to announce that Ibraco is in the advance stage of obtaining all necessary planning approval for a mixed development over the Kuala Lumpur land acquired in March 2015 and is plan to launch the project in 2016. This mixed development comprises of commercial retail/office at the lower floors and service apartments units at the upper floors. In 2016, Ibraco Group will also be focusing its effort to develop a 123 acres of land named as Northbank in Kuching. This development is expected to be completed over a 5-year plan shall feature offices, SOHOs, apartments, high-end landed residential property, retail outlets and shop offices.

Acknowledgements

On behalf of the Board, I wish to extend my utmost gratitude and appreciation to our shareholders for your unwavering trust and confidence. Our utmost gratitude also goes to our valued customers and clients, bankers, government departments and agencies, vendors, suppliers and all others who have lent us their steadfast support and cooperation. To the Management teams and all employees of the Group, I wish to express my gratitude for your hard work, dedication and commitment amidst the challenges of 2015. To my colleagues on the Boards of all the Group of companies, thank you for your guidance and counsel that has helped to steer Ibraco and its subsidiaries forward.

Ng Cheng Chuan
Chairman


Ramah Tamah 2016


Colour Rush 2016


Ibraco Superhero Camp

Managing Director's Review

It is my pleasure to report that we have achieved a record revenue and profit growth year-on year amidst a challenging property industry as well as the nation's economy. Although the property market has slowed down throughout the year, Ibraco continued to chart escalated growth in year 2015. Besides our established track records and reputable brand name, it was principally a testament to our effective business strategy, professional management and sheer hard work which yielded the positive results.

Aggregate Group's revenue increased by 11% whilst profit net of tax surged by 35% compared to 2014. Property development remain the main contributor of the Group's revenue which posted about 97% of the aggregate group revenue recorded. Projects implemented and contributed to the revenue of the Group included the Tabuan Tranquility mixed development and Stutong Heights Apartment, both situated in the Kuching Division, and Town Square mixed development project in the Bintulu Division.

Tabuan Tranquility Development, Kuching

The Tabuan Tranquility mixed development project covering an area of approximately 173 acres was planned for development over five phases. Other than residential properties, located in this development area are hypermarket, commercial hub with banks, eateries, fashion and lifesyle shops, and bringing convenience closer to home. In 2015, RM160 million representing 63% of the total revenue were generated from this Tabuan Tranquility project. The hypermarket and commercial hub development have been completed in the early phase of development and are presently a popular shopping centre.

The residential property component has been substantially completed except for the Park Residence comprising 178 units of high-end condominium and 167 units of SOHO development located in the final phase of the development. As per current estimates, the high-end condominium has a gross development value (GDV) of approximately RM140 million. Construction works are in progress and is expected to complete in 2016. The SOHO development estimated to generate a GDV of RM60 million shall commence in 2016.

During 2015, Ibraco Group embarked on the final phase of development (Phase 3) comprising mainly commercial property which contribute significantly to the Group revenue and profit. During the year, we have also re-planned part of the Phase 3 development to optimize its potential. The re-planned development, featuring shop offices, lock-up retailed outlets, small office home office (SOHO), educational development and eating outlet, shall make its debut in 2016.

The success and popularity of this integrated residential and commercial development has led to material price appreciation of its properties in the secondary market and enhance the vibrancy of its surroundings. Riding on the success of Tabuan Tranquility, the Group is preparing for its upcoming development sprawling across 123 acres. This mix-used development shall feature offices, SOHOs, apartments, retail outlet, shop offices, gated and guarded residence.

Stutong Heights

The Group also tailored its product mix to meet the strong demand for starter homes. We have launched a series of affordable apartments within the matured township of the Greater Tabuan which have successfully attracted first time home buyers. In 2015, RM42 million representing about 17% of the total group revenue was generated from the Stutong Heights Apartment development.

The first phase of development comprising 272 units of affordable apartment have been completed in early 2016 and are now ready for occupation. The remaining units were developed in two phases, construction is in progress with scheduled completion towards end of 2016. The group shall continue to build more of such affordable apartment to cater for the strong demand for starter homes as well as those in the lower and mid income group.

Town Square, Bintulu

Spread over 27 acres, Town Square Bintulu is the Group's maiden project in Bintulu when it first established its foothold in 2012. In 2015, the Group has successfully completed a modern, mechanically-assisted sewerage treatment plant, the first of its kind in Sarawak. Shop offices within the first phase of development was completed in early 2016 while construction works for a lock-up retail outlets was in progress. For financial year 2015, RM43 million representing about 17% of the Group revenue was recognised from this development.

The Phase 2 of the Bintulu Town Square development comprising of shop offices, commercial mall, SOHOs and office block shall commence early 2016 with launching of SOHOs and commercial mall. This development will contribute positively to the future earnings of the group.

Ibraco continued to escalated growth in year 2015

Construction Sector

The Group recorded a lower revenue of RM5 million during the year compared to RM33 million in 2014 mainly due to completion of the sewerage treatment in Bintulu. During 2015, the Group actively participated in the tender for construction and infrastructure projects with the aim to expand its construction arm.

Looking Ahead

We are proud to register an improved financial performance of the Group over the years. Ibraco have also comfortably established its footing in Bintulu and now, we are geared to make our foray into West Malaysian Coast. The Company is in the advance stage of obtaining all necessary planning approval for a mixed development over the land acquired in March 2015 and is plan to launch the project in 2016. This mixed development comprising commercial retail/office at the lower floors and service apartments units at the upper floors. There are 4 units of 3-storey commercial shop/retail, 30 units of retail/office space and over 500 units of service apartment available for sale. This mixed development is estimated to have a GDV of RM400 million.

The Group will also be focusing its effort to develop a 123 acres of land named as Northbank. This development is expected to be completed over a 5-year plan shall feature offices, SOHOs, apartments, gated and guarded residence, retail outlets and shop offices. The Company continues to seek out other lands around Kuching, in major towns of Sarawak and West Malaysia to enable a sustainable growth of the group.

We anticipated another challenging but fruitful year ahead of us with the continued weak market sentiment, impact of the Goods and Service Tax as well as our new ventures. Nonetheless, with our dedicated team, we trust we shall concur all challenges and reach a greater height.

Lastly, I thank my Board of Directors for their support and guidance and to all stakeholders, my heartfelt appreciation for your invaluable support.

Chew Chiaw Han
Managing Director

TT3 Plaza

Town Square SOHO

Group Corporate Structure

IBRACO BERHAD
(011286-P)

- 100% Greater Tabuan Sdn. Bhd.
- 100% Syarikat Ibraco-Peremba Sdn. Bhd.
- 100% Ibraco Spectrum Sdn. Bhd.
- 100% Ibraco Infinity Sdn. Bhd.
- 100% Ibraco Construction Sdn. Bhd.
- 100% Foso One Sdn. Bhd.
- 70% Ibraco Plantation Sdn. Bhd.
- 75% Ibraco Pelita Sdn. Bhd.
- 74% Ibraco Ascent Sdn. Bhd.
- 70% Ibraco HGS Sdn. Bhd.
  - 80% Warisar Sdn. Bhd.

Corporate Information

DIRECTORS
Mr. Ng Cheng Chuan
(Chairman)

YBhg. Datuk (Dr.) Philip Ting Ding Ing
(Deputy Chairman)

Mr. Chew Chiaw Han
(Managing Director)

Mr. Liu Tow Hua
(Executive Director)

Puan Sharifah Deborah Sophia Ibrahim
(Non-Independent Non-Executive Director)

Mr. Guido Paul Philip Joseph Ravelli
(Independent Director)

Mr. Ng Kee Tiong
(Independent Director)

COMPANY SECRETARIES
Yeo Puay Huang (LS 0000577)
May Wong Mei Ling (MIA 18483)

REGISTERED OFFICE
Ibraco House No. 898 Jalan Wan Alwi, Tabuan Jaya,
93350 Kuching, Sarawak
Tel: 082-361111 Fax: 082-361188

AUDITORS
Messrs. Ernst & Young
Room 300-303, 3rd Floor, Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak
Tel: 082-243233 Fax: 082-421287

STOCK EXCHANGE LISTING
Main Market of the Bursa Malaysia Securities Berhad
Stock Name: IBRACO
Stock Code: 5084

SHARE REGISTRAR
Securities Services (Holdings) Sdn Bhd (036869-T)
Level 7 Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur
Tel: 03-2084 9000 Fax: 03-2094 9940

WEBSITE
www.ibraco.com.my

Profile of Directors

NG CHENG CHUAN
Chairman
Singaporean | Age 57

Mr. Ng Cheng Chuan, a Non Executive Non Independent Director, joined the Board of Ibraco Group on 21 October 2009 and was appointed as the Chairman of Ibraco Group on 27 February 2014. He is also member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Ng is the Chairman of Crossland Marketing (2000) Pte Ltd and several other companies in Singapore, Malaysia and Thailand dealing mainly with soft commodities, farming and warehousing. Mr Ng has more than 25 years of extensive experience in the areas of sales and purchases of soft commodities.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

DATUK (DR.) PHILIP TING DING ING
Deputy Chairman
Malaysian | Age 64

Datuk (Dr) Philip Ting, a Non Executive Independent Director, joined the Board of Ibraco Group on 1 April 2001.

Datuk Ting holds a Bachelor of Business degree majoring in Accounting, as well as a Doctorate of the University (Honoris Causa) from Swinburne University of Technology, Australia. He is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

A Fellow Member of the Institute of Chartered Accountants in Australia, he was in public practice for 17 years beginning with Touche Ross & Co in Australia in 1973 and ending as a Partner of Arthur Andersen & Co/Hanafiah Raslan & Mohamad in Malaysia. From 1991 to 1994, he was Chief Executive Officer of Sarawak Securities Sdn Bhd, a major stock-broking company in Malaysia and from 1994 to 1998, he was Group Managing Director of Cahya Mata Sarawak Berhad, a diversified conglomerate in Malaysia. He was the acting Group Chief Executive Officer of Encorp Berhad from 1 October 2010 to 30th November 2010. During his working career, he spent a significant amount of time consulting and investing in Australia, the United States of America and in countries throughout Southeast Asia.

He is the honorary Consul for Australia in Sarawak and the deputy president of the Sarawak Chamber of Commerce and Industries. He is also a board and council member of Swinburne University of Technology, Sarawak and chairman of the University's finance committee.

Datuk Ting does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

CHEW CHIAW HAN
Managing Director
Malaysian | Age 39

Mr. Chew Chiaw Han was appointed as a Non Executive Non Independent Director on 21 October 2009 and became an Executive Director on 30 October 2009. He was then appointed as the Chief Executive Officer on 30 April 2010 and later redesignated as the Managing Director on 10 May 2011. Mr. Chew is also the Chairman of the Risk Management Committee, member of the Option Committee and Remuneration Committee.

Mr. Chew is a graduate of the University of Waikato, New Zealand with a Bachelor of Laws Degree. Mr. Chew started his career with Lian Hua Seng Group of companies in 1999. He was then appointed as an Executive Director in 2002 and later promoted to Chief Executive Officer of the Group in 2007. Under his leadership, the group has developed its core businesses well and achieving a stable growth in revenue and profit. He has led the group to diversify into other business fields such as manufacturing, supply, construction, logistic, and food processing, both in private and government sectors.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years.

Mr Chew's private companies are principally involved in construction. There may be potential conflict of interest with Ibraco Construction Sdn Bhd, a wholly owned subsidiary of Ibraco Berhad, which principally involved in construction activities.

LIU TOW HUA
Executive Director
Malaysian | Age 56

Mr. Liu Tow Hua, an Executive Director, joined the Board of Ibraco Group on 16 January 2007. He is also a member of the Option Committee and the Risk Management Committee.

He qualified as a Chartered Accountant with the Chartered Institute of Management Accountants (UK). He is also a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Malaysia.

He has extensive experience in the auditing field both in the public and private sectors. He joined Ibraco Berhad as Group Internal Auditor and became the Chief Financial Officer in May 2006. He was appointed as an Executive Director on 16 January 2007.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

Profile of Directors

SHARIFAH DEBORAH SOPHIA IBRAHIM
Non Executive Non Independent Director
Malaysian | Age 53

Puan Sharifah Deborah Sophia Ibrahim was appointed to the Board of Ibraco Group on 5 July 1982 as an Executive Director and as a member of the Audit Committee on 21 April 2001. She ceased to be a member of the Audit Committee on 3 December 2007 and was redesignated to a Non Executive Non Independent Director on 16 April 2008. She also holds directorships in several private limited companies.

She does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. She does not have any conflict of interest with the Company.

NG KEE TIONG
Non Executive Independent Director
Malaysian | Age 48

Mr. Ng Kee Tiong, a Non Executive Independent Director, was appointed to the Board of Ibraco Group on 15 April 2010. He is also the Chairman of the Audit Committee and member of the Nomination Committee.

Mr. Ng is a Fellow Member of the Association of Chartered Certified Accountants of United Kingdom and a member of the Malaysian Institute of Accountants. Beside his accounting and finance experience, he gained many years of experience in property development and construction industry. He is currently an Executive Director of a construction company. There may be potential conflict of interest with Ibraco Construction Sdn Bhd, a wholly owned subsidiary of Ibraco Berhad, which principally involved in construction activities.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years.

GUIDO PAUL PHILIP JOSEPH RAVELLI
Non Executive Independent Director
British | Age 65

Mr. Guido Paul Philip Joseph Ravelli, a Non Executive Independent Director, joined the Board of Ibraco Group on 1 May 2002. He is the Chairman of the Remuneration Committee and Nomination Committee and member of the Audit Committee. He is also the Senior Independent Non Executive Director to whom the public may address their concerns (if any) on the general conducts of Ibraco Group of Companies.

Born in the United Kingdom, he studied civil engineering at King's College, University of London. Graduating with a Bachelor of Science (Hons) degree in Civil Engineering, he furthered his studies at Ecole Centrale des Arts et Manufactures, Paris. Commencing his working career with a major building contractor in Paris, he soon elected to pursue an international career in the field of construction. Since joining Bouygues Construction in France in 1974, he has accumulated more than 30 years of experience in the development, implementation and management of building, public works and built-operate-transfer projects in France, Portugal, Hong Kong and Malaysia and 9 years of experience in the oil and gas industry. In 2000, the President of France conferred a national honour on him by making Paul Ravelli a Chevalier de l'Ordre National du Merite, in recognition of his contribution to the profession and to Franco-Asian business relations. Amongst the significant projects with which he has been associated are in Hong Kong, the HSBC Head Office, Pacific Place development, the National Stadium and the Convention & Exhibition Centre, and in Malaysia, the KL Sentral Station.

Mr. Paul Ravelli is Deputy Chairman and Independent Non Executive Director of Malton Berhad, a company listed on Bursa Malaysia Securities Berhad specialising in property development and project construction management. Prior to this, he was a Director and General Manager of Dragages Malaysia Berhad. He is currently Chairman of CFC Technologies Holdings, a company specialising in associated gases in oil fields.

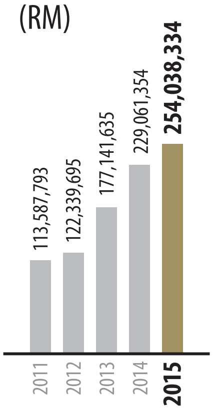
He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 10 years. He does not have any conflict of interest with the Company.

Group Financial Highlights

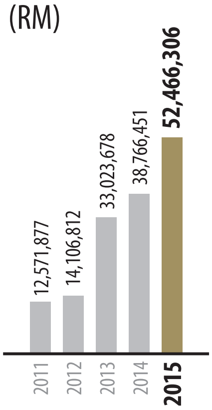
Five Years Financial Summary

	Year ended 31 December				
	2011	2012	2013	2014	**2015**
	RM	RM	RM	RM	**RM**
Revenue	113,587,793	122,339,695	177,141,635	229,061,354	**254,038,334**
Profit before taxation	16,869,919	18,949,302	44,013,083	52,816,697	**70,251,034**
Profit net of tax	12,571,877	14,106,812	33,023,678	38,766,451	**52,466,306**
Basic earnings per share (sen)	3	4	8	9	**11**
Dividend payout ratio (%)	36%	44%	38%	33%	**33%**
Net gearing ratio (%)	32.71%	36.79%	41.59%	40.43%	**36.94%**
Shareholders' equity	177,330,137	190,322,614	209,591,029	233,445,221	**311,956,371**
Net Assets per share	1.49	1.56	1.66	1.84	**0.63**
Issued and fully paid-up share capital of RM 1.00 each	118,904,095	121,675,095	126,488,095	126,624,095	**248,202,826**

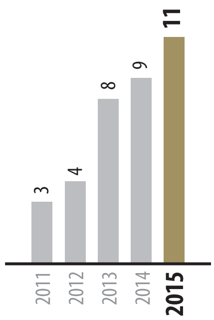
REVENUE
(RM)



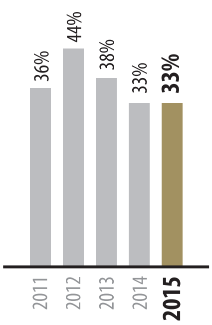
PROFIT NET OF TAX
(RM)



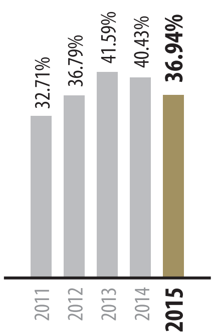
BASIC EARNINGS
PER SHARE
(SEN)



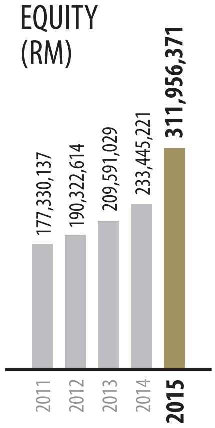
DIVIDEND PAYOUT
RATIO
(%)



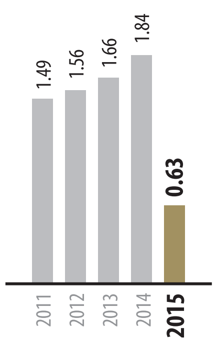
NET GEARING
RATIO
(%)



SHAREHOLDERS'
EQUITY
(RM)



NET ASSETS
PER SHARE
(RM)



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Ibraco is committed to ensuring that the highest standard of corporate governance is practiced throughout the Group. The objective of this commitment is to sustain optimal governance with conscientious accountability for the continuous effectiveness, efficiency and competitiveness of the Group. Corporate governance is one of the fundamental tools in enabling the Board in discharging the Board's responsibility of protecting and enhancing shareholders' values consistent with acceptable levels of risks. The Board firmly supports the Malaysian Code on Corporate Governance ("**the Code**"). Throughout the financial year ended 31 December 2015, Ibraco has applied the principles and except where stated otherwise, has substantially complied with the recommendations/best practices of corporate governance as set out in of the Code.

Principal 1 – Establish Clear Roles and Responsibilities of the Board and Management

Ibraco has established and formalized a Board Charter which clearly sets out the roles and responsibilities of the Board and serves as a reference for Board activities. It has established clear functions reserved for the Board and those delegated to Management. The Board Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors. The Company's Board Charter is available online at www.ibraco.com.my.

The Company has also adopted a set of Code of Conduct to provide guidance on matters of professional and personal behaviour that applies to Directors, alternates and any person participating in Board meeting. Both the Board Charter and Code of Conduct are subject to periodical review.

Directors are expected to observe, amongst others, the following salient points in the Code of Conduct:-

- Observe the highest standards of ethical conduct and comply with all laws, rules and regulations to which they are subject.
- To act in the interest of Ibraco Group to the best of their ability and judgement.
- Maintain the confidentiality of non-public information about Ibraco Group or its activities or operations.

The respective roles and responsibilities of the Chairman of the Board and the Group Managing Director are clearly set up. This division ensures that there is clear and proper balance of power and authority.

The Chairman's main responsibility is to ensure effective conduct of the Board and encourages participation and deliberation by all the Board members.

The Group Managing Director has overall responsibilities over the Group's operational, organisational effectiveness and implementation of Board policies, directives, strategies and decisions.

At the management level, several committees namely Risk Management Committee and Tender Committee have been established to ensure good governance and practices are upheld at all times in the Group's operations and business dealings.

The Board oversees the formulation of the Group's medium and long-term strategic plans and directions, review and approves the Group's annual budget, business plans and monitors the achievement of the Group's strategy. The Board focuses on business strategy in order to mitigate any inherent weaknesses and to tap into any opportunities arising from the prevailing economic and market environment.

The Board also conduct periodic reviews of the Group's financial performance and implements policies which include risk management and internal control in ensuring alignment to the Group's strategy, operations and the external environment.

Through the Nomination Committee, the Board overseas the succession plan for the Chairman, Group Managing Director, Executive Director and Senior Executives of the Group.

The Board recognizes the importance of accurate and timely dissemination of information to shareholders, investors and other stakeholders. All communication with media or public and disclosures made are in accordance with the Group's Communication Policy.

STATEMENT ON CORPORATE GOVERNANCE

The Board is regularly updated and advised by the joint Company secretaries, who are qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The joint Company Secretaries who oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators, as well as any changes to regulatory requirements that may affect the Company and the Board. The In-house Company Secretary attends all Board and Board Committee meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. All Directors also have access to independent professional advice where appropriate, at the Company's expense.

Principal 2 – Strengthen Composition

Board Balance and Independence

The Board comprises seven (7) members, the details of which are as below:

Category	No. of Directors	Percentage (%)
Executive & Non Independent Directors	2	29
Non Executive & Non Independent Directors	2	29
Independent Non Executive Directors	3	42
Total	**7**	**100**

The Board complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") which requires that at least two Directors or one-third of the Board, whichever is the higher, are Independent Directors. Career profiles of Directors are shown on pages 10 to 13 of this Annual Report.

The Directors, with their different backgrounds and specialisations, collectively bring considerable knowledge, independent judgments and expertise to the Board. The Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The Executive Directors in particular, are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business strategies adopted.

Board Committees

The Board has established various Board Committees to assist the Board in the running of the Group. The functions and terms of reference of the Board Committees, as well as the authorities and duties delegated by the Board to these Committees, have been clearly defined by the Board.

The Board Committees are namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Option Committee.

Audit Committee

The Audit Committee, established on 21 April 2001, comprises the following Non Executive Directors:

Ng Kee Tiong (Chairman)
Ng Cheng Chuan
Guido Paul Philip Joseph Ravelli

STATEMENT ON CORPORATE GOVERNANCE

The Committee's primary functions include:

(i) The assessment and review of the effectiveness of internal control and the risk management processes within the Group;
(ii) Overseeing the financial reporting of the Group; and
(iii) Review internal and external audit processes.

The Audit Committee has met five (5) times in the financial year ended 31 December 2015.

The Audit Committee Report on pages 29 to 34 provides for more detailed activities of the Audit Committee.

Nomination Committee

The Nomination Committee was set up on 16 April 2003 and comprises the following Board members:

Guido Paul Philip Joseph Ravelli (Chairman)
Ng Cheng Chuan
Ng Kee Tiong

During the financial year ended 31 December 2015, the Nomination Committee has reviewed and is satisfied that the size of the Board and those of the various committees is optimum and that there is an appropriate mix of skills and core competencies in the composition of the Board. The Nomination Committee has performed the Board and Board Committee evaluation as well as individual Directors' self and peer evaluation. The evaluation exercise was carried out based on a detailed questionnaire adopting the Code and best practices. The Nomination Committee is of the view that all the members of the Board are suitably qualified to hold their positions as Directors in view of their respective academic and professional qualifications, experience and qualities.

The Nomination Committee has also reviewed and is satisfied that the relevant Directors have received appropriate training, which would enhance their effectiveness in the Board and also the effectiveness of the various committees. The various Board committees have also fulfilled their respective functions and duties diligently.

The Board is aware of the gender diversity policy as set out in Recommendation 2.2 of the Code. When appointing a Director, the Nomination Committee and the Board will evaluate the candidate base on experience, skill, competency and potential contribution, whilst the Recommendation 2.2 of the Code will also be given due consideration for boardroom diversity.

Term of Reference of Nomination Committee

1. **Composition**
   - The Committee shall consist of at least three (3) members, all of whom shall be duly appointed by the Board. An independent director shall act as Chairman of the Committee.
   - The Committee shall comprise exclusively of non-executive directors, a majority of whom must be independent.
   - Appointment to the Committee shall be for a period of up to three years, after which they will be eligible for re-appointment in every three years.
   - The membership of any member shall automatically terminate in the event that the member ceases to be a non-executive director in accordance with paragraph (b) above.

2. **Authority**
   - The Board has constituted the Committee with the authorities necessary to perform the duties set out in this Term of Reference.
   - The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, company officials and external parties.
   - The Committee may engage advisers or otherwise obtain such independent legal or other professional services, as it requires, at the expense of the Company, with prior consent of the Board.
   - The Board will provide the Committee with sufficient resources to undertake its duties, including access to the company secretariat.

STATEMENT ON CORPORATE GOVERNANCE

3. Secretary

The Company Secretary shall be the secretary of the Committee.

4. Meeting

- The quorum necessary for the transaction of business shall be two of whom at least one must be an Independent Director.
- The Committee Chairman shall have a second or casting vote. However, where only 2 member (including Committee Chairman) are competent to vote on question at issue, the Committee Chairman shall not have a casting vote.
- The Committee shall meet at least once a year.
- Only the Committee members shall be entitled to participate in Committee meetings. Other members of the Board or key management personnel or any other person may attend the meeting of the Committee on the invitation of the Committee as the Committee shall deem fit and necessary.
- Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chairman or any other member of the Committee.
- Notice of each meeting shall be forwarded to each Committee member and to other attendees (as appropriate) in advance together with an agenda and supporting papers. The Committee Secretary shall ensure that agenda and supporting papers are received by the Committee members in a timely manner.
- The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review and subsequently to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless a conflict of interest exists.
- The Committee Chairman shall report the outcome of the Committee meeting to the Board and seek for approval or decision, if required.
- The Committee is allowed to exercise control on routine matters that require the Committee's recommendation through the dissemination of Committee Circular Resolution.
- The Committee Chairman shall be available to answer questions on the Committee's activities at the Annual General Meeting of the Company.

5. Duties

a) To assess and recommend new Directors to the Board. For the position of independent non-executive directors, the nominating committee should also evaluate the candidates' ability to discharge such responsibilities as expected from independent non-executive directors.

b) On re-election and re-appointment of directorship, to consider the said director's expertise, skill, knowledge and experience against other members of the Board, as well as their role as committee members.

c) For retention of independent directors who have served as independent directors beyond nine years, the Committee shall provide strong justification and seek shareholders' approval. In obtaining the shareholders' approval, the Committee shall conduct an assessment of the independent director(s) and recommend to the Board whether the independent director(s) should remain independent or be re-designated.

d) Recommend to the Board, candidates to fill the seats on Board committees in consultation with the chairmen of Board committees. In the event that the chairman's position (regardless of board/committee) is to be filled, the Committee shall consult the Board.

e) To review annually the mix of skills, knowledge, professionalism, integrity and experience, and other qualities to enable the Board to function completely and efficiently.

f) Review the size, structure and composition of the Board.

g) Annual assessment that the number of independent directors on the Board is sufficient to meet the regulatory requirements, and make such recommendation to the Board, where necessary.

h) Annual evaluation of the Board's and Board Committees' performance. Performance assessment shall be used to assess whether the directors are spending enough time to fulfil their duties.

i) The Committee shall from time to time identify suitable orientation, educational and training programmes for continuous development of directors.

j) The Committee shall establish a gender diversity policy to ensure due consideration is given to female candidates as director and/or Board Committee members.

k) The Committee shall review the leadership needs of the Company.

l) Identify and develop succession plan for those in key positions in senior management.

m) Identify and determine any future critical position.

n) Identify gaps in current senior management and develop individual development plans, coaching and mentoring programmes.

STATEMENT ON CORPORATE GOVERNANCE

o) Make recommendation to the Board concerning the succession plan for Directors, in particular the Chairman and Managing Director and the re-appointment of Director at the conclusion of the term of office.
p) Make recommendation to the Board concerning the recommendation to shareholders for re-election of any Director under the retirement by rotation provision in the Company's Articles of Association.
q) Make recommendation to the Board concerning the continuation (or not) in service of any Director who has reached the age 70.

Remuneration Committee

The Remuneration Committee was established on 16 April 2003 and comprises the following Board members:

Guido Paul Philip Joseph Ravelli (Chairman)
Ng Cheng Chuan
Chew Chiaw Han

The Committee is responsible for reviewing and recommending the remuneration of all the Executive Directors of the Group.

In the case of Non Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflects the experience and level of responsibilities undertaken by each Non Executive Director.

Individual Directors do not participate in the decision regarding their individual remuneration.

The remuneration of Executive Directors are so determined to ensure that the compensation and benefits commensurate with the level of the Director' responsibilities, as well as taking into consideration the Company's performance and remuneration practices of comparable companies. The remuneration of the Executive Directors and Non-Executive Directors of the Group for the year ended 31 December 2015 is set out as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
Nil - RM50,000	-	1	1
RM50,001 - RM100,000	-	3	3
RM250,001 - RM300,000	1	1	2
RM500,001 - RM600,000	1	-	1

Term of Reference of Remuneration Committee

1. Composition

- The Committee shall consist of at least three (3) members, all of whom shall be duly appointed by the Board. An independent director shall act as Chairman of the Committee.
- The Committee shall comprise exclusively or a majority of non-executive directors.
- Appointment to the Committee shall be for a period of up to three years, after which they will be eligible for re-appointment in every three years.
- The membership of any member shall automatically terminate in the event that the member ceases to be a non-executive director in accordance with paragraph (b) above.

2. Authority

- The Board has constituted the Committee with the authorities necessary to perform the duties set out in these Term of Reference.
- The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, company officials and external parties.
- The Committee may engage advisers or otherwise obtain such independent legal or other professional services, as it requires, at the expense of the Company, with prior consent of the Board.
- The Board will provide the Committee with sufficient resources to undertake its duties, including access to the company secretariat.

STATEMENT ON CORPORATE GOVERNANCE

3. **Secretary**
   The Company Secretary shall be the secretary of the Committee.

4. **Meeting**
   - The quorum necessary for the transaction of business shall be two of whom at least one must be an Independent Director.
   - The Committee Chairman shall have a second or casting vote. However, where only 2 member (including Committee Chairman) are competent to vote on question at issue, the Committee Chairman shall not have a casting vote.
   - The Committee shall meet at least once a year.
   - Only the Committee members shall be entitled to participate in Committee meetings. Other members of the Board or key management personnel or any other person may attend the meeting of the Committee on the invitation of the Committee as the Committee shall deem fit and necessary.
   - Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chairman or any other member of the Committee.
   - Notice of each meeting shall be forwarded to each Committee member and to other attendees (as appropriate) in advance together with an agenda and supporting papers. The Committee Secretary shall ensure that agenda and supporting papers are received by the Committee members in a timely manner.
   - The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review and subsequently to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless a conflict of interest exists.
   - The Committee Chairman shall report the outcome of the Committee meeting to the Board and seek for approval or decision, if required.
   - The Committee is allowed to exercise control on routine matters that require the Committee's recommendation through the dissemination of Committee Circular Resolution.
   - The Committee Chairman shall be available to answer questions on the Committee's activities at the Annual General Meeting of the Company.

5. **Duties**
   - The Committee shall establish and agree with the Board the remuneration framework or policy for the Directors and senior management, ensuring that the remuneration framework is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre individuals to pursue the long-term growth and success of the Group. The Board shall determine who is the senior management.
   - The Committee shall determine the individual remuneration packages for the directors and senior management based on the terms of the Remuneration Formwork.
   - The Committee shall recommend compensation and other incentive plans to the Board for Directors and senior management, where appropriate.
   - The Committee shall approve any changes to the benefit arrangements applicable to the Directors and senior management (subjected to shareholders' approval, where applicable).

Risk Management Committee

The Risk Management Committee which was established in May 2006, is primarily responsible for identifying principal risks faced by the Group and continuously reviewing the adequacy of its internal control system to mitigate these risks.

The Risk Management Committee that consists of the management team is headed by the following Board members:-

Chew Chiaw Han (Chairman)
Liu Tow Hua

STATEMENT ON CORPORATE GOVERNANCE

Option Committee

The Option Committee was established on 19 May 2011 to administer the implementation of the Employee Share Option Scheme ("**ESOS**") and is vested with such powers and duties as are conferred upon it by the Board and the By-Laws of the ESOS. In addition, the Option Committee may, for the purpose of administering the ESOS, make rules and regulations or impose terms and conditions which the Option Committee may in its discretion consider to be necessary or desirable for giving full effects to the ESOS.

The Option Committee comprises the following Board members:

Ng Cheng Chuan (Chairman)
Chiew Chiaw Han
Liu Tow Hua

Principal 3 – Reinforce Independence

The Board has an established annual evaluation of Independent Directors to ensure compliance with the requirements of Independent Directors set out in the main Market Listing Requirements. The Board performed an assessment on the independence and effectiveness of Independent Directors, took into account Independent Directors' skill, competences and whether the Independent Directors can continue to bring independent and objective judgement to board deliberations. The Board are satisfied with the level of independence demonstrated by the Independent Directors.

The Board acknowledged that it must comprise a majority of independent directors whilst our Chairman is not an independent director. However, the current size and composition of the Board are considered adequate to provide an optimum mix of skills and experiences. The Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgments and expertise to the Board. Further, with the current Board composition, there is no disproportionate imbalance of power and authority on the Board between the non-independent and independent directors. The Board believes that the interests of the shareholders are best served by the Chairman who has a substantial interest in the Company. Nevertheless, the Board will continue to monitor and review the Board size and composition from time to time.

Datuk (DR.) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli were appointed as non-executive, independent director on 1 April 2001 and 2 May 2002 respectively and hence have served the Company in their present capacity for more than nine years. The Board is satisfied with the skills, contribution and independent judgement that they bring to the Board. In view thereof, the Board recommends and supports their re-appointment as independent director of the Company which will be tabled for shareholders' approval at the forthcoming 44th AGM of the Company.

The Code recommends the appointment of a Senior Independent Non Executive Director to whom concerns may be conveyed. Mr. Guido Paul Philip Joseph Ravelli has been appointed to assume that role.

Principal 4 – Foster Commitment

The Board meets at least once in every quarter, which is in tandem with the need to review and approve unaudited quarterly financial results prior to public dissemination.

In advance of each Board Meeting, the members of the Board are each provided with all relevant documents and information to enable them to discharge their duties efficaciously. Board papers are comprehensive and encompass both quantitative and qualitative information so that informed decisions could be made. Board papers are distributed well in advance of the scheduled meetings. The senior management of the Company is usually in attendance at such board meetings to furnish clarification on issues that may be raised by the Board.

During the year ended 31 December 2015, the Board met on four (4) occasions where it deliberated upon and considered a variety of matters including business plans and the future direction of the Group, Corporate Governance, Risk Management, Group Policies and Group Financial Results.

STATEMENT ON CORPORATE GOVERNANCE

Details of Directors' attendances of Board Meetings in 2015 are as follows:

Directors	Number of Board Meeting attended
Ng Cheng Chuan	4/4
Datuk (Dr.) Philip Ting Ding Ing	4/4
Chew Chiaw Han	4/4
Liu Tow Hua	4/4
Sharifah Deborah Sophia Ibrahim	4/4
Guido Paul Philip Joseph Ravelli	4/4
Ng Kee Tiong	4/4

All Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated by the Listing Requirements of Bursa Securities.

The Directors will continuously attend conferences, seminars and training programmes as well as reading materials and publications to further broaden their perspective, skills, knowledge and to keep abreast with the relevant changes in law, regulations and the business environment.

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. During the financial year ended 31 December 2015, the Directors attended various training programmes and seminars, amongst others, Risk Management and Internal Control, Budget tax briefing, National Tax Conference, Audit Committee Conference and Lead the Change – Getting Women on Board. Ng Cheng Chuan and Sharifah Deborah Sophia Ibrahim did not attend any courses due to the availability and suitability of the courses.

Principal 5 – Uphold Integrity in Financial Reporting

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects through the annual financial statements, quarterly announcements of the financial results to shareholders, the Chairman's Statement and the review of operations in the annual reports.

The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes, the quality of its financial reporting to ensure that the reports are accurate and fairly represent the Group's financial position and the results of its operations.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Ibraco and of the Group as at the end of the financial year and of the profit and loss of Ibraco and of the Group for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2015, the Group has used appropriate accounting policies on a consistent basis supported by reasonable and prudent judgments and estimates and all applicable approved accounting standards have been complied.

The Directors have ensured that the accounting records to be kept by Ibraco and the Group have been properly kept in accordance with the provisions of the Companies Act, 1965.

STATEMENT ON CORPORATE GOVERNANCE

Relationship with External Auditors

The Audit Committee has an appropriate and transparent relationship with the external auditors. The role of the Audit Committee in relation to the external auditors is stated in the "Summary of activities during the financial year" as part of the Audit Committee Report, and set out on pages 29 to 34 of this Annual Report.

Principal 6 – Recognise and Manage Risk

The Board acknowledges it assumes overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines. The Board recognises that it is also responsible for reviewing their effectiveness. A sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against any risk of material errors, frauds or losses occurring.

The overview on the state of internal control is set out in the "Statement on Internal Control" on pages 25 to 28 of this Annual Report.

Principal 7 – Ensure Timely and High Quality Disclosure

The Board adopted Corporate Disclosure Guide of Bursa Securities. The Company's website, www.ibraco.com.my, also provides an avenue for comprehensive and up-to-date information dissemination.

Principal 8 – Strengthen Relationship Between Company and Shareholders

The Company recognises the importance of maintaining transparency and accountability to its stakeholders. This is done through optimised levels of disclosure and communications with its stakeholders through readily accessible channels. It is also a practice to provide clear, comprehensive and timely information to all stakeholders, particularly shareholders and investors, to facilitate informed investment decision-making. Therefore, the Board acknowledges the need for shareholders to be informed on all material business matters of the Group. Announcements to inform shareholders are made on significant developments and matters within the Group. The Board may seek external advice to ensure that announcements do not omit any material information. Financial results are released on a quarterly basis to provide shareholders with an overview of the Group's performance. The Annual Report is also a key channel of communication with shareholders and investors.

The Annual General Meeting has also been a main forum for dialogue with shareholders and investors. Opportunities will be given to shareholders and investors to raise questions and to seek clarifications on the business and performance of the Group.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Listing Requirements of Bursa Securities, the following information is provided hereunder:

Share Buy-back

During the financial year ended 31 December 2015, the Company has not undertaken any proposal to buy back its shares.

Options, Warrants or Convertible Securities

During the financial year ended 31 December 2015, 10,000 options were exercised pursuant to the Employees Share Option Scheme which was implemented on 30 June 2011. The Company did not issue any warrants or convertibles securities during the financial year ended 31 December 2015.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programmes during the financial year ended 31 December 2015.

STATEMENT ON CORPORATE GOVERNANCE

Sanctions and Penalties

There were no sanctions or penalties imposed on the Group, Directors or management by any relevant regulatory body during the financial year ended 31 December 2015.

Non-audit Fees

Non-audit fee amounting to RM119,928.40 paid by the Group to the External Auditor and a company affiliated to the External Auditors' firm for the year ended 31 December 2015 were as follows :

Purpose	**Amount (RM)**
Professional services rendered in connection with the Company's corporate exercise for Right Issue	53,530.00
Review of interim condensed Financial Statements	10,600.00
Tax advisory, computation and filing	44,827.40
Review of Statement on Risk Management and Internal Control	10,971.00
Total	**119,928.40**

Profit Guarantee

During the financial year ended 31 December 2015, there were no profit guarantees given by the Company.

Revaluation Policy

For the financial year ended 31 December 2015, the Group has not adopted any revaluation policy in relation to its landed properties.

Related Party Transactions

The value and types of related party transactions entered into by Ibraco and its subsidiary companies are shown on pages 106 to 108 of this Annual Report (see Note 30 to the financial statements).

Material Contracts

There were no material contracts entered into by Ibraco and its subsidiary companies involving Directors and major shareholders, either still running at the end of the financial year or entered into since the end of the previous financial year other than those disclosed in the financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires listed companies to establish a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets.

In compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers which is issued by the Taskforce on Internal Control, the Board is pleased to present the Statement on Risk Management and Internal Control of the Group comprising the Company and its subsidiaries.

Responsibility of the Board

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board recognises the importance of the roles of sound risk management and internal control system in promoting good corporate governance. Such system covers not only financial controls but also control measures relating to operations, compliance with applicable laws, regulations and other guidelines (professional, statutory or otherwise).

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the risk management and internal control system when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and accords with the guidelines for Directors on risk management and internal control, the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The risk management and internal control system is designed to gear the Group into meeting its business goals and objectives and to manage the risks to which it is exposed. The Board and Management acknowledge that such risks cannot be completely eliminated.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the Annual Report and financial statements is sound and sufficient to safeguard the shareholders' investments, the interests of all other stakeholders, regulators and the Group's assets.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Risk Management Framework

The Risk Management Committee was established by the Board to assist the Board to oversee the overall management of principal areas of risk of the Group.

In order to properly manage risks, the Group has adopted an appropriate risk assessment and evaluation framework as an on-going process as well as appropriate control systems to manage and control these risks. The following provide an overview of the Group's risk management process:

- The Board has approved a Risk Management Policies and Procedures Manual, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues.

- A Risk Management Committee, headed by the Managing Director, continuously carries out its responsibility to identify and communicate to the Board the critical risks (present and potential) which the Group faces, their changes, and what the management action plans are, to manage the risks.

- All Heads of Departments have identified risks (present and potential) faced at departmental levels and suggested action plans to mitigate these risks for deliberation during the Risk Management Committee meeting. These action plans are closely monitored to assess their effectiveness over the period during which they are subject to such risks and will be reviewed and monitored on a regular basis.

- A consolidated risk profile of the Group was developed and will be updated in accordance with the risk appetite (current and future) of the Group. This together with a summary of key findings and proposed mitigating measures was discussed and finalised in the various Risk Management Committee meetings.

- During the financial year under review, the Risk Management Committee has identified, compiled and worked out the remedial measures to mitigate the risks encountered by each Department, which fall under the categories of Planning and Design, Contract, Property Development, Property Management, Marketing and Sales, Conveyance and Credit, Corporate and Secretarial, Procurement, Account and Finance, Human Resources and Administration.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Audit Function

The Group has established an Internal Audit Department, who reports independently to the Audit Committee, to provide the Board with adequate assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance systems.

The annual internal audit plan is approved by the Audit Committee and the scope of internal audit work covers the audits of all business processes in the Group. The internal auditors also monitor the implementation of their audit recommendations in order to obtain assurance that all major risks and controls measures identified have been duly addressed by the Management in the most effective and timely manner.

The internal auditors adopt a risk-based approach towards the planning and conduct of internal audits, which are consistent with the Group's established framework of designing, implementing and monitoring its internal control system.

The internal auditors also work closely with the external auditors to resolve any control issues that may be raised by the external auditors to ensure that significant issues are duly acted upon by the Management in the most timely and appropriate manner.

Other Key Elements

Other key elements of the Group's risk management and internal control system, which may also fall under the ambit of risk management practices or internal control procedures, are described below:

Committees at the Various Levels

Various Committees have been established to assist the Board in the discharge of their fiduciary duties. They are the Audit Committee, the Risk Management Committee, the Nomination Committee, the Remuneration Committee and the Option Committee.

Specific responsibilities have been delegated to these Board Committees, all of which have written terms of reference. These Committees have the authority to examine all matters within such terms of reference and related scope of responsibilities and to report to the Board with appropriate recommendations.

Policies and Procedures

Operational Procedures for all business processes are also in place to ensure effectiveness, transparency and continuity.

The procedures amongst other things outlined reporting and authority structures. Pre-defined limits are also established at appropriate levels to deliberate and approve expenditures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Performance Monitoring

It is an essential component of the Financial Policies and Procedures Manual that yearly Management Action Plans are formulated and approved by the Board, with the following objectives:

- To map out the strategic direction of the Group;
- To set goals at all appropriate levels;
- To gear physical, financial and human resources towards achieving these goals; and
- To serve as a blueprint that sets the criteria to measure performance throughout the year.

The daily running of the business is entrusted to the Managing Director and the respective management team. Performance measurements are discussed at the various Board Committee meetings. Significant variances are investigated by the Management and findings are reported to the various Committees.

Bi-quarterly management reports covering all key financial and operational indicators are also provided to senior management for information and further action. In addition, the Audit Committee and the Board reviewed the quarterly financial results.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Group for the year ended 31 December 2015 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal control of the Group.

Conclusion

There were no significant control failures or weaknesses that would result in material losses and require disclosure in the Annual Report of the Group were identified during financial year under review.

The Board and Management will, when necessary, continuously measures and enhance the adequacy and integrity of the risk management and control system.

This statement is made in accordance with a resolution of the Board dated 26 February 2016.

AUDIT COMMITTEE REPORT

The Audit Committee ("the Committee") of Ibraco Group was established on 21 April 2001 to act as a Board Committee to the Board and was reconstituted on 3 December 2007 to exclude any Executive Directors as required under the Listing Requirements.

MEMBERSHIP AND ATTENDANCE

The Committee comprises the following members and details of their respective attendance at all Committee meetings held during the year ended 31 December 2015 are as follows:

Composition of Committee	Total Number of Meetings Attended
Ng Kee Tiong Chairman/ Independent Non-Executive Director	5/5
Guido Paul Philip Joseph Ravelli Member/ Independent Non-Executive Director	5/5
Ng Cheng Chuan Member/ Non-Independent Non-Executive Director	4/5

The meetings were appropriately structured through the use of agendas, which were distributed at least one week in advance of the meetings. Papers constituting the agenda were formally presented and were discussed in the meetings. Where appropriate, the Committee made recommendations for approval at meetings of the Board documented in the form of minutes of the Committee meetings.

The Group Internal Auditor is the Secretary of the Committee. Representatives from the External Auditors were invited to attend meetings where necessary. The Managing Director and the Chief Financial Officer were also present at the meetings by invitation. Other senior executives may be invited to attend the meetings with respect to those agenda that concerned them as such.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Committee during the financial year were as follows:

Financial Results

- Reviewed quarterly unaudited financial results before recommending them to the Board for approval. The review was to ensure compliance with the listing requirements of Bursa Malaysia Securities Berhad and applicable accounting standards and guidelines.

- Reviewed the audited financial statements for the financial year ended 31 December 2015. The review was to ensure that the audited financial statements were drawn up in accordance with provisions of the Companies Act, 1965 and applicable approved accounting standards and guidelines.

AUDIT COMMITTEE REPORT

The Internal Audit Function

- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- Reviewed the internal audit plan and programmes for the year. The internal audit plans and programmes were approved by the Committee prior to their implementation.
- Reviewed the internal audit reports and deliberated on audit issues, the recommendations thereof and management responses arising from such recommendations.
- Monitored closely all action plans undertaken to improve the system of internal controls based on improvement opportunities identified in the recommendations as outlined in all internal audit reports.
- Reviewed the extent of the Group's compliance with provisions of the Malaysian Code on Corporate Governance.
- Reviewed the allocations of share options pursuant to the Company's Employees Share Option Scheme ("ESOS") during the financial year to verify whether they were in accordance with the criteria set out in the ESOS by-laws and by the ESOS Committee.

The External Audit Function

- Reviewed with the external auditors on their audit plan for the year and the scope of works to be performed vis-à-vis the Internal Audit Plan. This helped to ensure optimal utilisation of scarce resources and to effectively complement each other's roles.
- Reviewed with the external auditors on matters relating to its remit, major audit findings and the Management responses arising from their audit.
- Reviewed the external auditors' performance and the independence and effectiveness of the overall audit process.
- Considered and recommended to the Board for approval, the audit fees payable to the external auditors.

Related Party Transactions

- Reviewed all related party transactions of the Group as reported by the Management and incorporated them in relevant quarterly announcements.

Risk Management

- Reviewed reports of the Risk Management Committee and the corresponding action plans to manage such risks.
- Ensured that mitigating measures were appropriate and adequate to help reduce the risks identified to an acceptable and tolerable level in accordance to the risk appetite of the Group.

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

The Committee evaluates external auditors' suitability, effectiveness and independence on annual basis, taking into consideration the management's feedback on external auditors' performance. The annual evaluation of external auditors provides the Committee with a disciplined approach for maintaining effective oversight of the external auditors' performance. The results of the evaluation were tabled to the Committee for assessment and thereafter, recommending for Board's discussion. Based on the evaluation conducted, the Committee is satisfied with the external auditors' performance, technical competency and audit independence.

The external auditors have also provided written assurance to the Committee that they had been independent throughout the audit engagement for the financial year ended 31 December 2015 in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

INTERNAL AUDIT FUNCTION

The Group has established an Internal Audit Department, which reports directly to the Committee, to assist the Committee in discharging its duties and responsibilities. The Department undertakes regular, independent and systematic reviews of the internal control systems so as to provide reasonable assurance that such systems will continue to operate effectively, efficiently and economically in accordance with the Group's overall objectives and goals. The Department also verifies data and information given to external agencies such as Bursa Malaysia Securities Berhad and the Securities Commission.

A risk-based approach is adopted for all audits conducted by the Internal Audit Department, which covers the following:

- Review of all operational and financial controls;
- Compliance with relevant statutory requirements;
- Assessing the effectiveness of risk management procedures; and
- Recommend appropriate improvement in controls.

These audits will help to ensure that control measures put in place are appropriate, effectively applied and are adequate to cover the exposure to risks, consistent with the Group's policies.

The total costs incurred in relation to the Internal Audit Department for year 2015 amounted to approximately RM95,000.

TERMS OF REFERENCE

1 Constitution

1.1 The Committee was established by a resolution of the Board on 21 April 2001.

1.2 The function of the Committee shall extend to Ibraco Berhad and all its subsidiary companies.

1.3 It was updated and approved by the Board on 23 May 2013.

2 Membership

2.1 The members of the Committee shall be appointed by the Board from among their number (except Alternate Directors) which consist of not more than five members and not fewer than three members. All members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the committee must be an accountant or has passed the examination requirements of the Accountants Act, 1967 or fulfilled such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE REPORT

2.2 In the event of any vacancy resulting in the non-compliance of paragraph 2.1 above, the Board shall within three months of that event, appoint such number of new members required to fulfil the minimum requirement.

2.3 The members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.

2.4 All members of the Committee, including the Chairman, shall hold office only so long as they serve as Directors of the Group.

2.5 The Board shall review the term of office and performance of the Committee and each of its members at least once every three years.

3 Quorum

Unless otherwise determined, two members shall be a quorum. The majority of members present must be Independent Directors.

4 Functions

The Committee shall review the following and report the same to the Board:

(i) With the External Auditors, the audit plans and their evaluation of the internal control systems.

(ii) With the External Auditors, their audit report and the assistance given by the Company's and the Group's officers to the Auditors.

(iii) The appointment or dismissal of the external auditors and their fees.

(iv) Assess the suitability and independence of the External Auditors.

(v) The adequacy of the scope, function and resources of the internal audit function and whether it has the necessary authority to carry out its work.

(vi) The internal audit programs, processes, the results of the internal audit activities and whether or not appropriate actions have been taken with respect to internal audit recommendations.

(vii) The quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;

(b) significant and unusual events;

(c) compliance with accounting standards and other legal requirements; and

(d) any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

AUDIT COMMITTEE REPORT

(viii) The risk management process including the identification, assessment and mitigation of risks faced by the Company.

(ix) The allocation of options during the year under the ESOS to verify whether it is in accordance with the criteria determined by the ESOS Committee and in compliance with the ESOS by-laws.

5 Authority

The Committee shall:

(i) have authority to investigate any matter within its terms of reference;

(ii) have full and unrestricted access to any information pertaining to the Company and the Group;

(iii) have the resources which are required to perform its duties;

(iv) have direct communication channels with both the external and internal auditors;

(v) be able to obtain independent professional or other advice; and

(vi) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

6 Meetings

6.1 The Group Internal Auditor shall be the Secretary of the Committee.

6.2 The Committee shall meet not less than four times a year. Prior to the meeting, the Secretary shall send notice to all Committee members at least seven days prior to the meeting.

6.3 Minutes of each meeting shall be kept by the Secretary and circulated to all members within 14 days after each meeting.

6.4 Minutes shall be confirmed at the following meeting of the Committee. Confirmed Minutes shall be circulated to all members of the Board by the Company Secretary.

6.5 In addition to the Group Internal Auditor, the meetings will be attended by representatives of the external auditors, the Managing Director, the Chief Financial Officer and other appropriate persons as determined by the Chairman. No Director or employee shall attend any meeting of the Committee except at the Committee's invitation specific to the relevant meeting.

6.6 In the absence of the Chairman, the Committee shall appoint one of the Independent Non-Executive members present to chair that meeting.

6.7 Decisions of the Committee shall as far as possible be by consensus, failing which the decision will be by a simple majority.

AUDIT COMMITTEE REPORT

7 Committee Report

7.1 At the end of each financial year, the Committee shall prepare an Audit Committee Report which include the following:

(i) the composition of the Committee;

(ii) the terms of reference / key functions;

(iii) the number of the Committee meetings held during the financial year and the details of attendance;

(iv) a summary of the activities of the Committee; and

(v) the existence of an internal audit function and a summary of its activities.

7.2 The Audit Committee Report shall be forwarded to the Board for its inclusion in the Company's Annual Report.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The Company is engaged in realty development and investment holding. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

Results

	Group	Company
	RM	RM
Profit net of tax	52,466,306	34,242,388
Profit attributable to:		
Owners of the Company	45,958,997	34,242,388
Non-controlling interests	6,507,309	-
	52,466,306	34,242,388

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 December 2014 was as follows:

	RM
In respect of the financial year ended 31 December 2015:	
Interim single-tier dividend of 7% on 496,405,652 ordinary shares, declared on 20 November 2015 and paid on 14 December 2015	17,374,198

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Ng Cheng Chuan
Chew Chiaw Han
Dr. Sharifah Deborah Sophia Ibrahim
Datuk (Dr.) Ting Ding Ing
Ng Kee Tiong
Guido Paul Philip Joseph Ravelli
Liu Tow Hua
Chew Pok Oi (Alternate director to Dr. Sharifah Deborah Sophia Ibrahim, resigned on 22 May 2015)

DIRECTORS' REPORT

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Plan.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employees' of the Company as shown in Note 9 the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1.00 each					Number of ordinary shares of RM0.50 each		
	As at 1 January 2015	**Acquired**	**Sold**	**Bonus Issue**	**Share Split #**	**Acquired**	**Sold**	**As at 31 December 2015**
Direct Interest								
Dr. Sharifah Deborah Sophia Ibrahim	25,071,420	10,416,480	-	14,195,160	49,683,060	-	-	99,366,120
Ng Cheng Chuan	21,936,666	9,162,434	-	12,439,639	43,538,739	-	-	87,077,478
Chew Chiaw Han	4,000,000	1,669,800	-	2,267,920	7,937,720	-	-	15,875,440
Datuk (Dr.) Philip Ting Ding Ing	550,000	180,200	(149,800)	232,160	812,560	-	-	1,625,120
Ng Kee Tiong	250,000	105,400	-	142,160	497,560	104,000	-	1,099,120
Indirect Interest								
Chew Chiaw Han	31,105,321	15,544,479	-	18,659,919	65,309,719	-	-	130,619,438
Ng Cheng Chuan	9,000,000	3,757,400	-	5,102,960	17,860,360	-	-	35,720,720

During the financial year, the Group undertook a share split involving the subdivision of every one (1) existing share of RM1.00 each held after the bonus issue into two (2) ordinary shares of RM0.50 each and every one (1) existing preference share of RM1.00 each into two (2) preference shares of RM0.50 each.

By virtue of their substantial interests in the Company, Chew Chiaw Han, Ng Cheng Chuan and Dr. Sharifah Deborah Sophia Ibrahim are also deemed interested in shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM126,624,095 to RM248,202,826 by way of:

(i) the issuance of 10,000 ordinary shares of RM1.00 each through the exercise and allotment of 10,000 option shares of RM1.00 each at RM1.01 per share pursuant to the Employees' Share Option Plan;

(ii) the issuance of renounceable rights issue of 50,653,638 new ordinary shares of RM1.00 each at an issue price of RM1.00 per rights share on the basis of two (2) rights shares for every five (5) existing shares held in the Company;

(iii) the issuance of 70,915,093 new ordinary shares of RM1.00 each pursuant to the Bonus Issue on the basis of two (2) bonus shares for every five (5) existing shares held in the Company; and

(iv) the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each and every one (1) existing preference share of RM1.00 each into two (2) preference shares of RM0.50 each held in the Company.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Employees' Share Option Plan

At an Extraordinary General Meeting held on 29 June 2011, shareholders approved the Employees' Share Option Scheme ("ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible employees and directors of the Ibraco Berhad Group (excluding subsidiaries which are dormant).

The committee administering the ESOS comprises the board of directors.

The salient features and other terms of the ESOS is disclosed in Note 22 to the financial statements.

On 1 July 2011, the Company granted 12,240,000 share options under the ESOS. These options will expire on 30 June 2016 and are exercisable only by the grantee during his life time and whilst he is in the employment of the Group and within the Options Period.

Details of all the options to subscribe for ordinary shares of the Company pursuant to ESOS as at 31 December 2015 are as follows:

Expiry date	Exercise price (RM)	Number of options
30 June 2016	1.01	12,240,000
		========

Other statutory information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

Other statutory information (contd')

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 April 2016.

Chew Chiaw Han **Liu Tow Hua**

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, **Chew Chiaw Han** and **Liu Tow Hua**, being two of the directors of **Ibraco Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 118 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 4 April 2016.

Chew Chiaw Han

Liu Tow Hua

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Liu Tow Hua**, being the director primarily responsible for the financial management of **Ibraco Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Liu Tow Hua**
at Kuching in the State of Sarawak
on 4 April 2016.

Liu Tow Hua

Before me,
Evelyn Lau Sie Jiong (No. Q 137)
Commissioner For Oaths
No. 10, Lot 663, Ground Floor
Lorong 2 Jalan Ong Tiang Swee
93200 Kuching, Sarawak

INDEPENDENT AUDITORS' REPORT

to the Members of Ibraco Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of **Ibraco Berhad**, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 118.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the Members of Ibraco Berhad (Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 38 on page 119 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

AU YONG SWEE YIN
3101/02/18 (J)
Chartered Accountant

Kuching, Malaysia.
Date: 4 April 2016

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	4	254,038,334	229,061,354	205,963,488	183,729,371
Cost of sales	5	(166,921,371)	(167,585,715)	(151,503,307)	(136,720,978)
Gross profit		87,116,963	61,475,639	54,460,181	47,008,393
Other item of income					
Other income		1,387,182	7,466,599	5,495,958	8,189,728
Other items of expense					
Administrative expenses		(13,006,297)	(12,901,101)	(9,972,545)	(9,209,402)
Selling and marketing expenses		(561,384)	(246,473)	(561,384)	(246,473)
Operating profit		74,936,464	55,794,664	49,422,210	45,742,246
Finance costs	6	(4,685,430)	(2,977,967)	(4,361,447)	(3,016,467)
Profit before tax	7	70,251,034	52,816,697	45,060,763	42,725,779
Income tax expense	10	(17,784,728)	(14,050,246)	(10,818,375)	(11,326,300)
Profit net of tax, representing total comprehensive income for the year		52,466,306	38,766,451	34,242,388	31,399,479
Total comprehensive income attributable to:					
Owners of the Company		45,958,997	36,379,241	34,242,388	31,399,479
Non-controlling interests		6,507,309	2,387,210	-	-
		52,466,306	38,766,451	34,242,388	31,399,479
Earnings per share attributable to owners of the Company (sen)					
- Basic	11(a)	11	9		
- Diluted	11(b)	11	9		

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

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

		Group		Company	
	Note	**2015**	**2014**	**2015**	**2014**
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	8,125,309	8,558,503	2,791,327	2,947,008
Investments in subsidiaries	13	-	-	33,327,166	33,077,168
Land held for property development	14(a)	193,209,066	130,845,839	192,057,520	129,806,103
Investment properties	15	51,700,000	51,400,000	51,700,000	51,400,000
Deferred tax assets	26	5,995,038	4,732,493	1,145,009	1,950,609
		259,029,413	195,536,835	281,021,022	219,180,888
Current assets					
Property development costs	14(b)	162,124,932	84,088,651	84,387,618	60,407,535
Inventories	16	6,511,339	12,249,097	6,631,848	12,536,457
Trade and other receivables	17	46,829,854	26,647,768	70,876,075	57,022,908
Other current assets	18	24,796,015	80,658,347	21,708,896	34,974,076
Investment securities	20	5,476,099	4,285,542	-	121,871
Cash and bank balances	21	47,808,808	17,473,875	36,411,315	12,323,368
		293,547,047	225,403,280	220,015,752	177,386,215
TOTAL ASSETS		552,576,460	420,940,115	501,036,774	396,567,103
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	248,202,826	126,624,095	248,202,826	126,624,095
Share premium	22	-	9,964,338	-	9,964,338
Share option reserve	23	-	16,960	-	16,960
Retained earnings	24	63,753,545	96,839,828	58,124,486	102,927,378
		311,956,371	233,445,221	306,327,312	239,532,771
Non-controlling interests		9,824,107	3,516,798	-	-
TOTAL EQUITY		321,780,478	236,962,019	306,327,312	239,532,771

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
EQUITY AND LIABILITIES (CONTD.)					
Non-current liabilities					
Loans and borrowings	25	83,676,357	41,539,750	67,679,945	41,539,750
Deferred tax liability	26	2,391	2,391	-	-
		83,678,748	41,542,141	67,679,945	41,539,750
Current liabilities					
Loans and borrowings	25	71,747,207	58,764,481	65,587,199	58,764,481
Trade and other payables	27	75,143,790	75,640,583	61,442,318	54,804,143
Other current liabilities	28	226,237	7,238,276	-	-
Income tax payable		-	792,615	-	1,925,958
		147,117,234	142,435,955	127,029,517	115,494,582
TOTAL LIABILITIES		230,795,982	183,978,096	194,709,462	157,034,332
TOTAL EQUITY AND LIABILITIES		552,576,460	420,940,115	501,036,774	396,567,103

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

	Note	Equity, total	Equity attributable to owners of the Company, total	← Attributable to owners of the Company → ← Non-distributable → Share capital (Note 22)	Share premium (Note 22)	Share option reserve (Note 23)	Distributable Retained earnings	Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM
Group								
At 1 January 2014		210,420,617	209,591,029	126,488,095	9,956,578	23,360	73,122,996	829,588
Profit net of tax, representing total comprehensive income		38,766,451	36,379,241	-	-	-	36,379,241	2,387,210
Contribution of capital by non-controlling interests		300,000	-	-	-	-	-	300,000
Transactions with owners:								
Exercise of employees' share options		137,360	137,360	136,000	7,760	(6,400)	-	-
Dividends on ordinary shares	37	(12,662,409)	(12,662,409)	-	-	-	(12,662,409)	-
Total transaction with owners		(12,525,049)	(12,525,049)	136,000	7,760	(6,400)	(12,662,409)	-
At 31 December 2014		236,962,019	233,445,221	126,624,095	9,964,338	16,960	96,839,828	3,516,798
Profit net of tax, representing total comprehensive income		52,466,306	45,958,997	-	-	-	45,958,997	6,507,309
Transactions with owners:								
Exercise of employees' share options		10,100	10,100	10,000	17,060	(16,960)	-	-
Rights issue		50,653,638	50,653,638	50,653,638	-	-	-	-
Share issuance expenses		(737,387)	(737,387)	-	(737,387)	-	-	-
Bonus issue		-	-	70,915,093	(9,244,011)	-	(61,671,082)	-
Dividends on ordinary shares	37	(17,374,198)	(17,374,198)	-	-	-	(17,374,198)	-
Dividends paid to non-controlling interests		(200,000)	-	-	-	-	-	(200,000)
Total transactions with owners		32,352,153	32,552,153	121,578,731	(9,964,338)	(16,960)	(79,045,280)	(200,000)
At 31 December 2015		321,780,478	311,956,371	248,202,826	-	-	63,753,545	9,824,107

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

	Note	Equity, total	← Non-distributable		→	Distributable
			Share capital (Note 22)	Share premium (Note 22)	Share option reserve (Note 23)	Retained earnings (Note 24)
		RM	RM	RM	RM	RM
Company						
At 1 January 2014		220,658,341	126,488,095	9,956,578	23,360	84,190,308
Profit net of tax, representing total comprehensive income		31,399,479	-	-	-	31,399,479
Transactions with owners:						
Exercise of employees' share options		137,360	136,000	7,760	(6,400)	-
Dividends on ordinary shares	37	(12,662,409)	-	-	-	(12,662,409)
Total transaction with owners		(12,525,049)	136,000	7,760	(6,400)	(12,662,409)
At 31 December 2014		239,532,771	126,624,095	9,964,338	16,960	102,927,378
Profit net of tax, representing total comprehensive income		34,242,388	-	-	-	34,242,388
Transactions with owners:						
Exercise of employees' share options		10,100	10,000	17,060	(16,960)	-
Rights issue		50,653,638	50,653,638	-	-	-
Share issuance expense		(737,387)	-	(737,387)	-	-
Bonus issue		-	70,915,093	(9,244,011)	-	(61,671,082)
Dividends on ordinary shares	37	(17,374,198)	-	-	-	(17,374,198)
Total transactions with owners		32,552,153	121,578,731	(9,964,338)	(16,960)	(79,045,280)
At 31 December 2015		306,327,312	248,202,826	-	-	58,124,486

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Operating activities					
Profit before tax		70,251,034	52,816,697	45,060,763	42,725,779
Adjustments for:					
Depreciation of property, plant and equipment	7	1,258,939	943,399	792,985	502,348
Dividend income from subsidiary	7	-	-	(2,500,000)	-
Dividend income from investment securities	7	(482,063)	(325,874)	(280,360)	(48,539)
Dividend income from licensed banks	7	(36,881)	-	(36,860)	-
Gain on disposal of property, plant and equipment	7	-	(294,728)	-	(13,236)
Gain on fair value of investment properties	7	(300,000)	(6,229,846)	(300,000)	(6,212,362)
Impairment on financial assets:					
- trade receivable	7	-	959,903	-	-
Interest expenses	6	4,685,430	2,977,967	4,361,447	3,016,467
Interest income	7	(149,162)	(237,463)	(1,397,997)	(1,710,602)
Inventories written off	7	-	8,571	-	-
Property, plant and equipment written off	7	-	5,211	-	4,936
Waiver of debts	7	-	-	-	2,236
Total adjustments		4,976,263	(2,192,860)	639,215	(4,458,752)
Operating profit before working capital changes		75,227,297	50,623,837	45,699,978	38,267,027

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Changes in working capital:					
Property development costs		(76,280,705)	2,658,034	(22,112,697)	29,558,151
Land held for property development		(62,270,541)	(1,249,550)	(62,270,541)	(8,879,607)
Inventories		5,737,758	(10,616,930)	5,904,609	(11,635,190)
Receivables		(20,182,086)	(6,394,596)	(13,853,167)	(31,613,228)
Other current assets		59,577,935	(45,738,543)	13,389,175	(17,241,764)
Payables		(496,793)	14,250,461	6,638,175	8,582,023
Other current liabilities		(7,012,039)	5,854,768	-	(1,321,008)
Deposits pledged for bank guarantee		(27,314)	(19,220)	(27,314)	(19,220)
Cash (used in)/generated from operations		(25,726,488)	9,368,261	(26,631,782)	5,697,184
Interest paid		(7,454,948)	(5,181,508)	(6,209,709)	(5,220,008)
Interest received		149,162	237,463	1,397,997	1,710,602
Taxes paid		(25,125,249)	(16,892,804)	(12,062,728)	(11,952,147)
Tax refunded		2,491,014	126,118	-	-
Net cash used in operating activities		(55,666,509)	(12,342,470)	(43,506,222)	(9,764,369)
Investing activities					
Placement of deposits with maturity of more than three months		(10,007,184)	(43,500)	(10,007,184)	(43,500)
Dividend received from subsidiary		-	-	2,500,000	-
Dividend received from investment securities		482,063	325,874	280,360	48,539
Dividend received from licensed banks		36,881	-	36,860	-
Purchase of property, plant and equipment	12	(390,745)	(780,623)	(202,304)	(515,532)
Purchase of investment securities		(71,245,945)	(7,358,962)	(66,633,517)	(6,007,501)
Proceeds from disposal of investment securities		70,055,388	38,400,000	66,755,388	33,000,000
Proceeds from disposal of a subsidiary		-	-	-	2
Proceeds from shares issued to non-controlling interests		-	300,000	-	-
Proceeds from disposal of property, plant and equipment		-	319,500	-	38,000
Subscription of shares in subsidiaries	13	-	-	(249,998)	(700,000)
Net cash (used in)/generated from investing activities		(11,069,542)	31,162,289	(7,520,395)	25,820,008

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Financing activities					
Dividends paid on ordinary shares		(17,374,198)	(25,311,218)	(17,374,198)	(25,311,218)
Dividend paid to non-controlling interests		(200,000)	-	-	-
Repayment of term loans		(26,797,584)	(43,411,004)	(18,154,004)	(43,411,004)
Repayment of finance lease payables		(368,083)	(199,766)	(368,083)	(199,766)
Share issuance expenses incurred	22	(737,387)	-	(737,387)	-
Proceeds from exercise of employees' share options		10,100	137,360	10,100	137,360
Proceeds from rights issue	22	50,653,638	-	50,653,638	-
Proceeds from term loans		72,050,000	25,000,000	41,250,000	25,000,000
Proceeds from revolving credit obtained, net		9,800,000	20,600,000	9,800,000	20,600,000
Net cash generated from/(used in) financing activities		87,036,486	(23,184,628)	65,080,066	(23,184,628)
Net increase/(decrease) in cash and cash equivalents		20,300,435	(4,364,809)	14,053,449	(7,128,989)
Cash and cash equivalents at 1 January		15,332,895	19,697,704	10,182,388	17,311,377
Cash and cash equivalents at 31 December	21	35,633,330	15,332,895	24,235,837	10,182,388

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2015

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Ibraco House, No. 898, Jalan Wan Alwi, Tabuan Jaya, 93350 Kuching, Sarawak.

The Company is engaged in realty development and investment holding. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with resolution of the directors on 4 April 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS" or "FRSs") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Company adopted Amendments to FRSs and Annual Improvements which are mandatory for financial periods beginning on or after 1 January 2015 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

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

On 1 January 2015, the Group and the Company adopted the following Amendments to FRSs and Annual Improvements which are mandatory for annual financial periods beginning on or after 1 January 2015.

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

The nature and impact of the Annual Improvements are described below:

Annual Improvements to FRSs 2010 - 2012 Cycle

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

(i) FRS 116: Property, Plant and Equipment and FRS 138: Intangible Assets

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset. These amendments did not have any impact on the Group and the Company.

(ii) FRS 124: Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. This amendment is not applicable to the Group as the Group does not receive any management services from other entities.

Annual Improvements to FRSs 2011 - 2013 Cycle

The Annual Improvements to FRSs 2011 - 2013 Cycle include a number of amendments to various FRSs, which are summarised below:

FRS 13: Fair Value Measurement

The amendments to FRS 13 clarify that the portfolio exception in FRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of FRS 9 (or FRS 139 as applicable). The Group and the Company do not apply the portfolio exception.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The directors of the Group and the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.3 Standards issued but not yet effective (contd.)

FRS 9: Financial Instruments

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

Annual Improvements to FRSs 2012 - 2014 Cycle

The Annual Improvements to FRSs 2012 - 2014 Cycle include a number of amendments to various FRSs, which are summarised below. The directors of the Group and the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(i) FRS 7: Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

(ii) FRS 119: Employee Benefits

The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(iii) FRS 134: Interim Financial Reporting

FRS 134 requires entities to disclose information in the notes to the interim financial statements or elsewhere in the interim financial report.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.4 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture (MFRS 141) and IC Interpretation 15: Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be preparing its financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2015 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.5 Basis of consolidation (contd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.5 Basis of consolidation (contd.)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.6 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.7 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within the equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

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

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and renovation	5 to 50 years
Motor vehicles, office equipment, furniture and fittings	5 to 20 years
Plant and equipment	5 to 10 years

Work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.8 Property, plant and equipment (contd.)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfer is made to or from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment properties, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.10 Impairment of non-financial assets (contd.)

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

2.11 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

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

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

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

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

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.11 Financial assets (contd.)

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

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

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

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

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposit with maturity of three months or less. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.14 Construction contracts

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

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

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

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

2.15 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.15 Land held for property development and property development costs (contd.)

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

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

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

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

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

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within other current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within other current liabilities.

2.16 Inventories

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

Costs include:

- 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

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 sale.

The costs of inventories recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the properties sold and an allocation of any non-specific costs based on the relative size of the properties sold.

Inventories for consumables are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The costs of raw materials comprises costs of purchase.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

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

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

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.18 Financial liabilities (contd.)

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

2.19 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.21 Employee benefits (contd.)

(iii) Employees' share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employees' share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employees' share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.22 Leases

(a) As lessee

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

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(viii).

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable:

(i) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.14.

(iii) Sale of completed properties

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(iv) Development properties

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- A contract to construct a property; or
- A contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which the development is taking place is owned by the final customer; and
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.23 Revenue recognition (contd.)

(v) Revenue from landscaping and maintenance work

Revenue from landscaping and maintenance work are recognised upon completion at reporting date. Where the work outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(vi) Interest income

Interest income is recognised using the effective interest rate method.

(vii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(viii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(ix) Property management fees

Property management fees are recognised when services are rendered.

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.24 Income taxes (contd.)

(b) Deferred tax (contd.)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36.

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

2. Summary of significant accounting policies (contd.)

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.28 Fair value measurements

The Group measures financial instruments at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

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

(a) Classification of properties

The Group determines whether properties are classified as investment properties or inventory properties:

- Investment properties comprise land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Inventory properties comprise properties that are held for sale in the ordinary course of business.

(b) Investment properties

Management judged that it retains all the significant risks and rewards of ownership of the investment properties, thus accounted for the lease contracts with tenants as operating leases.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 17.

(b) Construction contracts and property development

The Group recognises construction contracts and property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts and property development costs incurred for work performed to date bear to the estimated total construction contracts and property development costs.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(b) Construction contracts and property development (contd.)

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

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 14 respectively.

(c) Deferred tax assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(d) Employees' share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions, sensitivity analysis and the carrying amounts are disclosed in Note 29.

(e) Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value ("NRV").

NRV for completed inventory properties are assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

NRV in respect of inventory properties under construction are assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

4. Revenue

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Sales of developed properties and land	245,765,361	193,357,768	202,860,575	180,795,039
Construction revenue	5,086,585	32,769,254	-	-
Rental income from investment property	3,102,913	2,934,332	3,102,913	2,934,332
Property management service	83,475	-	-	-
	254,038,334	229,061,354	205,963,488	183,729,371

5. Cost of sales

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Property development costs	161,704,081	139,460,706	151,382,363	136,599,731
Construction costs	4,995,030	28,003,762	-	-
Investment property maintenance costs	120,944	121,247	120,944	121,247
Property management costs	101,316	-	-	-
	166,921,371	167,585,715	151,503,307	136,720,978

6. Finance costs

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense on:				
- Bank loans and bank overdrafts	7,380,725	5,153,670	6,135,486	5,153,670
- Obligations under finance lease	74,223	27,838	74,223	27,838
- Amount due to subsidiaries	-	-	-	38,500
	7,454,948	5,181,508	6,209,709	5,220,008
Less: Interest expense capitalised in:				
- Property development cost (Note 14(b))	(1,848,262)	(2,203,541)	(1,848,262)	(2,203,541)
- Amount due from contract customers (Note 19)	(921,256)	-	-	-
	4,685,430	2,977,967	4,361,447	3,016,467

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

7. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit	99,000	86,400	60,000	56,000
- other services	10,000	10,000	10,000	10,000
Depreciation of property, plant and equipment (Note 12)	1,258,939	943,399	792,985	502,348
Dividend income from investment securities	(482,063)	(325,874)	(280,360)	(48,539)
Dividend income from subsidiary	-	-	(2,500,000)	-
Dividend income from licensed banks	(36,881)	-	(36,860)	-
Employee benefits expense (Note 8)	6,345,543	5,322,602	4,645,048	4,028,503
Gain on fair value of investment properties	(300,000)	(6,229,846)	(300,000)	(6,212,362)
Gain on disposal of property, plant and equipment	-	(294,728)	-	(13,236)
Interest income	(149,162)	(237,463)	(1,397,997)	(1,710,602)
Impairment loss on financial assets:				
- trade receivables (Note 17)	-	959,903	-	-
Inventories written off	-	8,571	-	-
Non-executive directors' remuneration (Note 9)	612,900	646,171	487,500	453,714
Property, plant and equipment written off	-	5,211	-	4,936
Rental expenses	597,545	642,260	597,545	642,260
Waiver of debts	-	-	-	2,236
	=======	======	=======	=======

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

8. Employee benefits expense

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Wages and salaries	5,577,785	4,695,728	4,085,321	3,565,440
Staff benefits	22,473	12,720	21,848	4,753
Contribution to defined contribution plan	691,133	569,877	505,987	430,896
Other benefits	54,152	44,277	31,892	27,414
	6,345,543	5,322,602	4,645,048	4,028,503

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM891,678 (2014: RM911,519) and RM824,178 (2014: RM828,240) respectively, as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Executive directors' remuneration:				
Fees	67,500	83,279	-	-
Salaries and other emoluments	824,178	828,240	824,178	828,240
	891,678	911,519	824,178	828,240
Non-executive directors' remuneration (Note 7):				
Fees	612,900	646,171	487,500	453,714
Total directors' remuneration	1,504,578	1,557,690	1,311,678	1,281,954
Estimated money value of benefits-in-kind	34,500	24,445	34,500	24,445
Total directors' remuneration including benefits-in-kind (Note 30(c))	1,539,078	1,582,135	1,346,178	1,306,399

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2015

9. Directors' remuneration (contd.)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	735,820	739,530	735,820	739,530
Fees	67,500	83,279	-	-
Defined contribution plans	88,358	88,710	88,358	88,710
	891,678	911,519	824,178	828,240
Estimated money value of benefits-in-kind	34,500	24,445	34,500	24,445
Total executive directors' remuneration (including benefits-in-kind)	926,178	935,964	858,678	852,685
Non-executive:				
Fees - current year	495,900	462,114	487,500	453,714
	1,422,078	1,398,078	1,346,178	1,306,399

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below:

	Number of directors	
	2015	**2014**
Executive directors:		
RM250,001 - RM300,000	1	1
RM500,001 - RM600,000	1	1
Non-executive directors:		
Nil - RM50,000	1	1
RM50,001 - RM100,000	3	3
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

10. Income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Statement of profit or loss and other comprehensive income:				
Current income tax:				
- Malaysian income tax	18,830,450	15,113,200	10,130,000	10,886,200
- Under/(over) provision in respect of previous years	216,823	(20,520)	(117,225)	(20,600)
	19,047,273	15,092,680	10,012,775	10,865,600
Deferred tax (Note 26):				
- Originating and reversal of temporary differences	(742,407)	(1,179,323)	977,100	368,900
- Effect of reduction in tax rates	-	124,813	-	85,000
- (Over)/under provision in respect of previous years	(520,138)	12,076	(171,500)	6,800
	(1,262,545)	(1,042,434)	805,600	460,700
Income tax expense recognised in profit or loss	17,784,728	14,050,246	10,818,375	11,326,300

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

10. Income tax expense (contd.)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Accounting profit before tax	70,251,034	52,816,697	45,060,763	42,725,779
Tax at Malaysian statutory rate of 25% (2014: 25%)	17,562,759	13,204,174	11,265,191	10,681,445
Adjustments:				
Effect of reduction in tax rates	-	124,813	-	85,000
Income not subject to tax	(45,966)	(81,919)	(695,090)	(12,135)
Expenses not deductible for tax purposes	653,750	907,526	536,999	585,790
Deferred tax assets not recognised	-	10,160	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(82,500)	(106,064)	-	-
Under/(over) provision of income tax expense in respect of previous years	216,823	(20,520)	(117,225)	(20,600)
(Over)/under provision of deferred tax in respect of previous years	(520,138)	12,076	(171,500)	6,800
Income tax expense recognised in profit or loss	17,784,728	14,050,246	10,818,375	11,326,300

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25% effective year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected the change in tax rate.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

11. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2015	**2014 (Restated)**
Profit attributable to owners of the Company (RM)	45,958,997	36,379,241
Weighted average number of ordinary shares in issue	417,226,429	402,536,767
Basic earnings per share (sen)	11	9

(b) Diluted

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2015	**2014 (Restated)**
Profit attributable to owners of the Company (RM)	45,958,997	36,379,241
Weighted average number of ordinary shares in issue for diluted earnings per share computation*	417,226,429	402,540,947
Diluted earnings per share (sen)	11	9
Weighted average number of ordinary shares for basic earnings per share computation	417,226,429	402,536,767
Effects of dilution		
- Share options	-	4,180
Weighted average number of ordinary shares in issue for diluted earnings per share computation*	417,226,429	402,540,947

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

11. Earnings per share (contd.)

During the financial year, the Company issued renounceable rights issue of 50,653,638 new ordinary shares of RM1.00 each, undertook a bonus issue of 70,915,093 new ordinary shares and subdivided every one (1) existing share of RM1.00 each into two (2) ordinary shares of RM0.50 each and every one (1) existing preference share of RM1.00 each into two (2) preference share of RM0.50 each.

As bonus shares and notional bonus shares are issued to existing shareholders for no consideration, there is accordingly no increase in resources and are therefore deemed to have been in issue at the beginning of the earliest period presented. As such, the basic and diluted earnings per share have been recomputed as if the enlarged share capital as a result of the bonus issue, notional bonus issue and share splits relating to ordinary shares in issue as the reporting date were in existence throughout the current and comparative periods.

12. Property, plant and equipment

	Buildings and renovation	Motor vehicles, office equipment, furniture and fittings	Plant and equipment	Work-in-progress	Total
	RM	RM	RM	RM	RM
Group					
Cost					
At 1 January 2015	2,621,469	5,551,168	4,577,251	900,790	13,650,678
Additions	5,500	772,835	-	47,410	825,745
Reclassifications	948,200	-	-	(948,200)	-
At 31 December 2015	3,575,169	6,324,003	4,577,251	-	14,476,423
Accumulated depreciation					
At 1 January 2015	1,149,954	2,913,524	1,028,697	-	5,092,175
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	160,762	710,844	387,333	-	1,258,939
At 31 December 2015	1,310,716	3,624,368	1,416,030	-	6,351,114
Net carrying amount	2,264,453	2,699,635	3,161,221	-	8,125,309

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in-progress RM	Total RM
Group (contd.)					
Cost					
At 1 January 2014	2,572,902	4,164,595	4,914,397	805,970	12,457,864
Additions	48,567	1,838,707	118,529	94,820	2,100,623
Disposals	-	(200,500)	(434,482)	-	(634,982)
Written off	-	(251,634)	(21,193)	-	(272,827)
At 31 December 2014	2,621,469	5,551,168	4,577,251	900,790	13,650,678
Accumulated depreciation					
At 1 January 2014	997,569	2,958,861	1,070,172	-	5,026,602
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	152,385	401,591	389,423	-	943,399
Disposals	-	(200,498)	(409,712)	-	(610,210)
Written off	-	(246,430)	(21,186)	-	(267,616)
At 31 December 2014	1,149,954	2,913,524	1,028,697	-	5,092,175
Net carrying amount	1,471,515	2,637,644	3,548,554	900,790	8,558,503

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Total RM
Company				
Cost				
At 1 January 2015	968,776	4,055,540	158,608	5,182,924
Additions	5,500	631,804	-	637,304
At 31 December 2015	974,276	4,687,344	158,608	5,820,228
Accumulated depreciation				
At 1 January 2015	471,758	1,605,872	158,286	2,235,916
Depreciation charge for the year: Recognised in profit or loss (Note 7)	134,350	658,399	236	792,985
At 31 December 2015	606,108	2,264,271	158,522	3,028,901
Net carrying amount	368,168	2,423,073	86	2,791,327

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

12. Property, plant and equipment (contd.)

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Total RM
Company (contd.)				
Cost				
At 1 January 2014	920,209	2,591,851	240,285	3,752,345
Additions	48,567	1,786,965	-	1,835,532
Disposals	-	(118,900)	(66,482)	(185,382)
Written off	-	(204,376)	(15,195)	(219,571)
At 31 December 2014	968,776	4,055,540	158,608	5,182,924
Accumulated depreciation				
At 1 January 2014	344,205	1,551,562	213,054	2,108,821
Depreciation charge for the year: Recognised in profit or loss (Note 7)	127,553	372,653	2,142	502,348
Disposals	-	(118,899)	(41,719)	(160,618)
Written off	-	(199,444)	(15,191)	(214,635)
At 31 December 2014	471,758	1,605,872	158,286	2,235,916
Net carrying amount	497,018	2,449,668	322	2,947,008

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM435,000 (2014: RM1,320,000) by means of finance lease. The cash outflow on acquisition of property, plant and equipment for the Group and the Company amounted to RM390,745 (2014: RM780,623) and RM202,304 (2014: RM515,532) respectively.

The carrying amount of property, plant and equipment held under finance lease arrangements at the reporting date was RM1,799,091 (2014: RM1,720,220).

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 25.

Leased assets are pledged as security for the related finance lease liabilities (Note 25).

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

13. Investments in subsidiaries

	Company 2015 RM	2014 RM
Unquoted shares, at cost	34,129,944	33,879,946
Less: Accumulated impairment losses	(802,778)	(802,778)
	33,327,166	33,077,168

Details of the subsidiaries, all of which are incorporated and domiciled in Malaysia, and their principal activities are as set out below:

Name of subsidiaries	Principal activities	Proportion of ownership interest 2015	2014
Foso One Sdn. Bhd.	Construction	100%	100%
Greater Tabuan Sdn. Bhd.	Housing and property development	100%	100%
Ibraco Construction Sdn. Bhd.	Construction	100%	100%
Ibraco HGS Sdn. Bhd.	Property development and construction	70%	70%
Ibraco Pelita Sdn. Bhd.	Property development and construction	75%	75%
Ibraco Plantation Sdn. Bhd.	Plantation and investment holdings	70%	70%
Ibraco Spectrum Sdn. Bhd.	Landscaping and trading of building materials and related products	100%	100%
Ibraco Infinity Sdn. Bhd.	Property management service	100%	100%
Syarikat Ibraco-Peremba Sdn. Bhd.	Land and property development	100%	100%
Subsidiary of Ibraco HGS Sdn. Bhd.			
Warisar Sdn. Bhd.	Property development and construction	80%	80%

All subsidiaries are audited by Ernst & Young Malaysia.

Increase in paid-up share capital

During the year, the Company increased its investment in subsidiary, Ibraco Infinity Sdn. Bhd., by subscribing for an additional 249,998 ordinary shares of RM1.00 each.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

13. Investments in subsidiaries (contd.)

(a) The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	Ibraco HGS Sdn. Bhd. and its subsidiary		Ibraco Pelita Sdn. Bhd.		Ibraco Plantation Sdn. Bhd.		Total	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
Non-current assets	372,000	-	-	-	-	-	372,000	-
Current assets	107,392,250	80,733,339	2,591,313	1,959,804	1,052,811	1,021,861	111,036,374	83,715,004
Total assets	107,764,250	80,733,339	2,591,313	1,959,804	1,052,811	1,021,861	111,408,374	83,715,004
Non-current liabilities	15,996,412	-	-	-	-	-	15,996,412	-
Current liabilities	66,690,797	72,736,474	3,020,154	2,235,741	2,100	1,700	69,713,051	74,973,915
Total liabilities	82,687,209	72,736,474	3,020,154	2,235,741	2,100	1,700	85,709,463	74,973,915
Net assets/(liabilities)	25,077,041	7,996,865	(428,841)	(275,937)	1,050,711	1,020,161	25,698,911	8,741,089
Equity attributable to owners of the Company	15,460,937	4,717,131	(321,631)	(206,953)	735,498	714,113	15,874,804	5,224,291
Non-controlling interests	9,616,104	3,279,734	(107,210)	(68,984)	315,213	306,048	9,824,107	3,516,798
	25,077,041	7,996,865	(428,841)	(275,937)	1,050,711	1,020,161	25,698,911	8,741,089

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

13. Investments in subsidiaries (contd.)

(a) The Group's subsidiaries that have material non-controlling interests ("NCI") are set out below. The summarised financial information presented below is the amount before inter-company elimination. (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	Ibraco HGS Sdn. Bhd. and its subsidiary		Ibraco Pelita Sdn. Bhd.		Ibraco Plantation Sdn. Bhd.		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	60,252,428	44,131,983	-	-	-	-	60,252,428	44,131,983
Profit/(loss) for the year	17,280,176	4,794,933	(152,904)	(251,947)	30,550	26,737	17,157,822	4,569,723
Profit/(loss) attributable to:								
Owners of the Company	10,743,806	2,352,757	(114,678)	(188,960)	21,385	18,716	10,650,513	2,182,513
Non-controlling interests	6,536,370	2,442,176	(38,226)	(62,987)	9,165	8,021	6,507,309	2,387,210
	17,280,176	4,794,933	(152,904)	(251,947)	30,550	26,737	17,157,822	4,569,723

(iii) Summarised cash flows

	Ibraco HGS Sdn. Bhd. and its subsidiary		Ibraco Pelita Sdn. Bhd.		Ibraco Plantation Sdn. Bhd.		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM	RM	RM	RM	RM	RM	RM	RM
Net cash used in operating activities	(15,934,793)	(71,236)	(73,236)	(193,856)	(2,492)	(6,665)	(16,010,521)	(271,757)
Net cash generated from/ (used in) investing activities	21	816,485	109,132	210,868	33,355	(924,297)	142,508	103,056
Net cash generated from financing activities	21,956,420	996,058	-	-	-	-	21,956,420	996,058
Net increase/(decrease) in cash and cash equivalents	6,021,648	1,741,307	35,896	17,012	30,863	(930,962)	6,088,407	827,357
Cash and cash equivalents at the beginning of the year	2,120,823	379,516	34,636	17,624	69,038	1,000,000	2,224,497	1,397,140
Cash and cash equivalents at the end of the year	8,142,471	2,120,823	70,532	34,636	99,901	69,038	8,312,904	2,224,497

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

14. Land held for property development and property development costs

(a) Land held for property development

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
Cost				
At 1 January 2015	23,348,772	49,180,286	58,316,781	130,845,839
Additions	62,130,000	9,340	131,460	62,270,800
Disposals	(259)	-	-	(259)
Reclassification (Note 14(b))	111,795	-	15	111,810
Transfer to property development costs (Note 14(b))	(19,124)	-	-	(19,124)
At 31 December 2015	85,571,184	49,189,626	58,448,256	193,209,066
Carrying amount at 31 December 2015	85,571,184	49,189,626	58,448,256	193,209,066
Cost				
At 1 January 2014	26,874,668	49,902,188	48,561,961	125,338,817
Additions	-	9,674	9,754,820	9,764,494
Transfer to property development costs (Note 14(b))	(3,525,896)	(731,576)	-	(4,257,472)
At 31 December 2014	23,348,772	49,180,286	58,316,781	130,845,839
Carrying amount at 31 December 2014	23,348,772	49,180,286	58,316,781	130,845,839

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

14. Land held for property development and property development costs (contd.)

(a) Land held for property development (contd.)

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Company				
Cost				
At 1 January 2015	21,134,822	47,773,097	60,898,184	129,806,103
Additions	62,130,000	9,340	131,460	62,270,800
Disposals	(259)	-	-	(259)
Transfer to property development costs (Note 14(b))	(19,124)	-	-	(19,124)
At 31 December 2015	83,245,439	47,782,437	61,029,644	192,057,520
Carrying amount as at 31 December 2015	83,245,439	47,782,437	61,029,644	192,057,520
Cost				
At 1 January 2014	22,310,110	47,763,423	50,852,963	120,926,496
Additions	-	9,674	10,045,221	10,054,895
Transfer to property development costs (Note 14(b))	(1,175,288)	-	-	(1,175,288)
At 31 December 2014	21,134,822	47,773,097	60,898,184	129,806,103
Carrying amount as at 31 December 2014	21,134,822	47,773,097	60,898,184	129,806,103

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

14. Land held for property development and property development costs (contd.)

(a) Land held for property development (contd.)

Certain landed properties of the Group have been amalgamated, sub-divided and are pending issuance of land titles by the relevant Government authority.

The Group and the Company have freehold and leasehold land with aggregate carrying values of RM86,282,873 (2014: RM25,684,862) and RM86,282,873 (2014: RM22,163,464) respectively, which are pledged as security for loans and borrowings as disclosed in Note 25.

(b) Property development costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Property development costs				
At 1 January:				
Freehold land	64,335,977	89,613,907	60,302,519	89,039,064
Leasehold land	3,498,905	4,791,250	3,418,377	4,710,722
Development costs	261,128,783	283,627,544	242,368,506	289,059,415
	328,963,665	378,032,701	306,089,402	382,809,201
Costs incurred during the year:				
Freehold land	-	1,715,520	11,212,920	-
Leasehold land (Note 19)	50,770,000	-	7,576,403	-
Development costs	183,308,007	139,355,236	150,643,963	119,686,597
	234,078,007	141,070,756	169,433,286	119,686,597
Reversal of completed projects	-	(182,699,828)	-	(185,589,991)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

14. Land held for property development and property development costs (contd.)

(b) Property development costs (contd.)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Cumulative costs recognised in profit or loss:				
At 1 January	(244,875,014)	(289,232,085)	(245,681,867)	(295,047,056)
Recognised during the year	(154,363,064)	(138,342,757)	(143,869,251)	(136,224,802)
Reversal of completed projects	-	182,699,828	-	185,589,991
At 31 December	(399,238,078)	(244,875,014)	(389,551,118)	(245,681,867)
Transfers:				
From land held for development (Note 14(a))	19,124	4,257,472	19,124	1,175,288
Reclassification (Note 14(a))	(111,810)	-	-	-
Unsold units transferred to inventories	(1,585,976)	(11,697,436)	(1,603,076)	(11,991,693)
	(1,678,662)	(7,439,964)	(1,583,952)	(10,816,405)
At 31 December	162,124,932	84,088,651	84,387,618	60,407,535

Freehold and leasehold land of the Group and the Company with aggregate carrying value of RM35,107,874 (2014: RM35,107,874) are pledged as security for loans and borrowings as disclosed in Note 25.

Leasehold land of the Group with carrying value of RM50,770,000 is registered in the name of a third party in favour for the Group. The Group acquired the development rights to develop the leasehold land upon completion and handing over of the sewerage treatment plant to the third party.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

14. Land held for property development and property development costs (contd.)

(b) Property development costs (contd.)

Included in property development costs incurred during the financial year are:

	Group and Company	
	2015	**2014**
	RM	RM
Interest expense (Note 6)	1,848,262	2,203,541

15. Investment properties

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
As at 1 January	51,400,000	45,170,154	51,400,000	45,187,638
Increase in fair value	300,000	6,229,846	300,000	6,212,362
As at 31 December	51,700,000	51,400,000	51,700,000	51,400,000
Fair value of investment properties	51,700,000	51,400,000	51,700,000	51,400,000

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations, are based on the investment method that makes reference to net rental income which is capitalised at the appropriate market rates of return.

All the investment properties are charged in escrow as security for loans and borrowings as disclosed in Note 25.

16. Inventories

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Cost				
Properties held for sale	6,478,090	12,215,848	6,631,848	12,536,457
Nursery plants	33,249	33,249	-	-
	6,511,339	12,249,097	6,631,848	12,536,457

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

17. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables				
Third parties	46,193,255	27,511,919	34,811,839	16,881,716
Less: Allowance for impairment	(1,709,563)	(1,709,563)	-	-
Trade receivables, net	44,483,692	25,802,356	34,811,839	16,881,716
Other receivables				
Third parties	1,125,772	185,043	137,371	30,760
Deposits	1,314,321	753,703	1,119,038	609,970
Dividend receivable from investment securities	12,140	12,737	-	362
Amounts due from related companies	-	-	34,807,827	39,500,100
	2,452,233	951,483	36,064,236	40,141,192
Less: Allowance for impairment - third parties	(106,071)	(106,071)	-	-
Other receivables, net	2,346,162	845,412	36,064,236	40,141,192
Total trade and other receivables	46,829,854	26,647,768	70,876,075	57,022,908
Add: Cash and bank balances (Note 21)	47,808,808	17,473,875	36,411,315	12,323,368
Total loans and receivables	94,638,662	44,121,643	107,287,390	69,346,276

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 days (2014: 14 days) terms. Other credit terms are assessed and approved on a case-by-case basis.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors except for one of the subsidiaries.

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Neither past due nor impaired	43,996,546	24,822,116	34,811,839	16,881,716
Impaired	2,196,709	2,689,803	-	-
	46,193,255	27,511,919	34,811,839	16,881,716

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

17. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are neither past due nor impaired

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Group	
	2015	**2014**
	RM	RM
Specifically impaired		
Trade receivables - nominal amount	2,196,709	2,689,803
Less: Allowance for impairment	(1,709,563)	(1,709,563)
	487,146	980,240

None of the Company's trade receivables is impaired.

Movement in allowance account

At 1 January	1,709,563	749,660
Charge for the year (Note 7)	-	959,903
At 31 December	1,709,563	1,709,563

(b) Amounts due from related companies

Amounts due from related companies are unsecured, bear interest at 5.75% per annum (2014: 5.50% to 5.75% per annum) and are repayable on demand.

(c) Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM106,071 (2014: RM106,071) for impairment of the amount due from third parties with nominal amount of RM106,071 (2014: RM106,071).

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

18. Other current assets

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Prepayments	165,066	95,871	160,965	95,871
Accrued billings in respect of property development costs	21,836,602	34,878,205	21,423,936	34,878,205
Amount due from customers for contract work (Note 19)	-	45,684,271	-	-
Tax recoverable	2,794,347	-	123,995	-
	24,796,015	80,658,347	21,708,896	34,974,076

19. Gross amount due from customers for contract work-in-progress

	Group	
	2015	**2014**
	RM	RM
Construction contract costs incurred to-date	43,584,648	38,590,473
Attributable profits	7,185,352	7,093,798
	50,770,000	45,684,271
Transfer to property development costs (Note 14(b))	(50,770,000)	-
Amount due from customers for contract work (Note 18)	-	45,684,271

Included in amount due from contract customers incurred during the financial year are:

	Group	
	2015	**2014**
	RM	RM
Interest expense (Note 6)	921,256	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

20. Investment securities

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Financial assets at fair value through profit or loss				
Unit trusts instrument (quoted in Malaysia)				
- at carrying amount	5,476,099	4,285,542	-	121,871
- at market value	5,476,099	4,285,542	-	121,871

21. Cash and cash equivalents

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash on hand and at banks	35,633,330	15,332,895	24,235,837	10,182,388
Deposits with licensed banks	12,175,478	2,140,980	12,175,478	2,140,980
Cash and bank balances (Note 17)	47,808,808	17,473,875	36,411,315	12,323,368

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to twelve months (2014: one month to twelve months) depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 2.94% (2014: 2.88%).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash and bank balances	47,808,808	17,473,875	36,411,315	12,323,368
Less:				
Deposits with maturity more than three months	(11,293,517)	(1,286,333)	(11,293,517)	(1,286,333)
Deposits pledged for bank guarantee	(881,961)	(854,647)	(881,961)	(854,647)
Cash and cash equivalents	35,633,330	15,332,895	24,235,837	10,182,388

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

22. Share capital and share premium

	Par value RM	Number of ordinary shares	Amount: Share capital RM	Amount: Share premium RM	Amount: Total share capital and share premium RM
Group and Company					
Issued and fully paid					
At 1 January 2014	1.00	126,488,095	126,488,095	9,956,578	136,444,673
Exercise of employees' share options	1.00	136,000	136,000	7,760	143,760
At 31 December 2014	1.00	126,624,095	126,624,095	9,964,338	136,588,433
Exercise of employees' share options	1.00	10,000	10,000	17,060	27,060
Rights issue	1.00	50,653,638	50,653,638	-	50,653,638
Rights issue expenses	1.00	-	-	(737,387)	(737,387)
Bonus issue	1.00	70,915,093	70,915,093	(9,244,011)	61,671,082
Share split	0.50	248,202,826	-	-	-
At 31 December 2015		496,405,652	248,202,826	-	248,202,826

	Number of ordinary shares Authorised	Par value RM	Amount RM
At 1 January 2014 and 31 December 2014	500,000,000	1.00	500,000,000
Share split	500,000,000	-	-
At 31 December 2015	1,000,000,000	0.50	500,000,000

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2015

22. Share capital and share premium (contd.)

	Preference Shares Authorised	Par value RM	Amount RM
At 1 January 2014 and 31 December 2014	100,000	1.00	100,000
Share split	100,000	-	-
At 31 December 2015	200,000	0.50	100,000

(a) Issue of shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per shares without restrictions and rank equally with regard to the company residual assets.

The Company has an employees' share option plan under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

During the financial year, the Company increased its issued and paid-up ordinary shares capital from RM126,624,095 to RM248,202,826 by way of:

(i) the issuance of 10,000 ordinary shares of RM1.00 each through the exercise and allotment of 10,000 option shares of RM1.00 each at RM1.01 per share pursuant to the Employees' Share Option Plan;

(ii) the issuance of renounceable rights issue of 50,653,638 new ordinary shares of RM1.00 each at an issue price of RM1.00 per rights share on the basis of two (2) rights shares for every five (5) existing shares held in the Company;

(iii) the issuance of 70,915,093 new ordinary shares of RM1.00 each pursuant to the Bonus Issue on the basis of two (2) bonus shares for every five (5) existing shares held in the Company; and

(iv) the subdivision of every one (1) existing ordinary share of RM1.00 each issue into two (2) ordinary shares of RM0.50 each and every one (1) existing preference share of RM1.00 each into two (2) preference shares of RM0.50 each held in the Company.

NOTES TO THE FINANCIAL STATEMENTS

- 31 December 2015

22. Share capital and share premium (contd.)

(b) Employees' share option plan

At an Extraordinary General Meeting held on 29 June 2011, the Company's shareholders approved the establishment of an employees' share option plan ("ESOS") for employees and directors of the Ibraco Group (excluding subsidiaries which are dormant) who meet the criteria of eligibility for participation.

The main features of ESOS are as follows:

(i) ESOS shall be in force for a period of five (5) years, effective from 1 July 2011.

(ii) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under ESOS shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at any point in time throughout the duration of ESOS.

(iii) Any employee (including the directors) of the Group shall be eligible to participate in ESOS if, as at the date of offer of an option ("Offer Date"), the person:

(a) has attained the age of eighteen (18) years;

(b) is a director or is full time employees of the Group and fall under one of the categories of employees listed in the By-Law; and

(c) must have been employed in the Group and their employment must have been confirmed on the date of offer. Contracted employees meeting the above criteria are also eligible for the ESOS.

(iv) The subscription price payable for shares under ESOS shall be determined by the Board upon the recommendation of the options committee and shall be fixed based on the higher of the following:

(a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) Market Days immediately preceding the Offer Date of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time; or

(b) the par value of Ibraco shares.

(v) The maximum entitlement and basis of allocation are as follows:

The aggregate allocation of Options to the senior management of the Group and the Directors shall not exceed fifty percent (50%) of the total number of Shares to be issued under the Proposed ESOS. In addition, not more than ten percent (10%) of the total number of Shares to be issued under the Proposed ESOS are to be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, hold twenty percent (20%) or more in the issued and paid-up share capital of Ibraco.

The number of Options to be offered to each Eligible Person shall be at the discretion of the Option Committee. In exercising its discretion, the Options Committee shall take into consideration the seniority, performance and length of service of each Eligible Person whereby such criteria shall be disclosed to Eligible Person. The decision of the Option Committee shall be final and binding.

(vi) A non-executive director must not sell, transfer or assign shares obtained through the exercise of Options offered to him pursuant to then ESOS within one (1) year from the date of offer of such ESOS Options.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

22. Share capital and share premium (contd.)

(c) Share options exercised during the financial year

	2015	2014
	RM	RM
Weighted average share price at the date of exercise of the option exercised	0.82	0.74
Proceeds received on exercise of options over ordinary shares	10,100	137,360
	======	======

23. Share option reserve

	Employees' share option reserve	
	2015	2014
	RM	RM
Group and Company		
At 1 January	16,960	23,360
Transactions with owners		
Exercise of employees' share options	(16,960)	(6,400)
	-------	-------
At 31 December	-	16,960
	======	======

Employees' share option reserve represents the equity-settled share options granted to employees (Note 22). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

24. Retained earnings

As at 31 December 2015 and 2014, the Company may distribute dividends out of its entire retained earnings under the single-tier system.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

25. Loans and borrowings

	Maturity	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Current					
Secured:					
Revolving credits	2016	50,100,000	40,300,000	50,100,000	40,300,000
Obligations under finance lease (Note 31(b))	2016	435,186	310,477	435,186	310,477
Bank loans:					
- RM loan at COF + 1.75%	2016	590,000	7,310,000	590,000	7,310,000
- RM loan at ECOF + 1.25%	2016	3,756,000	3,756,000	3,756,000	3,756,000
- RM loan at COF + 1.40%	2016	5,000,004	5,000,004	5,000,004	5,000,004
- RM loan at BLR - 2.00% to 2.25%	2016	2,088,000	2,088,000	2,088,000	2,088,000
- RM loan at ECOF + 2.00%	2016	3,618,009	-	3,618,009	-
- RM loan at COF + 1.50%	2016	6,160,008	-	-	-
		71,747,207	58,764,481	65,587,199	58,764,481
Non-current					
Secured:					
Obligations under finance lease (Note 31(b))	2017-2020	1,160,300	1,218,092	1,160,300	1,218,092
Bank loans:					
- RM loan at COF + 1.75%	2016	-	590,000	-	590,000
- RM loan at ECOF + 1.25%	2017-2018	5,289,000	9,045,000	5,289,000	9,045,000
- RM loan at COF + 1.40%	2017	4,166,654	9,166,658	4,166,654	9,166,658
- RM loan at BLR - 2.00%	2017-2026	19,432,000	21,520,000	19,432,000	21,520,000
- RM loan at ECOF + 2.00%	2017-2020	37,631,991	-	37,631,991	-
- RM loan at COF + 1.50%	2017-2020	15,996,412	-	-	-
		83,676,357	41,539,750	67,679,945	41,539,750
Total loans and borrowings (Note 27)		155,423,564	100,304,231	133,267,144	100,304,231

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

25. Loans and borrowings (contd.)

The remaining maturity of the loans and borrowings as at 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
On demand or within one year	71,747,207	58,764,481	65,587,199	58,764,481
More than one year and less than two years	24,155,409	11,787,495	17,995,401	11,787,495
More than two years and less than five years	48,440,948	16,584,255	38,604,544	16,584,255
Five years or more	11,080,000	13,168,000	11,080,000	13,168,000
	155,423,564	100,304,231	133,267,144	100,304,231

Obligations under finance lease

These obligations are secured by a charge over the leased asset (Note 12). The average discount rate implicit in the lease is 4.25% (2014: 4.09%) per annum.

Other borrowings

Total revolving credit facilities granted to the Group was RM78.3 million (2014: RM68.2 million), all of which are secured by a charge over the few pieces of land held for property development (Note 14). During the year, interest was charged at rates ranging from 1% to 2% (2014: 1% to 2%) per annum above the bankers' cost of funds.

The remaining bank loans are secured by charge over the few pieces of land held for property development (Note 14) and investment properties (Note 15). A corporate guarantee was provided by the Company to a bank on one of the subsidiaries' loans and borrowings.

26. Deferred tax

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
At 1 January	(4,730,102)	(3,687,668)	(1,950,609)	(2,411,309)
Recognised in profit or loss (Note 10)	(1,262,545)	(1,042,434)	805,600	460,700
At 31 December	(5,992,647)	(4,730,102)	(1,145,009)	(1,950,609)

Presenting after appropriate offsetting as follows:

	Group		Company	
Deferred tax assets	(5,995,038)	(4,732,493)	(1,145,009)	(1,950,609)
Deferred tax liability	2,391	2,391	-	-
	(5,992,647)	(4,730,102)	(1,145,009)	(1,950,609)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

26. Deferred tax (contd.)

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

Deferred tax liabilities of the Group:

	Investment properties RM	Property, plant and equipment RM	Total RM
At 1 January 2015	1,490,967	544,726	2,035,693
Recognised in profit or loss	137,100	(48,490)	88,610
At 31 December 2015	1,628,067	496,236	2,124,303
At 1 January 2014	-	398,965	398,965
Recognised in profit or loss	1,490,967	145,761	1,636,728
At 31 December 2014	1,490,967	544,726	2,035,693

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM	Staff leave balance RM	Unused tax losses RM	Accruals RM	Total RM
At 1 January 2015	-	(22,455)	-	(6,743,340)	(6,765,795)
Recognised in profit or loss	(156,233)	(5,500)	(304,716)	(884,706)	(1,351,155)
At 31 December 2015	(156,233)	(27,955)	(304,716)	(7,628,046)	(8,116,950)
At 1 January 2014	-	(21,267)	(521,580)	(3,543,786)	(4,086,633)
Recognised in profit or loss	-	(1,188)	521,580	(3,199,554)	(2,679,162)
At 31 December 2014	-	(22,455)	-	(6,743,340)	(6,765,795)

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

26. Deferred tax (contd.)

Deferred tax liabilities of the Company:

	Investment properties RM	Property, plant and equipment RM	Total RM
At 1 January 2015	1,490,967	171,127	1,662,094
Recognised in profit or loss	137,100	(96,500)	40,600
At 31 December 2015	1,628,067	74,627	1,702,694
At 1 January 2014	-	79,566	79,566
Recognised in profit or loss	1,490,967	91,561	1,582,528
At 31 December 2014	1,490,967	171,127	1,662,094

Deferred tax assets of the Company:

	Staff leave balance RM	Accruals RM	Total RM
At 1 January 2015	(22,455)	(3,590,248)	(3,612,703)
Recognised in profit or loss	(5,500)	770,500	765,000
At 31 December 2015	(27,955)	(2,819,748)	(2,847,703)
At 1 January 2014	(21,267)	(2,469,608)	(2,490,875)
Recognised in profit or loss	(1,188)	(1,120,640)	(1,121,828)
At 31 December 2014	(22,455)	(3,590,248)	(3,612,703)

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

	Group	
	2015 RM	**2014** RM
Unused tax losses	945,000	1,275,000

As at 31 December 2015 and 2014, the deferred tax assets were not recognised as it was not probable that future taxable profit will be available against which the unused tax losses can be utilised. The availability of the unused tax losses for offsetting against future taxable profits of the Group is subject to the provisions of the Income Tax Act 1967.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

27. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade payables				
Third parties	40,104,527	45,211,543	2,674,317	13,234,773
Accruals	32,288,969	28,329,651	26,836,467	26,125,555
Amounts due to subsidiaries	-	-	29,779,256	13,643,704
	72,393,496	73,541,194	59,290,040	53,004,032
Other payables				
Other payables	885,171	48,064	730,850	46,219
Accruals	1,865,123	2,051,325	1,421,428	1,753,892
	2,750,294	2,099,389	2,152,278	1,800,111
Total trade and other payables	75,143,790	75,640,583	61,442,318	54,804,143
Add: Loans and borrowings (Note 25)	155,423,564	100,304,231	133,267,144	100,304,231
Total financial liabilities carried at amortised cost	230,567,354	175,944,814	194,709,462	155,108,374

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 days to 60 days (2014: 30 days to 60 days) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 days (2014: 30 days).

28. Other current liabilities

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Accrued billings in respect of property development costs	226,237	7,238,276	-	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

29. Employee benefits

The salient features and other terms of the ESOS is disclosed in Note 22(b) to the financial statements.

(a) Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	Group	
	No.	WAEP
Outstanding at 1 January 2015	10,000	
Exercised	(10,000)	1.01
Outstanding at 31 December 2015	-	1.01

(b) Fair value of share options granted

The fair value of share options granted under the ESOS is estimated at the date of the grant using a Black-Scholes simulation model, taking into account the terms and conditions upon which the options were granted. It takes into account historic dividends, share price fluctuation covariance of the Company and each entity of the group of competitors to predict the distribution of relative share performance. The fair value of share options granted under the ESOS remains the same for the year ended 31 December 2015.

30. Related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, the Group and the Company had the following transactions with parties during the financial year.

(a) Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Expenses/(income):				
(i) Rental of office building: Hiap Ghee Seng Sdn. Bhd.	147,840	147,840	147,840	147,840
(ii) Rental of office building: Dr. Sharifah Deborah Sophia Ibrahim	408,000	408,000	408,000	408,000
(iii) Sale of commercial properties at Tabuan Tranquility Phase 3: Hiap Ghee Seng Sdn. Bhd.	(2,843,000)	-	(2,843,000)	-
(iv) Sale of commercial properties at Bintulu Town Square Phase 1: Chew Chiaw Han	(2,426,000)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

30. Related party disclosures (contd.)

(b) Transactions with subsidiaries:

	Company 2015 RM	Company 2014 RM
Interest charged by a subsidiary:		
Syarikat Ibraco-Peremba Sdn. Bhd.	-	38,500
Interest charged to subsidiaries:		
Ibraco Construction Sdn. Bhd.	1,057,518	1,182,466
Ibraco HGS Sdn. Bhd.	-	3,699
Ibraco Infinity Sdn. Bhd.	-	560
Ibraco Pelita Sdn. Bhd.	159,713	88,635
Warisar Sdn. Bhd.	31,605	197,778
Marketing fee charged to a subsidiary:		
Warisar Sdn. Bhd.	653,999	-
Landscaping services from a subsidiary:		
Ibraco Spectrum Sdn. Bhd.	1,800	1,800
Sub contractors billings from a subsidiary:		
Ibraco Construction Sdn. Bhd.	127,594,084	135,385,108
Sub contractors billings from a subsidiary:		
Ibraco Spectrum Sdn. Bhd.	35,057	544,239
Dividends declared and paid by a subsidiary:		
Greater Tabuan Sdn. Bhd.	2,500,000	-
Waiver of debts owing by a subsidiary:		
Ibraco Rise Sdn. Bhd.	-	2,236
	=========	=========

The rental paid to a company controlled by certain directors is under terms which are determined by reference to the prevailing market rates for comparable buildings.

Purchases and other related party transactions were entered into by the Group under mutually agreed terms.

Hiap Ghee Seng Sdn. Bhd. (“HGS”)

HGS is a major shareholder of the Company. Chew Chiaw Han, a director of the Company, is also a director and major shareholder of HGS.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

30. Related party disclosures (contd.)

(c) Compensation of key management personnel:

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Short term employee benefits	1,257,626	647,423	1,111,396	647,423
Defined contribution plan	140,712	82,426	123,155	82,426
Other short-term benefits	4,427	1,837	3,630	1,837
Benefits-in-kind	43,533	14,825	37,033	14,825
	1,446,298	746,511	1,275,214	746,511
Directors' remuneration (Note 9)	1,539,708	1,582,135	1,346,178	1,306,399

31. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	RM	RM	RM
Capital expenditure approved and contracted for:				
Property, plant and equipment	-	47,410	-	-

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

31. Commitments (contd.)

(b) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group and Company	
	2015	**2014**
	RM	RM
Minimum lease payments:		
Not later than 1 year	497,916	372,203
Later than 1 year but not later than 2 years	478,146	400,428
Later than 2 years but not later than 5 years	758,157	916,471
Total minimum lease payments	1,734,219	1,689,102
Less: Amounts representing finance charges	(138,733)	(160,533)
Present value of minimum lease payments	1,595,486	1,528,569
Present value of payments:		
Not later than 1 year	435,186	310,477
Later than 1 year but not later than 2 years	436,081	353,491
Later than 2 years but not later than 5 years	724,219	864,601
Present value of minimum lease payments	1,595,486	1,528,569
Less: Amount due within 12 months (Note 25)	(435,186)	(310,477)
Amount due after 12 months (Note 25)	1,160,300	1,218,092

(c) Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of 11 years. All leases include a clause to enable upward revision of the rental charge once in every three years based on pre-agreed rate.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group and Company	
	2015	**2014**
	RM	RM
Not later than 1 year	3,102,913	3,102,913
Later than 1 year but not later than 5 years	13,590,457	13,146,821
Later than 5 years	23,062,708	26,609,257
	39,756,078	42,858,991

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

32. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	2015 Carrying amount RM	2015 Fair value RM	2014 Carrying amount RM	2014 Fair value RM
Financial liabilities:					
Group and Company					
Loans and borrowings					
- Non-current obligations under finance leases	25	1,160,300	1,157,932	1,218,092	1,124,163
		=======	=======	=======	=======

(b) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	17
Cash and bank balances	21
Loans and borrowings (current and non-current, except non-current obligations under finance lease)	25
Trade and other payables	27
	====

(i) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short term nature.

(ii) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

(iii) Loans and borrowings

The carrying values of bank borrowings and term loans approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

33. Fair value measurement

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy as at 31 December 2015 and 31 December 2014 were as follows:

	Note	Date of valuation	Level 1	Level 2	Level 3	Total
			RM	RM	RM	RM
Group						
Assets for which fair values are disclosed						
Investment properties	15	31 December 2015	-	-	51,700,000	51,700,000
		31 December 2014	-	-	51,400,000	51,400,000
			=======	====	========	========
Assets measured at fair value						
Investment securities	20	31 December 2015	5,476,099	-	-	5,476,099
		31 December 2014	4,285,542	-	-	4,285,542
			=======	====	========	========
Company						
Assets for which fair values are disclosed						
Investment properties	15	31 December 2015	-	-	51,700,000	51,700,000
		31 December 2014	-	-	51,400,000	51,400,000
			=======	====	========	========
Assets measured at fair value						
Investment securities	20	31 December 2015	-	-	-	-
		31 December 2014	121,871	-	-	121,871
			=======	====	========	========

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

33. Fair value measurement (contd.)

Fair value hierarchy (contd.)

Quantitative disclosures fair value measurement hierarchy as at 31 December 2015 and 31 December 2014 were as follows: (contd.)

	Note	Date of valuation	Level 1	Level 2	Level 3	Total
			RM	RM	RM	RM
Group and Company						
Liabilities for which fair values are disclosed:						
Interest-bearing loans and borrowings						
- Obligations under finance lease	32(a)	31 December 2015	-	1,157,932	-	1,157,932
		31 December 2014	-	1,124,163	-	1,124,163
			====	=======	====	=======

There have been no transfers between Level 1, 2 and 3 during the financial year.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and real estate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (comprising cash and bank balances and investment securities), the Group and the Company minimise credit risk by dealing with good credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

34. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) the carrying amount of each class of financial assets recognised in the statements of financial position; and

(ii) a nominal amount of RM22,156,420 (2014: Nil) relating to a corporate guarantee provided by the Company to a bank on one of the subsidiaries' loans and borrowings.

Credit risk concentration profile

The Group mitigates concentration of credit risk by monitoring its trade receivables on an ongoing basis and the Group's exposure to bad debts is not significant. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets except for one of the subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 17.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturity of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company maintains sufficient liquid financial assets and stand-by credit facilities with seven different banks. At the reporting date, 46% (2014: 59%) and 49% (2014: 59%) of the Group's and the Company's loans and borrowings (Note 25), respectively, will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

34. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 December 2015				
Group				
Financial liabilities				
Trade and other payables	75,143,790	-	-	75,143,790
Loans and borrowings	76,810,449	81,707,110	12,453,622	170,971,181
Total undiscounted financial liabilities	151,954,239	81,707,110	12,453,622	246,114,971
Company				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	61,442,318	-	-	61,442,318
Loans and borrowings	69,601,041	64,546,973	12,453,622	146,601,636
Total undiscounted financial liabilities	131,043,359	64,546,973	12,453,622	208,043,954
At 31 December 2014				
Group				
Financial liabilities				
Trade and other payables	75,640,583	-	-	75,640,583
Loans and borrowings	61,199,371	32,572,625	15,103,327	108,875,323
Total undiscounted financial liabilities	136,839,954	32,572,625	15,103,327	184,515,906
Company				
Financial liabilities				
Trade and other payables, excluding financial guarantees*	54,804,143	-	-	54,804,143
Loans and borrowings	61,199,371	32,572,625	15,103,327	108,875,323
Total undiscounted financial liabilities	116,003,514	32,572,625	15,103,327	163,679,466

* At the reporting date, all financial guarantees contracts have expired and the right to demand cash extinguished. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

34. Financial risk management objectives and policies (contd.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings where interests are charged at floating rates and contractually re-priced to market interest rates.

The Group's policy is to manage interest cost using a mix of long and short term facilities from more than one bank. To manage this mix in a cost-efficient manner, projects development cost is normally financed by short term facilities while constructions of investment assets are normally financed by long term facilities.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM194,490 (2014: RM146,189) and RM152,947 (2014: RM146,189) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Real estate risk

The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.

- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Group reviews the financial status of the prospective tenant and decides on the appropriate level of security required via rental deposits or guarantees.

- The exposure of the fair values of the portfolio to market and occupier fundamentals.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital comprises equity attributable to the owners of the Company less the fair value adjustment reserve.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

35. Capital management (contd.)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Loans and borrowings	25	155,423,564	100,304,231	133,267,144	100,304,231
Trade and other payables	27	75,143,790	75,640,583	61,442,318	54,804,143
Less: Cash and bank balances	21	(47,808,808)	(17,473,875)	(36,411,315)	(12,323,368)
Net debt		182,758,546	158,470,939	158,298,147	142,785,006
Equity attributable to the owners of the Company		311,956,371	233,445,221	306,327,312	239,532,771
Capital and net debt		494,714,917	391,916,160	464,625,459	382,317,777
Gearing ratio		36.94%	40.43%	34.07%	37.35%

36. Segment information

(a) Geographical segment

No geographical analysis has been presented as the Group's business interest is predominantly located in Malaysia.

(b) Business segment

The Group is principally engaged in property development, property holding and management, and construction works. Revenue and profit generated from landscaping works is insignificant compared to the Group's overall revenue and profit.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

36. Segment information (contd.)

	Property development activities		Property holding & management		Construction works		Elimination		Note	Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014		2015	2014
	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Revenue:											
External customers	245,765,361	193,357,768	3,186,388	2,934,332	5,086,585	32,769,254	-	-		254,038,334	229,061,354
Inter-segment	-	-	-	-	163,043,389	153,564,405	(163,043,389)	(153,564,405)	A	-	-
Total revenue	245,765,361	193,357,768	3,186,388	2,934,332	168,129,974	186,333,659	(163,043,389)	(153,564,405)		254,038,334	229,061,354
Results:											
Interest income	1,397,996	1,784,508	-	-	1,821,379	1,592,556	(3,070,213)	(3,139,601)	B	149,162	237,463
Dividend income	498,766	192,369	-	-	20,178	133,505	-	-		518,944	325,874
Fair value gain on investment properties	-	-	300,000	6,229,846	-	-	-	-		300,000	6,229,846
Depreciation and amortisation	799,268	510,088	-	-	459,671	433,311	-	-		1,258,939	943,399
Other non-cash expenses	-	973,614	-	-	-	71	-	-	C	-	973,685
Segment profit	50,537,761	41,185,537	1,823,869	1,722,852	3,101,341	9,600,074	14,788,063	308,234		70,251,034	52,816,697
Assets:											
Additions to non-current assets	62,908,104	11,600,027	333,324	6,229,846	155,117	265,090	-	-	D	63,396,545	18,094,963
Segment assets	530,803,985	345,942,333	51,841,743	51,400,000	32,527,236	73,852,921	(62,596,504)	(50,255,139)		552,576,460	420,940,115
Segments liabilities	192,026,574	143,486,692	21,553,012	23,608,000	71,125,383	74,167,505	(53,908,987)	(57,284,101)		230,795,982	183,978,096

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

36. Segment information (contd.)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A. Inter-segment revenues are eliminated on consolidation.

B. Inter-segment interest income is eliminated on consolidation.

C. Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements.

	2015 RM	**2014** RM
Property, plant and equipment written off	-	5,211
Allowance for impairment loss on receivables	-	959,903
Inventories written off	-	8,571
	-	973,685

D. Additions to non-current assets consist of:

	2015 RM	**2014** RM
Land held for development	62,270,800	9,764,494
Property, plant and equipment	825,745	2,100,623
Investment properties	300,000	6,229,846
	63,396,545	18,094,963

37. Dividends

	Group and Company	
	2015 RM	**2014** RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single-tier dividend for 2015: 3.50 sen per share	17,374,198	-
- Interim single-tier dividend for 2014: 10.00 sen per share	-	12,662,409
	17,374,198	12,662,409

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2015

38. Supplementary information

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2015	**2014**
	RM	RM
Recognised during the financial year:		
Total retained earnings of the Company and its subsidiaries:		
- realised	70,400,664	105,816,554
- unrealised	(6,647,119)	(8,976,726)
Retained earnings as per financial statements	63,753,545	96,839,828

This disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

ANALYSIS OF SHAREHOLDINGS
as at 4 April 2016

Authorised Share Capital	:	RM500,100,000 comprising 1,000,000,000 ordinary shares and 200,000 preference shares of RM0.50 each
Issued and Paid-up Share Capital	:	RM248,202,826.00 comprising 496,405,652 ordinary shares of RM0.50 each
Class of shares	:	Ordinary shares and preference shares of RM0.50 each
Voting Rights	:	One vote per ordinary shares

DISTRIBUTION OF SHAREHOLDINGS
(without aggregating securities from different securities accounts belonging to the same person)

	Shareholders		Shareholdings	
Size of shareholding	**No.**	**%**	**No.**	**%**
Less than 100	21	2.34	642	0.00
100 to 1,000	374	41.69	118,652	0.02
1,001 to 10,000	264	29.43	1,326,484	0.27
10,001 to 100,000	170	18.95	6,207,454	1.25
100,001 to 24,820,281(*)	62	6.91	146,637,960	29.54
24,820,282 and above(**)	6	0.67	342,114,460	68.92
Total	**897**	**100.00**	**496,405,652**	**100.00**

Notes:
* - Less than 5% of issued shares
** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

	No. of shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Sharifah Deborah Sophia Ibrahim	99,366,120	20.02	-	-
Ng Cheng Chuan	87,077,478	17.54	35,720,720*	7.20
Hiap Ghee Seng Sdn. Bhd.	130,619,438	26.32	-	-
Chew Chiaw Han	15,875,440	3.19	130,619,438**	26.32
Chia Kwai Lin	35,720,720	7.20	87,077,478***	17.54

* Deemed interested by virtue of his spouse's shareholding in the Company.
** Deemed interested by virtue of his substantial shareholding in Hiap Ghee Seng Sdn. Bhd.
*** Deemed interested by virtue of her spouse's shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS

as at 4 April 2016

TOP THIRTY SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same person)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
1.	Sharifah Deborah Sophia Ibrahim	99,366,120	20.02
2.	RHB Nominees (Asing) Sdn. Bhd. Exempt An for RHB Securities Singapore Pte. Ltd.(A/C Clients)	74,225,064	14.95
3.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Hiap Ghee Seng Sdn.Bhd.	70,000,000	14.10
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	36,468,462	7.35
5.	RHB Nominees (Asing) Sdn. Bhd. Bangkok Bank Berhad Pledged Securities Account for Ng Cheng Chuan	36,400,000	7.33
6.	Kenanga Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ng Cheng Chuan	25,654,814	5.17
7.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	24,150,976	4.87
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Syarikat Kontraktor Besta Jaya Sdn. Bhd.	22,634,300	4.56
9.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Microsite Enterprise Sdn. Bhd.	21,191,120	4.27
10.	Pelita Holdings Sdn. Bhd.	12,211,080	2.46
11.	UOBM Nominees (Tempatan) Sdn. Bhd. United Overseas Bank Nominees (Pte.) Ltd. for Chew Chiaw Han	8,546,720	1.72
12.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Client Account)	8,046,192	1.62
13.	Ong Hong Lian	6,409,000	1.29
14.	Lee Keck Liang	5,122,708	1.03
15.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Chiaw Han	4,480,000	0.90
16.	Tan Hock Liong	3,000,000	0.60

ANALYSIS OF SHAREHOLDINGS
as at 4 April 2016

TOP THIRTY SHAREHOLDERS (contd.)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
17.	Chew Chiaw Han	2,848,720	0.57
18.	Khor Kowi Kim	2,808,000	0.57
19.	Phang Chung Tchet	2,340,240	0.47
20.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Clients)	2,196,600	0.44
21.	Orienter Intertrade Co. Sdn. Bhd.	1,836,000	0.37
22.	Ting Ding Ing	1,625,120	0.33
23.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Ng Chee Meng	1,543,920	0.31
24.	Ong Li Xin	1,414,000	0.28
25.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Kee Tiong	1,099,120	0.22
26.	Chin Chiew Ted	1,005,000	0.20
27.	Ling Ah Chiong	990,584	0.20
28.	Chieng Ung Kwong	686,000	0.14
29.	Nai Eng Seng	680,400	0.14
30.	Chieng Ung Kwong	602,000	0.12

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

	No. of shares held			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Datuk (Dr.) Ting Ding Ing	1,625,120	0.33	-	-
Sharifah Deborah Sophia Ibrahim	99,366,120	20.02	-	-
Ng Cheng Chuan	87,077,478	17.54	35,720,720*	7.20
Chew Chiaw Han	15,875,440	3.19	130,619,438**	26.32
Ng Kee Tiong	1,099,120	0.22	-	-

* Deemed interested by virtue of his spouse's shareholding in the Company.
** Deemed interested by virtue of his substantial shareholding in Hiap Ghee Seng Sdn. Bhd.

LIST OF MATERIAL PROPERTIES

Held by the Group as at 4 April 2016

No.	Location	Term of Lease/ Date of Expiry of Lease	Description & Existing Land Use	Land Area		Age of buildings	At Cost/ Net Book Value	Date of Acquisition
				Hectare	Acre	Year	RM	
1	HSD118736, PT8, Seksyen 65, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan	Freehold/ Perpetuity	Vacant Commercial Land Approved For Mixed Development	0.5825	1.4393	-	55,000,000.00	26.03.2015
2	Lot 2975, Block 12, Muara Tebas LD, Sg Laru, Kuching	60 years/ 17.11.2071	Vacant Agricultural Land with Conditional Approval For Mixed Development	49.500	122.2700	-	41,600,000.00	14.11.2011
3	Lot 3530, Muara Tebas LD, Sg. Nida, Kuching *	Freehold/ Perpetuity	Residential Development	2.0113	4.9700	-	8,128,949.37	29.12.2010
4	Portion of Lot 1315, Block 11, Muara Tebas LD, Sg. Laruk, Kuching *	Freehold/ Perpetuity	Single Storey Commercial Mall	0.9990	2.4685	4.5	6,098,435.37	29.12.2010
5	Lot 4271, Muara Tebas LD, Ulu Sg Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.8400	14.4310	-	5,993,038.25	30.7.2003
6	Lot 4587, Muara Tebas LD, Sg Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.4190	13.3910	-	5,561,005.87	4.8.2003
7	Portion of Lot 9200, Block 11, Muara Tebas LD, Sg. Laru, Kuching *	Freehold/ Perpetuity	Single Storey Commercial Mall	0.9060	2.2390	4.5	5,530,713.47	29.12.2010
8	Portion of Lot 4582, Muara Tebas LD, Sg. Nida, Kuching *	Freehold/ Perpetuity	Commercial Development	1.3440	3.3200	-	5,431,155.19	29.12.2010
9	Lot 4752, Muara Tebas LD, Sg Stutong, Kuching	Freehold/ Perpetuity	Vacant Agricultural Land with Conditional Approval For Mixed Development	20.2350	50.0010	-	5,122,866.71	20.10.1998
10	Lot 1316, Block 11, Muara Tebas LD, Sg. Laruk, Kuching *	Freehold/ Perpetuity	Commercial Development	1.2505	3.0900	-	5,054,070.22	29.12.2010

* Ibraco Berhad as the beneficial owner.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fourth Annual General Meeting of Ibraco Berhad will be held at Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on **Friday, 20 May 2016 at 4.00 p.m**. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.

2. To re-elect Mr. Liu Tow Hua, who retires in accordance with Article 83 of the Company's Articles of Association, as Director of the Company. Resolution No. 1

3. To re-appoint Messrs. Ernst & Young as the Auditors of the Company and to authorise the Directors to determine their remuneration. Resolution No. 2

SPECIAL BUSINESS
To consider and, if thought fit, to pass the following ordinary resolutions:-

4. To approve the payment of Directors' remuneration not exceeding RM1,500,000 for the financial year ending 31 December 2016. Resolution No. 3

5. <u>Proposed Retention of Independent Directors</u>

   "THAT approval be and is hereby given to the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years to continue to act as Independent Non-Executive Directors of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012:-

   (a) YBhg. Datuk (Dr) Philip Ting Ding Ing Resolution No. 4
   (b) Mr. Guido Paul Philip Joseph Ravelli Resolution No. 5

6. <u>Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965</u> Resolution No. 6

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act, 1965, the Articles of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issue."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By order of the Board,

Yeo Puay Huang (LS0000577)
May Wong Mei Ling (MIA 18483)
Company Secretaries
28 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Special Business

1. Proposed Retention of Independent Directors
   a) In line with the Malaysia Code on Corporate Governance 2012, the Nomination Committee and the Board have assessed the independence of YBhg. Datuk (Dr) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli, who have served for a cumulative term of more than nine years and the Board has recommended that the approval of the shareholders be sought to re-appoint YBhg. Datuk (Dr) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli as Independent Non-Executive Directors to fulfill the requirements of Paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The full details of the justification and recommendations for the retention are set out in the Statement of Corporate Governance in the Annual Report 2015.

2. Authority to Allot and Issue Shares Pursuant to Section 132D of The Companies Act, 1965
   The proposed Resolution 6, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interests of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.

   The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved by the shareholders of the Company at the 43rd AGM held on 22 May 2015 and which will lapse at the conclusion of the 44th AGM to be held on 20 May 2016. A renewal of this authority is being sought at the 44th AGM under Ordinary Resolution 6.

   The general authority sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares for purposes of funding investment(s), working capital and/or acquisitions.

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 16 May 2016 be regarded as members and entitled to attend, speak and vote at the meeting.*

2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company and the provision of Section 149(1)(b) of the Act, shall not apply to the Company*

3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal, if any, and, if none then under the hand of some officer duly authorised in that behalf. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.*

4. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the office forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.*

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IBRACO BERHAD (011286-P)
Incorporated in Malaysia

No. of Shares Held :

FORM OF PROXY

I/We .... NRIC No. / Company No. ....
(Full Name in Capital Letters)

of ....
(Full Address in Capital Letters)

being a member/members of IBRACO BERHAD hereby appoint ....
(Full Name in Capital Letters)

.... NRIC No. ....
(Full Name in Capital Letters)

of ....
(Full Address in Capital Letters)

and/or failing him/her, ... NRIC No. ....
(Full Name in Capital Letters)

of ....
(Full Address in Capital Letters)

or failing him/her, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on my/our behalf, at the Forty-Fourth Annual General Meeting of the Company to be held at Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on Friday, 20 May 2016 at 4.00 p.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Re-election of Mr. Liu Tow Hua as Director		
2.	Re-appointment of Messrs. Ernst & Young as Auditors		
3.	Approval of Directors' Remuneration		
4.	Proposed retention of YBhg. Datuk Philip Ting Ding Ing as Independent Director		
5.	Proposed retention of Mr. Guido Paul Philip Joseph Ravelli as Independent Director		
6.	To authorise Directors to allot and issue shares pursuant to Section 132D of The Companies Act, 1965.		

• Strike out whichever not applicable

(Please indicate with an "X" in the spaces above how you wish your votes to be cast on the resolution specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy/proxies will vote or abstain from voting as he/she/they think(s) fit.)

Date this

....

Signature of Shareholder(s)/Common Seal

NOTES:

1. *Only depositors whose names appear in the Record of Depositors as at 16 May 2016 be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may be but need not be a member of the Company and the provision of Section 149(1)(b) of the Act, shall not apply to the Company*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if such appointor is a corporation under its common seal, if any, and, if none then under the hand of some officer duly authorised in that behalf. An instrument appointing a proxy to vote at the meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.*
4. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the office forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.*

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AFFIX
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HERE

To: The Company Secretaries

IBRACO BERHAD (011286-P)

IBRACO HOUSE
No. 898, Jalan Wan Alwi,
Tabuan Jaya, 93350 Kuching.
P. O. Box 3166, 93762 Kuching,
Sarawak, Malaysia.

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