IBRACO

EST 1974

THE NORTHBANK

DISCOVER THE ESSENCE OF BALANCE

Annual Report 2018

CONTENTS

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

CORPORATE INFORMATION

DIRECTORS

Mr. Ng Cheng Chuan | *Chairman*
YBhg. Datuk (Dr.) Philip Ting Ding Ing | *Deputy Chairman*
YBhg. Datuk 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 Berhad (011286-P)
Ibraco House
No. 898, Jalan Wan Alwi,
Tabuan Jaya,
93350 Kuching, Sarawak
Tel: 082-361111
Fax: 082-361188

AUDITORS

Messrs. Ernst & Young
3rd Floor, Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak
Tel: 082-752668
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

GROUP CORPORATE STRUCTURE

IBRACO BERHAD
(011286-P)

- 100% Greater Tabuan Sdn. Bhd. (99809-T)
- 100% Syarikat Ibraco-Peremba Sdn. Bhd. (20491-M)
- 100% Ibraco Spectrum Sdn. Bhd. (610691-M)
- 100% Ibraco Infinity Sdn. Bhd. (606453-W)
- 100% Ibraco Construction Sdn. Bhd. (591982-H)
- 100% Foso One Sdn. Bhd. (612425-M)
- 100% NewUrban Sdn. Bhd. (1273029-H)
- 75% Ibraco Pelita Sdn. Bhd. (1034276-W)
- 74% Ibraco Ascent Sdn. Bhd. (1171729-H)
- 70% Ibraco HGS Sdn. Bhd. (964174-A)
  - 80% Warisar Sdn. Bhd. (1009534-M)
- 70% Ibraco Plantation Sdn. Bhd. (1072264-T)
- 49% IBRACO HELP Education Sdn. Bhd. (1249584-P)
  - 70% HELP IBRACO CMS Sdn. Bhd. (1269960-U)

GROUP FINANCIAL HIGHLIGHTS

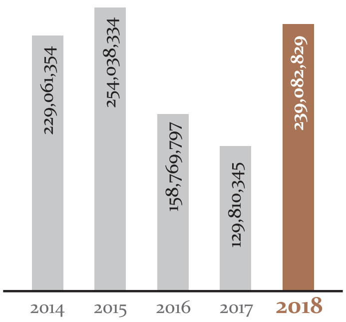
Five Years Financial Summary

	2014	2015	2016	2017	2018
Revenue (RM)	229,061,354	254,038,334	158,769,797	129,810,345	239,082,829
Profit before taxation (RM)	52,816,697	70,251,034	40,378,035	18,493,200	41,813,635
EBTIDA (RM)	56,738,063	76,195,403	46,241,314	23,524,221	47,767,514
Net profit after taxation (RM)	38,766,451	52,466,306	29,025,328	14,406,505	30,364,961
Profit attributable to owners of the Company (RM)	36,379,241	45,958,997	27,073,986	14,498,844	30,137,814
Basic earnings per ordinary share (sen)	9	11	5	3	6
Gross dividend per share (sen)	10.00	3.50	3.50	2.75	1.50
Dividend payout ratio (%)	33	33	60	95	25
Net gearing ratio (%)	40	37	36	41	46
Shareholders' equity (RM)	233,445,221	311,956,371	314,019,231	318,589,962	345,004,735
Total Assets (RM)	420,940,115	552,576,460	542,966,934	613,164,198	729,196,057
Net assets per share (RM)	1.84	0.63	0.63	0.64	0.70
Return on shareholders' equity (%)	16	15	9	5	9
Return on total assets (%)	13	14	9	4	7
Total borrowings (RM)	100,304,231	155,423,564	140,641,412	180,571,115	246,258,085
Current assets (RM)	225,403,280	293,547,047	426,166,451	470,982,546	563,701,471
Current liabilities (RM)	142,435,955	147,117,234	154,000,342	226,431,469	250,035,739
Current ratio (times)	1.58	2.00	2.77	2.08	2.25

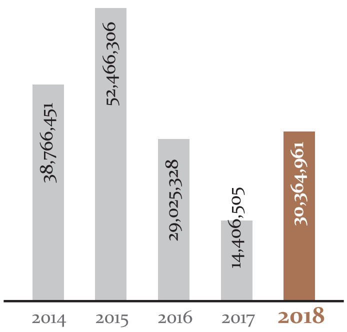
	RM1.00	RM0.50			
Issued and fully paid-up share capital of	126,624,095	496,405,652	496,405,652	496,405,652	496,405,652

Share price performance (RM)	2014	2015	2016	2017	2018
Closing	0.52	1.06	1.00	0.78	0.60

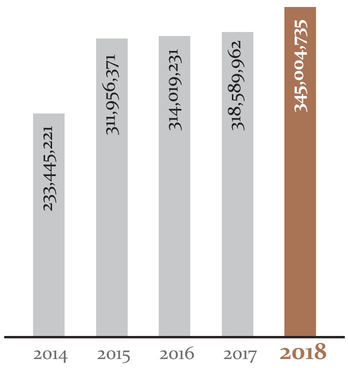
REVENUE (RM)



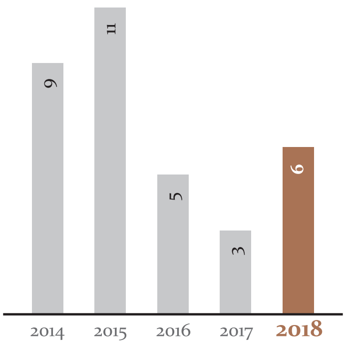
PROFIT NET OF TAX (RM)



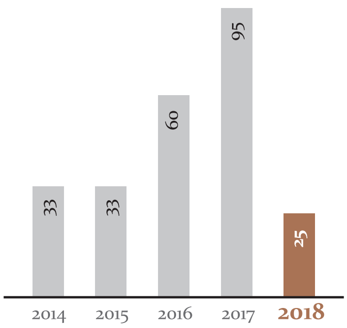
SHAREHOLDERS' EQUITY (RM)



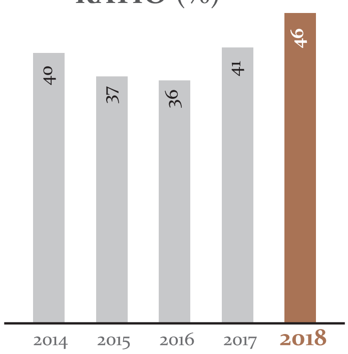
BASIC EARNINGS PER SHARE (Sen)



DIVIDEND PAYOUT RATIO (%)



NET GEARING RATIO (%)



CHAIRMAN'S STATEMENT

Despite 2018 has been a very challenging year for property market with continued weak sentiment, IBRACO Group is pleased to report that we have achieved improvement on our year-on-year performance, with Group revenue rising 84% from RM130 million in 2017 to RM239 million in 2018, while profit net of tax grew by more than doubled from RM14 million in 2017 to RM 30.1 million in 2018.

During the year under review, the main contributor of the Group's revenue and profit came from our flagship Tabuan Tranquility development, which accounted for 31% of the Group's aggregate revenue, followed by construction of the new airport in Mukah Sarawak and ContiNew in West Malaysia for 23% and 18% respectively, of the Group's aggregate revenue.

Other sources of revenue and profit were from the development at Bintulu Town Square, Stutong Height Apartments and The NorthBank NOVA 72.

SUSTAINABILITY, FOR FUTURE GENERATION

Sustainable business is always the Group's mission, where we provide quality homes, optimize shareholders' returns and nurture our employees. And this year has been an important year for us as we further committed ourselves through embedding the sustainability culture into our business operations, where, taking care of our economic performance while balancing with responsible environment and social considerations. Sustainability Committee has been established during the year to ensure our commitment towards sustainability and monitoring by the Board.

In giving back to the community, besides adopting Hope Place, a non-profit organization, as our charity partner, we continue to contribute back to society through various community activities. With Hope Place, we pledge monthly cash sponsorship and provide them the free usage of space for their office and storage space, as well as for their trading of second-hand goods donated by Good Samaritan.

FORWARD LOOKING

As we enter into the new financial year, we are mindful of the soft property market and the uncertainties that lie ahead for both the domestic and global economies. Changes in rules and regulations to push for affordable housing will affect buyers to hold back and remain wait and see, especially for first-time home buyers. Nevertheless, we remain confident and 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.

The NorthBank, which is our next flagship development on a 123-acre land, is expected to be completed over a 5-year plan. As we got off to a roaring start with the first residential project, NOVA 72, which launched and sold out in March 2018, it has provided a positive indicative for the Group to launch the subsequent developments. Apart from the corporate office of IBRACO and Tunku Putra-HELP International School that are sited at The NorthBank which are under construction, other development in the pipeline are offices, SOHOs, apartments, landed residential property, retail outlets and shop offices.

In March 2019, we have officially launched the commercial space at The NorthBank as the opening chapter of The NorthBank Business Exchange.

Riding on our success of the ContiNew Kuala Lumpur, we continue to venture in West Malaysia with our newly acquired land last year at Bandar Petaling Jaya Selatan. We aim to kick off the development in 2020, taking into consideration the revision of statutory requirements and the market needs.

The Group has also been actively tendering for more building and infrastructure projects offered by the government to strengthen the earnings moving forward amidst the current property market sentiment.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to record my utmost appreciation to our shareholders for your unwavering trust and confidence in us. 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 would like to express my sincere gratitude and appreciation for your tirelessly work throughout the year. I am truly appreciative of your dedication and contributions. To my fellow Board members, thank you for your invaluable guidance and continuous support.

Ng Cheng Chuan
Chairman

HNST – Visit to Elderly at Hun Nam Siang Tng

HOPE Place 2nd hand space

SEMARIANG – A fun day with Salvation Army Children's Home kids at Semariang Theme Park

MD'S MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

With its proven track record of over 40 years in property development industry, Ibraco Berhad has become known as one of the leading pioneer property developers or township developers in Kuching, Sarawak. The organization has maintained and built good reputation for its quality works, timely delivery of its development projects, and its properties' functional and aesthetic designs. The Group has been actively spreading its wings beyond its comfort zone Kuching, venturing into Bintulu, Sarawak and West Malaysia, with the aim to achieve the Group's vision of being the leading conglomerate in the building industry.

FINANCIAL PERFORMANCE REVIEW

With notable efforts from the management team, the Group's revenue and profit after tax have increased by 84% and 111% respectively for its financial year ended 31 December 2018, as compared to 2017. The challenging property market environment that prevailed throughout the year have made the Group revised some of the approved plans to incorporate the current market needs. The time taken of approval of the revised plans had caused a delay to the launches particularly to the next flagship development, The NorthBank. Nevertheless, with the success of the overwhelming response from the launch of first phase of The NorthBank, NOVA 72, the Group is confident of encouraging response for the remaining phases.

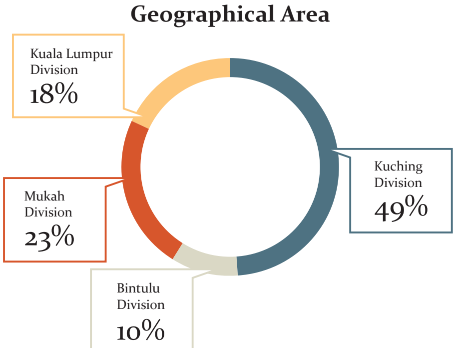
The Group inventories have decreased from RM87.94 million in 2017 to RM55.90 million in 2018, representing a decrease of 36%. The changes in sales approach to the purchasers have brought along better sales performance for the inventories, and the Group is confident to clear these unsold properties with the implementation of mega projects under the Sarawak Corridor for Renewal Energy (SCORE) development plans in Bintulu as well as road upgrading works along Kuching-Kota Samarahan Expressway by the Government.

The Group's revenue mainly arises from the property development segment, recorded at 75% of the current year's aggregated revenue. The Group's home-based projects in Kuching remain the key contributor with 62% of the total property development segment revenue. With its unbilled sales of RM269.30 million and outstanding order book of RM205.42 million as at 31 December 2018, the Group is confident to maintain its financial results in 2019.

The Group's loan and borrowings have increased by 36% from RM180.57 million in 2017 to RM246.26 million in 2018, primarily due to the financing of the construction of the new Mukah airport project and for the purchase of the land at Bandar Petaling Jaya Selatan. The Group's gearing ratio has also increased to 46% as compared to 41% in 2017, nonetheless it remains manageable within the Group's capping of not exceeding 50%.

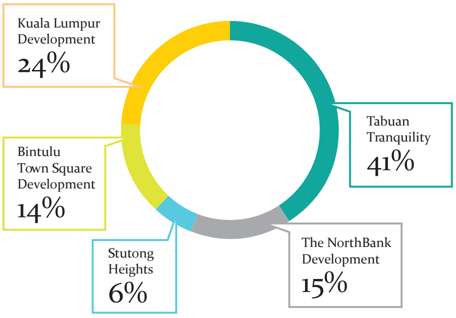
Revenue by Segment

Revenue by Geographical Area



REVIEW OF OPERATING ACTIVITIES

Property Development Segment Revenue by Project Development



Property Development Revenue by Property Type

TABUAN TRANQUILITY DEVELOPMENT, KUCHING

Tabuan Tranquility is an integrated development project spanning over 173 acres, comprising a hypermarket, commercial hub with banks, eateries, fashion and lifestyles retail outlets, as well as more than 1,000 units of medium to high end residential properties. Tabuan Tranquility is currently in the final phase of development with 167 units of small office home office ("**SOHO**"), which had been launched during the last quarter of 2016. The SOHO development is estimated to generate a gross development value ("**GDV**") of RM64 million. The Group has also launched the lock-up retail outlets within the SOHO development in May 2017 and expected to commence the construction of the education block upon conclusion of higher institution operator.

The Tabuan Tranquility project continued to lead the Group's sales in 2018, generating 31% of the Group's revenue, primarily from Tabuan Tranquility Phase 3 Plaza and the SOHO project within, together with the completed project, The Park Residence.

THE NORTHBANK, KUCHING

NOVA 72, which consists of 50 units of double-storey terrace houses, 14 units of double-storey semi-detached houses and 8 units of three-storey semi-detached houses, was the first project launched in The NorthBank in March 2018. This development is estimated to have a GDV of over RM81 million. The terrace and the double-storey semi-detached houses were completely sold within the first day of its launching, while the three-storey semi-detached houses were launched at the end of June 2018. In 2018, NOVA 72, together with the sale of an office building that also sited at The NorthBank, has contributed RM28.07 million, representing 12% of the Group's total revenue.

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STUTONG HEIGHT APARTMENTS, KUCHING

Stutong Height Apartments development is a series of affordable apartments within the matured township of Greater Tabuan which have successfully attracted many first-time home buyers. A total of 497 units of apartments with an estimated GDV of RM146 million from this Stutong Height Apartments development were launched in three phases where the first had been completed in early 2016 while the remaining two phases were completed in 2017. This development represented 4% of the Group's total revenue in 2018.

STUTONG HEIGHTS 3
Apartment

TOWN SQUARE BINTULU, BINTULU

Town Square Bintulu is the Group's maiden project in Bintulu when it first established its foothold there in 2012. This development is undertaken by Warisar Sdn Bhd, a joint venture company between Ibraco Group and Bintulu Development Authority ("**BDA**"). Warisar Sdn Bhd acquired the rights to develop the two parcels of land alienated to BDA as consideration for the construction and completion of a sewerage treatment plant, which was completed and handed over to BDA in 2015.

The first phase of the Bintulu Town Square development comprises 75 units of 3-storey shop offices, 2-storey of lock-up retail plaza and an 8-storey office block with an estimated GDV of RM150 million and completed in early 2016 and 2017. The 8-storey office block is the first MSC Malaysia Cybercentre in Bintulu. The Group has launched the Bintulu Town Square Phase 2 development in last quarter of 2016. It comprises 13-storey of 158 SOHO units with lock-up retail outlets, with an estimated GDV of RM69 million.

For financial year of 2018, the Group recognized RM25.28 million from both phases, representing 11% of the Group's total revenue.

CONTINEW, KUALA LUMPUR

In February 2017, the Group officially launched its first project in West Malaysia, ContiNew, located in Kuala Lumpur City Centre. It is a dynamic mixed development that consists of two residential towers, sitting above a vibrant commercial space comprising 4 units of 3-storey commercial/retail shops, 30 units of retail/office spaces and 510 units of serviced apartments. This mixed development is estimated to have a GDV of over RM400 million. In 2018, it has generated RM42.55 million, representing 18% of the Group's total revenue.

CONSTRUCTION SEGMENT

The Group received a contract from Jabatan Kerja Raya, Kuching, Sarawak to construct and complete the new Airport at Mukah, Sarawak. The project, amounting to RM302.64 million, is scheduled to complete within 36 months from August 2017. RM54.96 million, representing 23% of the Group's total revenue for 2018 was contributed from this construction segment.

ANTICIPATED OR KNOWN RISKS

The Group is affected by the current market risk where the adverse economic and stringent lending requirements has decreased disposable income coupled with over-supply conditions. These risks, nevertheless, are not new to Ibraco's management who has incorporated assurances through its extensive experience of over 40 years in the property development and construction business to manage and mitigate such risks. The Group has been prudent in its launch of new projects, ensuring the right property is launched at the right time and at the right price. The Group conducts in depth analysis and market feasibility studies, and other factors on all projects before launch in order to mitigate the market and financial risks.

CONTINEW
– IN WITH THE NEW –

FUTURE PROSPECTS

The NorthBank, sitting on a 123-acre of land, is located right opposite Ibraco's flagship development Tabuan Tranquility. Apart from the NOVA 72 which has launched earlier, over RM260 million worth of GDV will be launched in 2019, consisting commercial lots, apartments and townhouses.

The NorthBank offers purchasers with choices of various types of residences built with a walking distance to commercial, office units as well as a social clubhouse. In addition to that, Tunku Putra-HELP International School, which is now under construction and expected to commence by January 2020 is also sited at The NorthBank. The Group collaborated with HELP Education Services Sdn Bhd and CMS Education Sdn Bhd in March 2018 to embark on the exciting journey in educational growth by establishing this Tunku Putra -HELP International School. The Group believes that this joint venture will enhance its source of income as well as the value of the surrounding development within The NorthBank.

Riding on the success of ContiNew Kuala Lumpur, the Group had acquired 15,811.66 square meter leasehold land located at Bandar Petaling Jaya Selatan, Daerah Petaling and fronting on Baru Pantai Highway ("**the Land**") for aggregate consideration of RM37.44 million. The Land is approved for mixed development and is expected to launch in 2020, with an estimated GDV of RM320 million for residences ranging from 552 to 1,000 square feet. The Group is confident the Land will enhance the future earning potential of the Group and its presence in West Malaysia.

The Group is also actively bidding for government's construction and infrastructure projects to diversify the Group's source of income.

The capital expenditure ("**CAPEX**") of the Group consist of the new business segment, Tunku Putra-HELP International School and the Corporate Office. Both the school and the corporate office located strategically at The NorthBank and has commenced the construction in 2017. The school, with an estimation of RM50 million is scheduled to complete by end of 2019, whereas for the Corporate Office with an estimated CAPEX costs of RM45 million is expected to complete early 2020. Both these CAPEX are financed via bank borrowings and internal funds.

Although the Group does not adopt any dividend policy, it has been consistently paying out dividend over the years. Generally, the dividend payments depend upon a number of factors, namely the earnings, capital commitments, financial conditions, future expansion outlays as well as other factors to be considered by the Board.

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PROFILE OF DIRECTORS

NG CHENG CHUAN
Chairman
Singaporean | Age 60 | Male

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. He is a member of the Institute of Internal Auditors Malaysia.

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 35 years of extensive experience in the areas of sales and purchasers 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 5 years (other than traffic offences, if any). He does not have any conflict of interest with the Company.

DATUK (DR.) PHILIP TING DING ING
Deputy Chairman
Malaysian | Age 67 | Male

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 30 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.

Datuk Ting is the honorary Consul for Australia in Sarawak and the deputy president of Sarawak Chamber of Commerce and Industry. He is also a board and council member of Swinburne University of Technology, Sarawak and chairman of the University's finance committee and Chairman of Swinburne Innovation Sdn Bhd. Datuk Ting also sits on the Board of National Bank of Abu Dhabi Malaysia Berhad as an Independent Director and Deputy President of Sarawak Business Federation.

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 5 years (other than traffic offences, if any). He does not have any conflict of interest with the Company.

PROFILE OF DIRECTORS

DATUK CHEW CHIAW HAN
Managing Director
Malaysian | Age 42 | Male

Datuk 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 the appointed as the Chief Executive Officer on 30 April 2010 and later redesignated as the Managing Director on 10 May 2011. Datuk Chew is also the Chairman of the Risk Management Committee, member of the Remuneration Committee and Sustainability Committee.

Datuk Chew is a graduate of the University of Waikato, New Zealand with a Bachelor of Law Degree. He 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, 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 5 years (other than traffic offences, if any).

Datuk 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 59 | Male

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

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 5 years (other than traffic offences, if any). 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 56 | Female

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 5 years (other than traffic offences, if any). She does not have any conflict of interest with the Company.

NG KEE TIONG
Non Executive Independent Director
Malaysian | Age 51 | Male

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, a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Malaysia. Besides 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 5 years (other than traffic offences, if any).

PROFILE OF DIRECTORS

GUIDO PAUL PHILIP JOSEPH RAVELLI
Non Executive Independent Director
British | Age 68 | Male

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, Nomination Committee and Sustainability Committee, and member of 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.

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 a member of the Institute of Internal Auditors Malaysia. He is also a 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 5 years (other than traffic offences, if any). He does not have any conflict of interest with the Company.

PROFILE OF SENIOR MANAGEMENT

FELIX SU KUANG YIAW, Malaysian, age 60, male, is the Project Director of Ibraco Group. He obtained Bachelor of Civil Engineering from Ryerson University, Canada. He has over thirty years of experience in the construction industry, with niche technical knowledge in upgrading and construction of airports within Sarawak. He joined the Group in 2017.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 5 years (other than traffic offences, if any).

MAY WONG MEI LING, Malaysian, age 45, female, is the Assistant to Managing Director cum Company Secretary. She qualifies as a Chartered Accountant with the Association of Chartered Certified Accountants. She is also a member of the Malaysian Institute of Accountants. She was the Chief Financial Officer and Company Secretary of Sarawak Consolidated Industries Berhad for 6 years before joining the Group on 1 February 2010.

She does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 5 years (other than traffic offences, if any).

CHAI MING HSIA, Malaysian, age 43, female, has more than 10 years of experience in Quantity Surveying for consultancy, developer and construction firms prior to joining Ibraco Group on 21 May 2013 as Project Special Assistant. She was later appointed as the Senior Contracts Manager in 2016. Her past projects include high end residential development, biogas plant and wastewater treatment plant. She graduated with a Bachelor's Degree in Construction Management and Economics from Australia.

She does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 5 years (other than traffic offences, if any).

HENDRICK LAU LIK HENG, Malaysian, age 46, male, has more than 10 years of working experience as design and project architect prior to joining Ibraco Group on 6 February 2017 as Senior Architect and Planning Officer. His past experiences include designing and management of projects in both residential and commercial institutional for major clientele such as Malaysia Airports Berhad, Ministry of Defense and Ministry of Education across Sarawak. He graduated with dual degree in Architecture and Architectural Studies from the UK and Australia.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 5 years (other than traffic offences, if any).

JONATHAN TEO KUI THENG, Malaysian, age 51, male, joined the Group as Senior M&E Manager on 1 December 2016. He has more than 10 years of experience in managing building works and M&E packages for major development projects in Sarawak, including the Sarawak International Medical Centre, as well as Sarawak Energy Berhad's headquarters building. He graduated with BSc. Engineering in Mechanical and Production from Singapore.

He does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 5 years (other than traffic offences, if any).

CHUNG YNG YNG, Malaysian, age 44, female, has joined Ibraco Group on 2 April 2018 as Senior Architect and Planning Officer. She graduated from her Architectural Studies in U.K and she is a qualified architect in Malaysia (LAM, PAM) as well as U.K (ARB, RIBA). Her architectural experience includes mixed-use developments, residential, commercial, industrial projects and aged care centre. She has over 10 years working experience in U.K and more than 6 years in Malaysia as a senior architect.

She does not have any family relationship with any Director and/or major shareholder and has no conviction for any offences over the past 5 years (other than traffic offences, if any).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Ibraco is committed to integrate good corporate governance practices in its plans and operations throughout the Group. The Board believes in maintaining good corporate governance as the fundamental tools 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 2017 ("**MCCG**"). This Statement provides a summary of Ibraco's corporate governance practices during the financial year ended 31 December 2018 with reference to the 3 Principles which set out in MCCG. The Corporate Governance Report for the financial year ended 31 December 2018 is available on Ibraco's website at www.ibraco.com.

MCCG PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible for the stewardship of the Group's business and affairs, setting the Company's long-term strategic direction and safeguarding interests of the stakeholders while the Management is responsible in day to day operation of the Group's business activities in accordance with the direction of the Board.

The Board has established various Board Committees to assist the Board in the running of the Group. The Board Committees comprise the following:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee
- Sustainability Committee

The functions and terms of reference of the Board Committees, as well as the authorities and duties delegated by the Board to these Board Committees, have been clearly defined by the Board. The terms of reference of each Board Committee are accessible on Ibraco's website at www.ibraco.com.

Board's role in setting strategy

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 and those delegated to Management.

The Board has assumed the following principal responsibilities in discharging its fiduciary functions:-

(i) Review and adopting strategic plan, as developed by Management, that promote sustainability within the aspect of environmental, social and governance;
(ii) Overseeing the conduct of the Group's business in accordance with its strategic plan and budget;
(iii) Monitoring the performance of Management to ensure sound financial and operational management;
(iv) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
(v) Overseeing and review in the identification and management of sustainability matters;
(vi) Overseeing the development and implementation of investor relations and shareholder communication policy;
(vii) Ensuring succession planning are in place for the orderly succession of senior management;
(viii) Reviewing the adequacy and integrity of the Group's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance; and
(ix) Overseeing the Group's adherence to appropriate corporate governance structure and ethical corporate behavior.

Ethical leadership by the Board

Ibraco has adopted a set of Code of Conduct to provide guidance on matters of professional and personal behavior that applies to Directors, alternates and any person participating in Board meeting. The Code of Conduct is subject to periodical review.

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

- Observed 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; and
- Maintain the confidentiality of non-public information about Ibraco Group or its activities or operations.

The Group's Whistle-blowing Policy has been established to encourage all employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way.

The Whistle-blowing Policy is designed to:-

(a) Support the Company's values;
(b) Ensure employees can raise concerns without fear of reprisals and safeguard such person's confidentiality;
(c) Protect a whistle-blower from reprisal as consequence of making a disclosure; and
(d) Provide a transparent and confidential process for dealing with concerns.

Both the Code of Conduct and Whistle-blowing Policy are available on Ibraco's website at www.ibraco.com.

Roles of Chairman and Managing Director

The respective roles and responsibilities of the Chairman of the Board and the Managing Director are clearly set up and held by 2 different individuals. The division ensures that there is clear and proper balance of power and authority.

The Chairman's main responsibility is to set tone at the top, ensure effectiveness of the Board functions, and encourages participation and deliberation by all the Board members.

The Managing Director has overall responsibilities over the Group's operational, organizational effectiveness and implementation of Board policies, directives, strategies and decisions. At the management level, several committees namely Risk Management Committee, Sustainability Working 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.

Qualified and Competent Company Secretaries

The Board is regularly updated and advised by the joint Company Secretaries, who are qualified, experience 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 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 ensures the Board papers are circulated prior to the Board meetings to ensure sufficient time is given to the Directors to read and seek any clarification that they may need from the Management or Company Secretaries or consult independent advisers, before the Board meetings. In addition, the in-house Company Secretary also 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 expenses.

Board Charter

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 and those delegated to Management.

The Board Charter is reviewed on annual basis to ensure it remains consistent with the Board's objectives which in line with the Group's direction and any new regulations that may impact the Board's responsibilities. The Board Charter can be found online at www.ibraco.com.

Board Composition and Independence

The Board currently comprises seven (7) members, with three (3) Independent Directors and four (4) Non-Independent Directors out of which two (2) are Executive Directors. Thus, the Board fulfilled the Listing Requirements of Bursa Securities para 15.02 that at least 1/3 of the Board must be Independent Directors.

The Directors have wide range of experience and expertise and have contributed significant 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 whilst the Independent Directors have provide balanced and independent view and judgement to the Board.

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' skills, competences and whether the Independent Directors can continue to bring independent and objective judgement to Board deliberations. The Board is satisfied with the level of independence demonstrated by the Independent Directors.

The profile of each of the Board Members is as presented on pages 13 to 16 of this Annual Report.

Tenure of Independent Directors

Datuk (Dr.) Philip Ting Ding Ing, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong were appointed as Non-Executive, Independent Director on 1 April 2001, 1 May 2002 and 15 April 2010 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 47th Annual General Meeting of the Company. Since both Datuk (Dr.) Philip Ting Ding Ing and Mr. Guido Paul Philip Joseph Ravelli have served the Company more than twelve years, the shareholders' approval will be sought through a "two-tier" voting process.

Nomination Committee ("NC")

The NC was set up on 16 April 2003 and comprises three (3) members who are Non-Executive Directors with majority of them being Independent Directors. The composition of the members is set out below:-

Committee Members

Guido Paul Philip Joseph Ravelli (Chairman, Senior Independent Non-Executive Director)
Ng Cheng Chuan (Non-Independent Non-Executive Director)
Ng Kee Tiong (Independent Non-Executive Director)

Key Responsibilities of the NC

(a) To assess and recommend new Directors to the Board and Boards of the Group. For the position of Independent Non-Executive directors, the NC shall also evaluate the candidate's ability to discharge such responsibilities as expected from Independent Non-Executive directors.
(b) To review annually the mix of skills, knowledge, professionalism, integrity and experience, and other qualities to enable the Board to function completely and efficiently.
(c) Review the size, structure and composition of the Board.
(d) 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.
(e) 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.
(f) Identify and develop succession plan for those in key positions in senior management.
(g) 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.

Summary of Activities of the NC during the Year

- Review the required mix skills, experience and other qualities required for the Board.
- Review the size of the Board.
- Annual assessment of the performance of Directors.
- Annual assessment of the performance of the Board, the Board Committees and its members.
- Review and assess the performance and make recommendation to the Board with regard to Directors who seek re-election at the Annual General Meeting.

For the financial year ended 31 December 2018, the NC has conducted its annual assessment of the Board, Board Committees and Individual Directors using a set of detailed questionnaire completed by Directors. The results of the assessment were compiled by the Company Secretary and tabled to the Board for review and deliberation. The Board is satisfied that the size of the Board and those of the various committees is optimum and concluded that the composition of the Board has an appropriate mix of skills and core competencies and that all the members of the Board and various committees are suitably qualified to hold their positions as Directors in view of their respective academic and professional qualifications, experiences and qualities.

Board Diversity

The Board is aware of the gender diversity as set out in Practice 4.5 of MCCG. When appointing a Director, the NC and the Board will evaluate the candidate giving due consideration for boardroom diversity. Currently, there is one woman Director on the Board.

Apart from the Board, the Group promotes gender diversity at the management and staff level. The Group recorded 32% female workforce at Group level and 38% female at Senior Management level.

Time 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.

During the year ended 31 December 2018, 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.

Details of Directors' attendances of Board Meetings in 2018 are as follows:-

Directors	Numbers of Board Meetings attended
Ng Cheng Chuan	2/4
Datuk (Dr.) Philip Ting Ding Ing	3/4
Datuk 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

Directors' Training

The Directors will continuously attend conferences, seminars and training programs 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 Program prescribed by Bursa Securities. During the financial year under review, the Directors, individually or collectively, attended various training programs and seminars as set out below:-

Date	Courses
27 March 2018	Audit Committee Conference 2018: Internal Auditing in the Age of Disruption
9 April 2018	Employee Remuneration Reporting and Potential Risks Faced By Employers
20 June 2018	GST After 1 June 2018: Transitional Issues and What You Need To Do
29 & 30 June 2018	Ahead of the Curve
1 August 2018	Evolution of Future CFOs
2 August 2018	ISO 9001:2015 Interpretation
19 & 20 September 2018	MFRS 16 - Leases and Consideration of Tax Issues on Adoption of MFRS 15 – Revenue from Contracts with Customers and MFRS 16 - Leases
1 & 2 November 2018	Sustainability Reporting for the Implementation Committee
16 November 2018	Sustainability Awareness for Board of Directors

Remuneration Committee ("RC")

The RC was established on 16 April 2003 and comprises the following Board members:-

Guido Paul Philip Joseph Ravelli (Chairman, Senior Independent Non-Executive Director)
Ng Cheng Chuan (Non-Independent Non-Executive Director)
Datuk Chew Chiaw Han (Non-Independent Executive Director)

The Committee is responsible for reviewing and recommending the remuneration of all the Executive Directors of the Group ensuring that the remuneration framework is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high caliber individuals to pursue the long-term growth and success 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 the Executive Directors and Non-Executive Directors of the Group for the year ended 31 December 2018 is set out as follows:-

		From the Company			From Subsidiary Companies	
2018	**Fees[(i)]** RM	**Other emoluments[(ii)]** RM	**Benefits-in-kind** RM	**Company Total** RM	**Fees[(i)]** RM	**Group Total** RM
Executive Directors						
Datuk Chew Chiaw Han	-	698,384	33,200	731,584	18,000	749,584
Liu Tow Hua	-	350,872	11,400	362,272	18,000	380,272
	-	1,049,256	44,600	1,093,856	36,000	1,129,856
Non-Executive Directors						
Ng Cheng Chuan	270,500	-	-	270,500	-	270,500
Datuk (Dr.) Philip Ting Ding Ing	60,000	-	-	60,000	-	60,000
Sharifah Deborah Sophia Ibrahim	42,000	-	-	42,000	8,400	50,400
Guido Paul Philip Joseph Ravelli	72,500	-	-	72,500	-	72,500
Ng Kee Tiong	84,250	-	-	84,250	-	84,250
	529,250	-	-	529,250	8,400	537,650
Total Directors' Remuneration	529,250	1,049,256	44,600	1,623,106	44,400	1,667,506

(i) Included in fees are Director's fees and meeting allowances.
(ii) Included in other emoluments are salaries, bonus and defined contribution plan.

The remuneration packages of the Senior Management Personnel are determined by taking into considerations on individual responsibilities, skills, expertise, experiences and contributions to the Group's performance. It is essential to offer competitive and sufficient remuneration packages to ensure executive talents' retention. The Board is of the view that it would not be beneficial to the Company to disclose the Key Senior Management Personnel's remunerations on named basis, which might raise negative impact to maintain a stable working environment for long-term strategic goals.

The details of the aggregate remuneration of the Key Senior Management Personnel during the year under review are set out as below:-

	From the Company RM
Salaries	2,229,715
Bonus	553,909
Benefits-in-kind	95,390
Other emoluments**	321,092
Total	3,200,106

** *Included in other emoluments are defined contribution plan and social security costs.*

MCCG PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The Audit Committee is established by the Board and comprises three (3) members, whom two (2) of the members are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Chairman of the AC is appointed by the Board and is not the Chairman of the Board.

The AC assists and supports the Board primarily in the area of financial reporting in liaison with the external auditors and the Group's system of risk management and internal control in liaison with the internal auditors. The functions of the AC are clearly defined in the Terms of Reference, which is accessible on Ibraco's website at www.ibraco.com.

Collectively, the AC members have a wide range of necessary skills, knowledge and experiences to discharge their duties, ranges from accounting and construction. The Chairman of the AC is a member of the Malaysian Institute of Accountants and also a fellow member of the Association of Chartered Accountants of United Kingdom.

The details of summary of work by AC for year 2018 are set out under the Audit Committee Report on pages 27 to 30 of this Annual Report.

Internal Audit Function

Ibraco has established an in-house Internal Audit Department ("**IAD**"), which provides the Board with adequate assurance it requires regarding the adequacy and effectiveness of risk management, internal control and governance processes. The IAD is guided by the Internal Audit Charter as well as the Professional Practices Framework in assessing the reporting on the adequacy and effectiveness of the internal control, governance and risk management processes.

The IAD is led by Group Internal Auditor ("**GIA**"), and reports directly to AC. The AC is responsible to oversee the performance and the effectiveness of the internal audit function. As guided by the Internal Audit Charter, independence of the IAD is essential for the effectiveness of their function. In this regard, the internal audit has no direct authority or responsibility for the activities it audited and has no responsibility for developing or implementing procedures or system and does not prepare records or engage in original line processing functions or activities.

Further details of the internal audit function that is oversighted by the AC are set out under the Audit Committee Report on pages 27 to 30 of this annual report.

Relationship with External Auditors

The AC has an appropriate and transparent relationship with the external auditors. The role of the AC in relation to the external auditors and the assessment of external auditors by the AC are set out under the Audit Committee Report on pages 27 to 30 of this Annual Report.

Risk Management and Internal Control Framework

The Board acknowledges it assumes overall responsibility for maintaining a system of risk management and internal control that provides reasonable assurance of effective and efficient operations, and compliance with law and regulations, as well as with internal procedures and guidelines. The Board recognises that it also responsible for reviewing their effectiveness. A sound system of risk management and 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 risk management and internal control is set out in the "Statement of Risk Management and Internal Control" on pages 31 to 34 of this Annual Report.

MCCG PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Relationships with Stakeholders

Ibraco 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. All communication with media or public and disclosures made are in accordance with the Group Communication Policy. 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.

Annual General Meeting

The Annual General Meeting has 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.

Electronic Communications

Ibraco's corporate website at www.ibraco.com is one of the key platforms to ensure the stakeholders can access communications and documents once they are published. A dedicated investor relation section is available on the website, where information released by the Company to Bursa Malaysia Securities Berhad is made available immediately after the announcement, and all newsletters issued by the Company are made available on the website.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible to ensure that the financial statements 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 results and cash flows 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 2018, 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.

ADDITIONAL COMPLIANCE INFORMATION

Audit and Non-audit Fees

The amount of audit and non-audit fees paid or payable to the External Auditor and a company affiliated to the External Auditors' firm for the year ended 31 December 2018 were as follows:

Purpose	Group (RM)	Company (RM)
Audit Fees	110,000	66,000
Non-Audit Fees		
- Tax advisory, computation and filing	51,988	17,333
- Review of Statement on Risk Management and Internal Control	10,992	10,992
- Review of MFRS Conversion	15,900	15,900
- Review of Housing Development Accounts	12,190	8,480
Total	**201,070**	**118,705**

Related Party Transactions

The value and types of related party transactions entered into by Ibraco Group are shown on pages 135 to 138 of this Annual Report (see Note 27 to the financial statements).

Material Contracts

There were no material contracts entered into by Ibraco Group 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.

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 2018 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	2/5

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 ("**GIA**") 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 ("**CFO**") were also presented at the meetings by invitation to facilitate direct communications as well as to provide clarification on audit issues and the Group's operations. Other senior executives were invited to attend the meetings with respect to those agenda that concerned them as such.

TERMS OF REFERENCE

The Committee is responsible among others, to review and monitor the integrity of the Group's reporting process, system of internal control, audit process as well as compliance with legal, regulatory and taxation matters for the Group. The terms of reference of the Committee is made available on the Company's corporate website at www.ibraco.com.

SUMMARY OF WORK DURING THE FINANCIAL YEAR

The Committee had deliberated various strategies and actions in line with the mandate provided in its terms of reference throughout the year of 2018. The work undertaken by the Committee during the financial year summarised as below:

1. **Financial Results**

- Reviewed the quarterly unaudited financial results before recommending them to the Board for approval at each quarterly Committee meeting during the financial year. The review was to ensure compliance with the requirements of Malaysian Financial Reporting Standards ("**MFRS**") 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements ("**LR**") of Bursa Malaysia Securities Berhad.

- Reviewed the annual audited financial statements for year ended 31 December 2017 on 29 March 2018.

- The CFO had on each quarterly Committee meeting, presented and given assurance to the Committee that:
  - Appropriate accounting policies had been adopted and applied consistently;
  - The going concern basis applied in the Annual Financial Statements and quarterly unaudited financial statements were appropriate;
  - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
  - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and LRs; and
  - The annual financial statements and quarterly unaudited financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2018.

2. **The Internal Audit Function**

- Reviewed the annual internal audit plan to ensure adequacy of scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas.

- Reviewed the internal audit reports, which include audit findings, audit recommendations made and the Management's responses to assess whether or not appropriate actions have been taken with respect to the audit recommendations.

- At each Committee meeting, the Committee had an executive session with the GIA without the presence of Management.

- At the Committee meeting on 16 November 2018, the Committee had assessed the Internal Audit Function via questionnaires, which aimed to gauge the level of satisfaction with the Internal Audit roles and services, competency and professionalism in governance, risk and controls, as well as the independence and objectivity. The results indicated the Internal Audit Function was satisfactory.

3. **The External Audit Function**

- Reviewed the list of services in the Annual Plan 2018 at its meeting on 16 November 2018, which comprised the audit services and recurring non-audit service that may be provided by the external auditors. The recurring non-audit service was in respect of the annual review of the Statement on Internal Control and Risk Management. In considering the nature and scope of non-audit fees, the Committee was satisfied that it was not likely to neither create any conflict of interest nor impair the independence and objectivity of the external auditors. The Committee also reviewed the external auditors' proposed fees for the statutory audit, together with the review of the Statement of Internal Control and Risk Management.

- The Committee deliberated on the external auditors' report at its meeting on 29 March 2018 with regard to the relevant disclosures in the annual audited financial statements for 2017.

- On 29 March 2018, the Committee undertook an annual assessment of the suitability, effectiveness and independence of the external auditors, taking into consideration the Management's feedback on external auditors' performance. Assessment questionnaires were used as a tool to obtain input from the personnel who had substantial contact with the external auditors throughout the year. External auditors' performance was rated using a five-point scale on their ability to provide advice, suggestions or clarifications relating to the presentation of financial statements, ability to provide realistic analysis of issues using technical knowledge and independent judgement, and maintain active engagement, through both verbal and written communication during the audit process, including their responsiveness to issues. The Committee also took into account the observations of the audit engagement partner and engagement team's performance during the meetings held between the Committee and the external auditors in February, March and November 2018 respectively. Based on the evaluation conducted, the Committee is satisfied with the external auditors' performance, technical competency and audit independence.

- The external auditors provided written assurance on 28 February 2018 to the Committee that, in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2017.

4. **Related Party Transactions**

- The Committee reviewed all related party transactions of the Group as reported by the Management and incorporated them in relevant quarterly announcements and related party transactions announcements made during the financial year.

5. **Risk Management**

- Reviewed the Statement on Risk Management and Internal Control duly confirmed by the External Auditors that no exception was noted and it is in accordance with Recommended Practice Guide 5 (revised 2015) on 28 February 2018 for the publication in the 2017 Annual Report.

6. **Terms of Reference of Committee**

- Reviewed the proposed amendments made to the terms of reference of the Committee, to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance 2017, and recommended to the Board for approval.

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.

The Internal Audit Department carries out its functions in accordance with the annual audit plan approved by the Committee each year covering the scope of the audit work and resources needed to perform such work. The Internal Audit Department reports directly to the Committee on major findings and any significant control issues and concerns. The Committee regularly evaluates and monitors the performance of the internal audit function to assess its effectiveness in discharging its duties and responsibilities.

A risk-based approach is adopted for all audits conducted by the Internal Audit Department, among the scope of coverage were:
- Sales and Marketing management;
- Procurement management;
- Project management;
- Property management; and
- Human Resource management

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 Internal Audit Department is guided by the Internal Audit Charter as well as the Professional Practices Framework in assessing and reporting on the adequacy and effectiveness of the internal control, governance and risk management processes.

The relevant audit reports were presented to the Committee, on 28 February 2018, 25 May 2018, 24 August 2018 and 16 November 2018, for deliberation and forwarded to the Management for the necessary corrective actions to be taken.

The summary of internal audit work performed during the financial year is as below:

a. prepared annual audit plan for deliberation and approval by the Committee;
b. performed operational audits on business units and projects of the Group to ascertain the adequacy and integrity of their system of internal controls, governance and risk management;
c. presented internal audit's reports, which include audit findings, audit recommendations and Management's responses;
d. performed statutory compliance audits including related party transactions;
e. discussed with Management in identifying significant concerns and risk areas perceived by Management for inclusion in the internal audit plan; and
f. developed the 2019 internal audit's annual audit plans.

The total costs incurred in relation to the Internal Audit Department for year 2018 amounted to approximately RM186,000. The internal audit function was carried out solely by the Internal Audit Department and there were no areas of the internal audit function which were outsourced.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires the Board of Directors ("**Board**") of listed companies to establish and maintain a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets.

The Statement on Risk Management and Internal Control was prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and guided by the statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**the Guidelines**").

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 to eliminate the risk of failure to achieve the business objectives of the Group. It can therefore only provide reasonable assurance and not absolute assurance against material misstatement, loss 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 operational, 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 MMLR of Bursa Securities and guided by the Guidelines issued by the Taskforce of Internal Control.

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.

The Board is of the view that the risk management and internal control system has been in place for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

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 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.

- 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.

- The Risk Management Committee is to report to the Audit Committee on the overall Group Risk Profile annually. Should there be any new proposals or projects, the Risk Management Committee will report separately to the Audit Committee on the additional new risks (if any). As and when, the Audit Committee also has the power to request the Risk Management Committee to prepare and present the risk areas that they are concerned with.

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.

For control issues that may be raised by the external auditors, the internal auditors will follow up 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 Sustainability 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.

For the Group's construction arm, it has ISO 9001: 2015 Quality Management System certification, with standards, policies and procedures in place to continuously improve and maintain product quality and customer satisfaction.

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 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.

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 performance.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditor was made solely for, and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

Conclusion

The Board is not aware of any significant control failures or weaknesses identified during the financial year under review that would result in material losses and require disclosure in the Annual Report of the Group.

The Board and Management will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and integrity of the risk management and internal control system of the Group.

This statement is made in accordance with a resolution of the Board dated 22 February 2019.

SUSTAINABILITY STATEMENT

This year has been an important year for Ibraco. We have established the Sustainability Working Committee to assist the Board Sustainability Committee to discharge the duties of embedding a sustainability culture into our daily business operations. We have set targets related to the preparation of our future roadmap for sustainability.

Economic

Ibraco has achieved a better financial result with net profit more than doubled to RM30.1 million in 2018 as compared to RM14.5 million in 2017, on the back of solid revenue growth of 84% year-on-year. The result has exceeded the forecast result, due to notable efforts from the management to achieve stronger progress billings from property and construction division, higher inventory sales and better margin in product mix.

With the current 632 acres of land bank, Ibraco continue its plan to launch sustainable projects mainly comprising residential and commercial properties in 2019 and future years. In 2018, we have launched our major and highly anticipated mixed development project, The NorthBank which includes leisure parks and jogging treks. In addition to that, we have also ventured into another new business segment, which is the provision of international education services, in collaboration with HELP Education Services Sdn Bhd and CMS Education Sdn Bhd to embark on an exciting journey in educational growth by establishing the Tunku-Putra HELP International School, strategically located at The NorthBank. The new business segment would enhance our source of income, as well as enhancing the value of its surrounding developments. Apart from that, we have also been actively tendering for more building and infrastructure projects offered by the government.

Our customer service department was set up in the second half of 2017, striving to provide a better focus on our customer service. We have conducted customer satisfaction survey and reached out to 44% of the properties that we handed over in 2018. We achieved a 63% customer satisfaction rating for the quality of our products. We have targeted to reach out to 60% of our customers to participate in the customer satisfaction survey in 2019, in order to improve our services and products quality.

In 2018, we had fully-engaged local contractors for all our construction projects. Contractors for our construction projects are selected for their services through a rigorous pre-qualification exercise that ensures the contractors are competent with the work to be undertaken. We have performed 100% pre-qualification review for our building contractors' performance and 8% were rejected due to poor performance or lack of competency.

Environment

Ibraco's approach to sustainability involves maintaining our environment for future generations. To this end we are currently obtaining certification under Green Building Index for our New Corporate Office. In addition, our upcoming KL property development will also go for Green Real Estate certification.

Social

Ibraco's Human Resource Department has embarked on a three-year roadmap to continuously improve engagement amongst the employees. An initiative survey has been conducted and reached out 30% of our total employees. The survey comprised the areas on employee job-satisfaction and Ibraco's culture. The results of the survey revealed the following:

- 82% of the employees are satisfied with their jobs;
- 67% of the employees think that the organization has provided them a satisfactory work-life balance in their work environment;
- 65% of the employees are of the opinion the organization has provided sufficient training to meet their job requirements;
- 82% of the employees are satisfied with their career growth and development within the organization;
- 80% of the employees are satisfied with their department's culture; and
- 63% of the employees are satisfied with the organization's culture.

The survey also asked for improvement suggestions. Generally, the feedback received were related to continuous improvement in engagement amongst the employees and management and training for employees to aimed at providing quality products and services. As such, the Human Resource Department is currently looking into conducting a sustainable training needs analysis and discrete training programs to improve staff performance and customer services.

We primarily hire locals to generate economy benefits for the respective local communities whilst adhering to the principles of diversity and inclusion. In 2018, 32% of our total workforce comprised of women employees, with 11% of them holding managerial positions. The turnover rate for employees increased by 2% as compared to 2017 due to the increse in hiring of site workers for our Mukah New Airport in the second half of year 2017 and the establishment of our auxiliary police team, where, our total number of employees has been doubled.

We are pleased to report that there were no fatalities reported at our construction sites for both year 2017 and 2018. We strive for zero-fatality at our construction sites as we prioritize our workers' safety. Besides that, in conjunction with the engagement of the Mukah New Airport project, we have provided specialized trainings for the public workers, in relation to the skills and technology required for airport construction, safety course and also promoting green and smart technology to advance their knowledge and skills.

Ibraco is moving from a philanthropic approach to Corporate Social Responsibility ("CSR") towards ensuring we leave a legacy. To support this, we have adopted HOPE PLACE, a non-profit organization dedicated to alleviating the plight of the poor and the deprived through the provision of sustenance and other essential items, repairing dilapidated houses and helping fire and flood victims as our charity partner. We are providing them with the free usage of much needed office and storage space for their daily operation as well as free usage of commercial space for their trading of second-hand goods donated by Good Samaritan. In addition, we have also pledged monthly cash sponsorship to subsidize their monthly operating expenses.

We continuously seek for involvement in CSR with the aim of leaving a legacy in our society. In 2019, we plan to set up a student aid program to provide financial assistance to the underprivileged children with the objective of giving these less fortunate children the chances of tertiary education.

Additional information on our approach to sustainability is included in our Sustainability Report.

This Sustainability Statement was approved by the Board on 22 February 2019.

SUSTAINABILITY REPORT

The Sustainability Report is prepared in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**LR**"), with reference to the Sustainability Reporting Guide, including its accompanying Toolkits, issued by Bursa. The information available in this Report provides an overview of the governance structure, our strategy and how we manage day-to-day business to address our sustainability commitments and evaluation our performance, including the achievements, progress, challenges and setbacks we faced in financial year 2018. The data and the information included in this Report covered our performance on key non-financial metrics for the period from 1 January 2018 to 31 December 2018. Besides that, we also provide a glance of our roadmap working towards sustainability that covers economy, environment and social ("**EES**").

As required by the LR, we enclosed the material sustainability issues that we have addressed in this Report either from a baseline perspective or in accordance with measurable terms. In seeking to establish the baseline information, the reporting in this publication is formulated on a more qualitative basis.

GOVERNANCE STRUCTURE

Ibraco was established in 1971 and is listed on the Main Board of Bursa Malaysia Securities Berhad since 2004. Ibraco has been in the forefront of property development for more than 40 years.

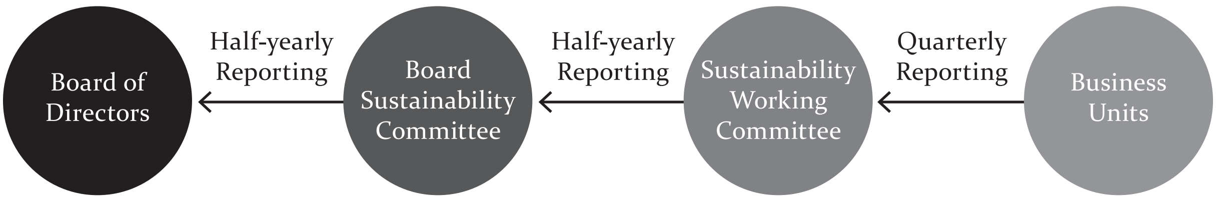
Our commitment to sustainability is translated through our initiatives in achieving our vision, mission and values, which we promote sustainable operation that cover the economy, environment and social.

We believe our actions today would have influence to the society, hence we strive to balance our economic performance with social responsibility. We aim to create value for all our stakeholders with whom we regularly engage to understand the challenges and the changing needs of society.

Further information on Ibraco's corporate governance initiatives is outlined in the Corporate Governance Overview Statement page 18 to 25.

Our Board of Directors ("**Board**") is primarily responsible for the Group's sustainability practices and performance, where it has delegated the task to Sustainability Committee in monitoring and managing sustainability related matters. The Sustainability Committee, which is chaired by our Senior Independent Director, is assisted by the Sustainability Working Committee ("**SWC**"), which is established from Head of Departments, to carry out the sustainability operation.

Sustainability Governance Structure



Whistle-Blower Policy

As Ibraco strives for high ethics and integrity to support the Company's values, the Whistle-Blower Policy has been established to encourage all employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way.

Our Approach to Sustainability

During the financial year, the Group has engaged an external consultant to facilitate an internal workshop session for the SWC to identify sustainability matters, which are material to the Group's business in relation to the property and construction activities. Through the prioritization of sustainability matters, it helps us to focus our efforts on the matters that are concerned by our key stakeholders, which in turn, managing our risk profile while promoting sustainable business that relates to EES.

All material sustainability matters are handled by relevant divisions, and key performance indicators ("**KPIs**") are identified to indicate the performance of the Group on dealing with these material sustainability matters. The SWC would prioritize and positioned each issue on a materiality matrix with the consideration of importance to stakeholders and importance to Ibraco Group. The Group's materiality matrix will then be presented to our Sustainability Committee for review and to be tabled for Board's approval.

The approved Group's material sustainability matters will then be incorporated into our risk management in order to ensure our understanding of both the current and future risks and opportunities, whilst meeting our stakeholders' expectations. The SWC will review the sustainability matters on yearly basis to ensure we are in line with the expectations relating to EES.

Sustainability Targets FY2019-2021

TARGET	FINANCIAL YEAR
Corporate	
Establish a Group sustainability roadmap to drive policy developments, implementation and strategy	2018-2019
Market	
Perform market survey/customer service survey	2019
Environment	
Adopting new technologies to manage waste	2019-2021
Community	
Investment strategies to sustain community development	2019-2021
Work Place	
Review of policies and procedures, initiatives implementation, measures and action plans, and KPIs settings	2019-2021
Perform employee survey (100% coverage)	2020

Mapping Materiality Matters to United Nations Sustainable Development Goals ("SDGs")

We have matched our materiality matters to 4 of the 17 main SDGs that are most relevant to our operations. We are in the midst of developing measures that would enable us to benchmark our performance to these SDGs.

SDG	Focus Area	Sustainable Development
5 GENDER EQUALITY	Ensuring gender equality and empowerment.	Our corporate culture respects our employees and one another, with zero-tolerance with discrimination or harassment of gender.
8 DECENT WORK AND ECONOMIC GROWTH	Ensuring full and productive employment and decent work.	We provide fair remuneration package to our employees regardless of gender and offer a variety of experiences for them to grow personally and professionally.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Building resilient infrastructure for the community.	We incorporate community facilities into our township projects that aim to meet human, ecological and environmental needs.
11 SUSTAINABLE CITIES AND COMMUNITIES	Making cities and human settlements inclusive, safe, resilient and sustainable.	We target to embed green design and features into our future projects to reduce impact to the environment.

STAKEHOLDER ENGAGEMENT

We recognize the importance of our stakeholders as our operations, products and services impact the daily lives of our communities. Our key stakeholder engagement, including topics of concern and issues management is listed as below:

Stakeholder Group	Key Concerns	Material Sustainability Matters	Type of Engagement	Frequency
Employees	• Remuneration and benefits	• Employee welfare	• Annual performance assessment	• Annually
	• Career development	• Talent retention	• Employee engagement survey	• Annually
	• Workplace health and safety	• Occupational Health and Safety	• Town hall meeting • Awareness talk	• Annually • Throughout the year (as and when required)
	• Work-life balance	• Ethics and integrity	• Leadership, soft skills, technical & non-technical training programs	• Throughout the year
			• Intranet/ newsletters	• Throughout the year
Customers	• Pricing of the property	• Customer satisfaction	• Customer satisfaction survey	• Throughout the year
	• Quality and workmanship	• Product safety	• Market survey	• Throughout the year
	• Safety and security		• Product launches and roadshows	• Throughout the year (as and when required)
	• Resource efficiency and utility savings		• Marketing and promotional programs and events	• Throughout the year (as and when required)
			• Company's website/ social media	• Throughout the year

Stakeholder Group	Key Concerns	Material Sustainability Matters	Type of Engagement	Frequency
Communities	• Safety and security • Community investment • Environmental issues	• Community security • Community development	• Contribution to environment and social enhancement • Communities outreach programs • Company's website/ social media • Donation and financial aid	• Ongoing • Ongoing • Ongoing • Ongoing
Contractors	• Pricing of contracts • Payment schedule • Responsible material applications • Product quality • Delivery on time	• Legal compliance • Quality products	• Contractor's performance assessment • Post-project review • Contract negotiation • Pre-tender assessment • Regular meetings	• Half-yearly/ Annually • As and when required • Ongoing • As and when required • Ongoing

ECONOMIC

With the current 632 acres of land bank, Ibraco continue its plan to launch projects mainly comprising residential and commercial properties in 2019 and future years.

Ibraco has achieved a better financial result in current year with net profit more than doubled to RM30.1 million in 2018 as compared to RM14.5 million in 2017, on the back of solid revenue growth of 84% year-on-year. The result has exceeded the forecast result, due to notable efforts from the management to achieve stronger progress billings from property and construction division, higher inventory sales and better margin in product mix.

Customer satisfaction

Ibraco commits to provide quality homes and excellence services. Our construction arm is ISO9001:2015 certified, and with such quality management systems in place, we are confident with our continuous improvement in maintaining our products quality and hence, customer satisfaction.

Our customer service department was set up in the second half of 2017, striving to provide a better focus on our customer service. We have put in place customer satisfaction survey, as a mean of continuous engagement with our key stakeholders. We have conducted customer satisfaction survey and reached out to 44% of the properties that we handed over in 2018. We achieved a 63% customer satisfaction rating for our quality of our products. We have targeted to reach out to 60% of our customer to participate in the customer satisfaction survey in 2019 in order to improve our services and products quality. In addition, we have also put in place market survey, which will be carried out in 2019, to gather what the local market demand in term of, product design and specification and aiming to roll out products that meet current market needs.

Employees' remuneration and local hiring

Ibraco is committed in providing fair and non-discrimination workplace to all individuals, where all are treated equally in every aspect of their work, including remuneration in order to attract and retain talent. Ibraco follows strictly to Malaysian's minimum wages order to provide minimum wages to its employees regardless of gender.

We understand that by providing job opportunities to the local community would help up in the economy, hence our employees are all hired from the local community.

Contractors Pre-Qualification

It is our practice to engage local contractors to support the local community. Our preferred contractors are those who are ethical and committed to sustainable development, including a good track record of health and safety competence. Contractors for our construction projects are selected for their services through a rigorous pre-qualification exercise that takes into account of the following: -

- Relevant experience;
- Financial capability;
- Time length spent for completed projects handled;
- Current project on hand;
- Support staff strength (include sub-contractors);
- Sustainability aspects such as sources of the materials;
- Relevant plant & machinery; and
- Registered with relevant authorities and required institutions.

The pre-qualification process ensures that contractors to be competent with the work undertaken. They are also graded according to their respective financial and human resource strengths in order to ensure the sustainability of their work delivery. Contractors who have successfully undergone pre-qualification procedures are then included in our Masterlist of Contractors. Besides that, the appointed contractors' performance would be assessed on half-yearly basis throughout the contract period, and post-project review would be performed to assess whether they are eligible for future project engagements.

In 2018, we had fully-engaged local contractors for all our construction projects. We have also performed 100% pre-qualification review for our building contractors and 8% were rejected due to poor performance or lack of competency.

ENVIRONMENT

Green Buildings

Ibraco's approach to sustainability involves maintaining our environment for future generations. To this end we are currently obtaining certification under Green Building Index for our New Corporate Office. In addition, our upcoming KL property development will also go for Green Real Estate certification.

At our construction site, we reduce the raw material consumption by reusing building materials, namely the excess steel bars. The design of our property products has put into consideration of using natural lighting and air-ventilation, aiming to reduce the use of artificial lighting and air-conditioners in order to cut down carbon emission.

Energy Conservation

We encouraged our employees to play their part in carrying out initiatives to save the environment. Employees are required to turn off the lights and air-conditioners during lunch hour or whenever they are not in used. Signages have been placed at the pantry and washroom areas to remind employees to switch off the lights after using them and all are encouraged the use of natural daylight to reduce the need for artificial lighting.

Employees are encouraged to print double-sided and use of recycled paper for draft documentation. We are in the progress to upgrade our procedures to go online in order to reduce the paper usage and carbon printing.

SOCIAL - PEOPLE

At Ibraco, we value our employees as our main drivers that build up our sustainable business. We hold the principle to respect our employees and one another, building talent for the Group. We believe with strong engagement with our employees will make them feel a sense of belonging to the Company, motivating them to take ownership of their roles to be accountable and responsible, respecting the need for work-life integration, and paying attention to their well-being. Ibraco has zero-tolerance with discrimination or harassment.

We follow industry practices in terms of our fair, non-discrimination and growth-oriented human resource policies, which play a critical role in building a performance culture within the organization. Our employee policies, at their best, help maintain healthy levels of communication with the management, high levels of motivation, and the spirit of team work for greater efficiencies and effective delivery at workplace. We also provide a work environment that is conducive to continuous learning and development. Our open-door policies also ensure that employees are free to express and share and pursue their career aspirations with Ibraco.

Employee Engagement

The employee engagement is an extremely important measure, which helps the organization to understand the needs of the employees and also to increase the productivity and ensure the employees are aligned with the organization's business direction and objectives. Ibraco's Human Resource Department has embarked on a three-year roadmap to continuously improve engagement amongst the employees. An initiative survey has been conducted and reached out 30% of our total employees. The survey comprised the areas on employee job-satisfaction and Ibraco's culture. The results of the survey revealed the following:

- 82% of the employees are satisfied with their jobs;
- 67% of the employees think that the organization has provided them a work-life balance in their work environment;
- 65% of the employees are of the opinion the organization has provided sufficient training to meet their job requirements;
- 82% of the employees are satisfied with the career growth and development within the organization;
- 80% of the employees are satisfied with the department's culture; and
- 63% of the employees are satisfied with the organization's culture.

The survey also asked for improvement suggestions. Generally, the feedback received were related to continuous improvement in engagement amongst the employees and management and training for employees to aimed at providing quality products and services. As such, the Human Resource Department is currently looking into conducting a sustainable training needs analysis and discrete training programs to improve staff performance and customer services.

The engagement roadmap below shows our current position and future goals to impact each and every individual at Ibraco:

2018	2019	2020
• Measure engagement across Ibraco	• Measure engagement across Ibraco	• Measure engagement across Ibraco
• Conduct initiative survey (reached out 30% of total employees)	• Conduct employee survey (to reach out 65% of total employees)	• Conduct employee survey (to reach out 100% of total employees)
• Employee's performance yearly assessment	• To include KPIs in employee's performance yearly assessment	• Measure and evaluate employees' KPIs via employee's performance yearly assessment
	• To perform sustainable training needs analysis	• Measure and evaluate results of trainings provided
	• Measure middle management effectiveness	• Measure and evaluate middle management effectiveness
	• Focus on Group-wide communication and branding	• Town hall meeting and employees newsletters
	• Town hall meeting and employees newsletters	

The top management treasures a close relationship with all employees. In order to promote bonding within the workforce, Ibraco's Human Resource Department organizes various activities for all employees to create a family's belonging and encourage stronger rapport within the organization. The activities include sports activities, for instance bowling and badminton, and non-sports activities, namely festive decoration competition. Employees are also encouraged to involve physically in Corporate Social Responsibility activities that organized by Ibraco, in order to promote giving back to the society by individuals.

Training and Development

Employees are our greatest resource and their commitment has driven the Company to become where it is today. Ibraco strives to ensure every employee has been taken care of their career development. We offer employees a variety of experiences to grow personally and professionally.

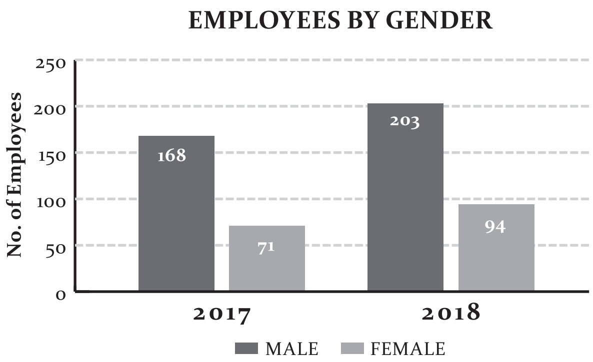
We invest in our employees' personal and professional development and provide them with challenging and equal rewarding opportunities for career growth. We believe in order to achieve both success in the organization and the individuals, it forms a partnership between the organization and the employees. With the training needs analysis, together with the recommendations from employees' immediate superior and employees themselves, we adopt the following learning principles for employees' training and development:
- Learn from own experience – employees are given exposures to the field they are involved.
- Learn from others – coaching by immediate superior or seniors. All immediate superiors are the employees' mentor.
- Learn from training – employees are sent for training programs, either in-house or external, to improve employees' technical skills and also managerial capability and knowledge.

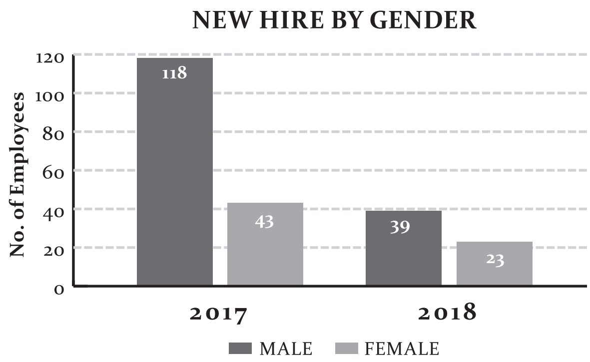
Diversity for Performance

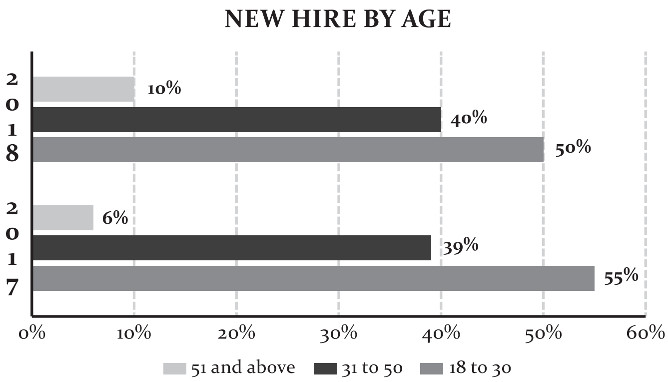
We primarily hire locals to generate economy benefits for the respective local communities whilst adhering to the principles of diversity and inclusion. Besides providing locals with more job opportunities, it also helps our business to navigate across their communities more efficiently with the assistance of a diversified local workforce. Our recruitment policies, which comply with Malaysian Employment Act 1955, Sarawak Labour Ordinance (ACT A1237) – Chapter 76: Labour, and Children & Young Persons Employment Act 1966, consider diversity as one of the key determinants of talent acquisition and development. We do not discriminate employees on the basis of their ethnicity, gender, age, disability or status.

In 2018, 32% of our total workforce comprised of women employees, with 11% of them holding managerial positions. The turnover rate for employees increased by 2% as compared to 2017 due to the increase in hiring of site workers for our Mukah New Airport in the second half of year 2017 and the establishment of our auxiliary police team, where, our total number of employees has been doubled.

Employee Data







Policies for Work-Life Balance

We believe that employee policies should promote productivity and performance, by the virtue of improving levels of motivation through employees' welfare and well-being. In keeping with our diversity agenda, in addition to a maternity leave of 2 months, we have also increased paternity leave to 2 days to support more balanced parenting roles amongst our employees. In 2018, we have 2 male and 3 female employees have applied for parental leave respectively, and all of them returned to work after the parental leave.

SAFETY AND HEALTH

We aim to continuously improve the safety and health aspects in our operations to provide a healthy and safe work environment. The well-being and safety of our employees is our priority, hence, improving our safety performance is among our critical KPIs. As such, we constantly ensure that sufficient safety equipment are provided to our employees at our construction sites.

We are pleased to report that there were no fatalities reported at our construction sites for both year 2017 and 2018. Our safety and health policy commit us to continuously maintain and improve a positive and sustainable environmental, safety and health culture. For our property development projects, our contractors are required to provide details of their Occupational Safety and Health ("**OSH**") management plans. As for our construction arm, the safety officer is also required to provide high standards of OSH performance, and regular safety briefings to the site workers and monthly reporting to the Management.

All our site employees have undergone the compulsory safety training and certified by the Construction Industry Development Board.

Every employee contributes to Social Security Organisation via a deduction from their monthly salary. Claims can be made for work-related injuries and fatalities. Besides that, all employee also covered with personal accident insurance.

Our Performance

In our effort to track and protect the health and well-being of our employees, we record the details of all fatalities, permanent and temporary disability, minor incidents, medical treatment and all first aid incidents.

Our performance in safety and health (both for our employees and our customers) is monitored and reported to our management on monthly basis.

During the year, quarterly meeting for safety and health committee at our Head Quarter has been conducted and the committee had delivered awareness messages across the organization.

SOCIAL – COMMUNITY

Township Amenities

Ibraco develops townships with a wide range of amenities that will help to build a sense of community and belonging while providing all the necessary facilities and features of an active sustainable community. Some of the community facilities we provide include:
- Commercial or retails areas, including hypermarket;
- Land allocation to build schools, community centres, healthcare;
- Essential infrastructure such as roads, power, telecommunication networks, water and sewage; and
- Green spaces and areas for outdoor recreation such as parks.

We also think about how our customers and their families will live in our townships once they are completed. This includes incorporating community facilities such as recreational areas into our designs that are more than just green spaces. We are aspired to create space that meets human, ecological and environmental needs in order to deliver the services and systems that society relies on.

At the design stage, we take an integrated approach to planning our communities, incorporating natural and environmental features and community facilities.

Security

Safety and security are always the key concerns for our customers and communities, hence we do focus on how to keep our townships to be in a safe and secured zone for our customers and communities.

We have implemented gated and guarded communities with secure perimeter fencing as well as static and mobile patrols for our semi-detached properties and high-rise residentials. Upon expiry of joint management body, the responsibility for security will be handed over to the resident association.

We have embarked on building our own Auxiliary Police ("**AP**") unit as part of our approach to reinforce security at current high-rise residentials and future townships, with the aim of creating a safer environment for the communities.

The establishment of the AP force is an innovative approach to augmenting security at our high-rise residential, developments and assets. All members are rigorously selected and had underwent two months of intensive full-fledged police training at the Police Training Centre ("PULAPOL") before posted under Ibraco AP. All AP members are trained to uphold their highest integrity as a member of the police force, and uphold their responsibilities for safety and security of the communities.

Corporate Social Responsibilities ("CSR")

Ibraco is moving from a philanthropic approach to CSR towards ensuring we leave a legacy. To support this, we have adopted HOPE PLACE, a non-profit organization dedicated to alleviating the plight of the poor and the deprived through the provision of sustenance and other essential items, repairing dilapidated houses and helping fire and flood victims as our charity partner. We are providing them with the free usage of much needed office and storage space for their daily operation as well as free usage of commercial space for their trading of second-hand goods donated by Good Samaritan. In addition, we have also pledged monthly cash sponsorship to subsidize their monthly operating expenses.

Besides that, in conjunction with the engagement of the Mukah New Airport project, we have provided specialized trainings for the public workers, in relation to the skilled and technology required for airport construction, safety course and also promoting the green or smart technology to advance their knowledge and skills.

We continuously seek for involvement in CSR with the aim of leaving a legacy in our society. In 2019, we plan to set up a student aid program to provide financial assistance to the underprivileged children with the objective of giving these less fortunate children the chances of tertiary education.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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 2018.

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 RM	**Company** RM
Profit net of tax	30,364,961	12,077,848
	========	========
Profit attributable to:		
Owners of the Company	30,137,814	12,077,848
Non-controlling interests	227,147	-
	30,364,961	12,077,848
	========	========

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 amounts of dividends paid by the Company since 31 December 2017 were as follows:

	RM
In respect of the financial year ended 31 December 2017:	
Interim single-tier dividend of 2.00 sen on 496,405,652 ordinary shares, declared on 28 December 2017 and paid on 31 January 2018	9,928,113
Final single-tier dividend of 0.75 sen on 496,405,652 ordinary shares, declared on 27 April 2018 and paid on 6 August 2018	3,723,041
	13,651,154
	========

An interim single-tier dividend in respect of the financial year ended 31 December 2018 of 1.50 sen on 496,405,652 ordinary shares, amounting to a dividend payable of RM7,446,085 has been approved by the board on 29 March 2019 and will be paid on 10 May 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Ng Cheng Chuan
Datuk Chew Chiaw Han
Dr. Sharifah Deborah Sophia Ibrahim
Datuk (Dr.) Ting Ding Ing
Ng Kee Tiong
Guido Paul Philip Joseph Ravelli
Liu Tow Hua

The directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Rodziah Binti Morshidi
Datuk Barry Tan Chong Liang
May Wong Mei Ling
Datu Sajeli Bin Kipli
Monaliza Binti Zaidel

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.

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 employee of the Company as shown below) 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 27 to the financial statements.

The directors' benefits are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Executive directors' remuneration:				
Fees	36,000	45,000	-	-
Salaries and other emoluments	1,057,056	991,872	1,057,056	991,872
	1,093,056	1,036,872	1,057,056	991,872
Non-executive directors' remuneration:				
Fees	591,650	610,150	529,250	529,750
Total directors' remuneration	1,684,706	1,647,022	1,586,306	1,521,622
Estimated money value of benefits-in-kind	36,800	34,606	36,800	34,606
Total directors' remuneration including benefits-in-kind	1,721,506	1,681,628	1,623,106	1,556,228

Directors' benefits (contd.)

Included in the analysis above is the remuneration for directors of the Group and the Company in accordance with the requirements of the Companies Act 2016.

The Company maintains a liability insurance for the directors of the Group. The total amount of sum insured for directors of the Group for the financial year amounted to RM10,000,000 and the amount paid on the insurance amounted to RM16,208 (2017: RM16,228).

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 At 1 January 2018 and 31 December 2018
Direct Interest	
Dr. Sharifah Deborah Sophia Ibrahim	99,366,120
Ng Cheng Chuan	87,077,478
Datuk Chew Chiaw Han	15,875,440
Datuk (Dr.) Philip Ting Ding Ing	1,625,120
Ng Kee Tiong	1,099,120
Indirect Interest	
Datuk Chew Chiaw Han	130,619,438
Ng Cheng Chuan	35,720,720

By virtue of their substantial interests in the Company, Dr. Sharifah Deborah Sophia Ibrahim, Ng Cheng Chuan and Datuk Chew Chiaw Han, 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.

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 all known bad debts had been written off 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.

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

(i) the amount written off for 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.

Other statutory information (contd.)

(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.

Auditors' remuneration are disclosed in Note 7 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2019.

Datuk Chew Chiaw Han **Liu Tow Hua**

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Datuk 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 57 to 155 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2019.

Datuk Chew Chiaw Han

Liu Tow Hua

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

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 57 to 155 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 29 March 2019

Liu Tow Hua
(MIA 25463)

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 audit of the financial statements

Opinion

We have audited the financial statements of **Ibraco Berhad**, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 155.

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 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Revenue and cost recognition on the sales of properties under construction and on construction contracts

For the year ended 31 December 2018, as disclosed in Note 4 and Note 5 to the financial statements, the recorded revenue and cost of sales of properties under construction amounted to RM136 million and RM95 million, respectively for the Group and RM123 million and RM91 million, respectively for the Company. The Group has also recorded revenue and costs from construction contracts amounting to RM55 million and RM41 million, respectively.

Revenue for property development is recognised on the percentage of completion basis. The percentage of completion is assessed by reference to the stage of completion of the projects based on the proportion of contract costs incurred and the estimated costs to complete for properties under construction. For construction contracts, the stage of completion and the revenue to be recognised are calculated based on estimates made of work performed. Adjustments may be made to initial budget estimates throughout the life of the contracts /development and may materially affect results. The process to measure the amount of revenue including the determination of the appropriate timing of recognition involves significant judgment. Significant judgment is required in determining the stage of completion, the costs incurred and the estimated costs to complete. In making the judgment and estimation, the management considers past experience and relies on the work of experts.

We identified revenue and cost recognition on the sales of properties under construction and on construction contracts as areas requiring audit focus due to the significance of the balances and the significant judgment made by the management.

Our audit procedures included assessing the management's method of revenue and costs recognition relating to the various property development and construction projects, that they are properly allocated and taken up in the respective projects, and that the various stages of completion are properly accounted for.

In evaluating the significant judgment and estimation made by management, we assessed the reliability of the reports provided by external parties (quantity surveyors etc.) and the competency of the external experts. We have performed substantive procedures over the recording of costs and revenues including the estimation of costs to be incurred and that revenue is only recognised as sales with properly executed contracts. We also focused on the adequacy of the disclosures made in Note 3.2, Note 4 and Note 5 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the audit of the financial statements (contd.)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

1. As stated in Note 2.1 to the financial statements, **Ibraco Berhad** adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2017 and related disclosures. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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
No. 03101/02/2020 J
Chartered Accountant

Kuching, Malaysia.
Date: 29 March 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue	4	239,082,829	129,810,345	158,287,430	97,534,009
Cost of sales	5	(168,550,921)	(89,696,972)	(117,976,267)	(70,574,125)
Gross profit		70,531,908	40,113,373	40,311,163	26,959,884
Other item of income					
Other income		952,439	937,244	3,274,888	4,315,232
Other items of expense					
Administrative expenses		(19,156,967)	(17,065,706)	(14,734,095)	(12,839,641)
Selling and marketing expenses		(6,203,264)	(2,028,892)	(6,152,264)	(1,963,620)
Operating profit		46,124,116	21,956,019	22,699,692	16,471,855
Finance costs	6	(4,310,481)	(3,462,819)	(6,017,115)	(3,157,691)
Profit before tax	7	41,813,635	18,493,200	16,682,577	13,314,164
Income tax expense	10	(11,448,674)	(4,086,695)	(4,604,729)	(2,300,127)
Profit net of tax, representing total comprehensive income for the year		30,364,961	14,406,505	12,077,848	11,014,037
Total comprehensive income attributable to:					
Owners of the Company		30,137,814	14,498,844	12,077,848	11,014,037
Non-controlling interests		227,147	(92,339)	-	-
		30,364,961	14,406,505	12,077,848	11,014,037
Earnings per share attributable to owners of the Company (sen)					
- Basic	11	6	3		
- Diluted	11	6	3		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Group As at 1.1.2017 RM	Company 2018 RM	Company 2017 RM	Company As at 1.1.2017 RM
ASSETS							
Non-current assets							
Property, plant and equipment	12	29,901,197	20,993,502	7,366,485	18,942,423	7,208,329	2,504,530
Investments in subsidiaries	13	-	-	-	33,401,266	33,401,166	33,401,166
Investment in associate	14	49,000	49	-	49,000	49	-
Inventories	15	44,682,036	44,613,657	44,587,485	42,191,932	42,133,149	42,106,977
Completed investment properties	16	56,880,000	56,880,000	52,100,000	56,880,000	56,880,000	52,100,000
Investment property under construction	17	23,418,919	6,614,835	4,398,973	24,040,963	6,750,343	4,398,973
Trade and other receivables	18	289,862	307,862	-	4,414,221	4,184,096	-
Deferred tax assets	24	10,273,572	12,771,747	8,347,540	7,512,760	7,653,760	3,171,109
		165,494,586	142,181,652	116,800,483	187,432,565	158,210,892	137,682,755
Current assets							
Inventories	15	390,074,367	348,537,615	336,524,594	328,058,842	293,957,348	290,691,874
Trade and other receivables	18	39,361,651	30,802,916	28,222,774	93,244,370	52,886,665	64,076,357
Other current assets	19	86,746,317	53,935,954	30,867,855	65,449,923	31,795,872	17,391,314
Investment securities	20	-	9,344	7,639,310	-	-	-
Cash and bank balances	21	47,519,136	37,696,717	22,911,918	24,798,834	24,147,217	16,813,405
		563,701,471	470,982,546	426,166,451	511,551,969	402,787,102	388,972,950
TOTAL ASSETS		729,196,057	613,164,198	542,966,934	698,984,534	560,997,994	526,655,705

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (CONTD.)

		Group			Company		
	Note	2018 RM	2017 RM	As at 1.1.2017 RM	2018 RM	2017 RM	As at 1.1.2017 RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	22	248,202,826	248,202,826	248,202,826	248,202,826	248,202,826	248,202,826
Retained earnings		96,801,909	70,387,136	65,816,405	76,755,679	68,400,872	67,314,948
		345,004,735	318,589,962	314,019,231	324,958,505	316,603,698	315,517,774
Non-controlling interests		16,411,532	16,184,385	16,876,724	-	-	-
TOTAL EQUITY		361,416,267	334,774,347	330,895,955	324,958,505	316,603,698	315,517,774
Non-current liabilities							
Loans and borrowings	23	106,776,403	51,958,382	58,068,246	101,508,738	43,689,288	50,545,858
Deferred tax liability	24	-	-	2,391	-	-	-
Trade and other payables	25	10,967,648	-	-	7,346,806	-	-
		117,744,051	51,958,382	58,070,637	108,855,544	43,689,288	50,545,858
Current liabilities							
Loans and borrowings	23	139,481,682	128,612,733	82,573,166	111,252,012	93,360,125	76,413,158
Trade and other payables	25	88,757,189	80,476,711	65,060,579	129,650,591	76,944,698	51,346,761
Other current liabilities	26	21,796,868	16,301,863	6,048,086	24,267,882	29,360,023	32,513,643
Income tax payable		-	1,040,162	318,511	-	1,040,162	318,511
		250,035,739	226,431,469	154,000,342	265,170,485	200,705,008	160,592,073
TOTAL LIABILITIES		367,779,790	278,389,851	212,070,979	374,026,029	244,394,296	211,137,931
TOTAL EQUITY AND LIABILITIES		729,196,057	613,164,198	542,966,934	698,984,534	560,997,994	526,655,705

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 2018

	Note	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Non-controlling interests
			Attributable to owners of the Company			
		RM	RM	RM	RM	RM
Group						
At 1 January 2017		330,895,955	314,019,231	248,202,826	65,816,405	16,876,724
Profit net of tax, representing total comprehensive income		14,406,505	14,498,844	-	14,498,844	(92,339)
Transactions with owners:						
Dividends on ordinary shares	36	(9,928,113)	(9,928,113)	-	(9,928,113)	-
Dividends paid to non-controlling interests		(600,000)	-	-	-	(600,000)
Total transactions with owners		(10,528,113)	(9,928,113)	-	(9,928,113)	(600,000)
At 31 December 2017		334,774,347	318,589,962	248,202,826	70,387,136	16,184,385

	Note	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 22)	Retained earnings	Non-controlling interests
			Attributable to owners of the Company			
		RM	RM	RM	RM	RM
Group						
At 1 January 2018		334,774,347	318,589,962	248,202,826	70,387,136	16,184,385
Profit net of tax, representing total comprehensive income		30,364,961	30,137,814	-	30,137,814	227,147
Transactions with owners:						
Dividends on ordinary shares	36	(3,723,041)	(3,723,041)	-	(3,723,041)	-
At 31 December 2018		361,416,267	345,004,735	248,202,826	96,801,909	16,411,532

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTD.)

	Note	Equity, total	Share capital (Note 22)	Retained earnings
		RM	RM	RM
Company				
At 1 January 2017		315,517,774	248,202,826	67,314,948
Profit net of tax, representing total comprehensive income		11,014,037	-	11,014,037
Transactions with owners:				
Dividends on ordinary shares	36	(9,928,113)	-	(9,928,113)
At 31 December 2017		316,603,698	248,202,826	68,400,872
Profit net of tax, representing total comprehensive income		12,077,848	-	12,077,848
Transactions with owners:				
Dividends on ordinary shares	36	(3,723,041)	-	(3,723,041)
At 31 December 2018		324,958,505	248,202,826	76,755,679

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 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Operating activities					
Profit before tax		41,813,635	18,493,200	16,682,577	13,314,164
Adjustments for:					
Depreciation of property, plant and equipment	7	1,643,398	1,568,202	911,450	917,025
Dividend income from subsidiaries	7	-	-	-	(1,400,000)
Dividend income from investment securities	7	(316)	(182,503)	-	-
Interest income from licensed banks	7	(4,526)	(9,912)	(2,534)	(2,734)
Gain on disposal of property, plant and equipment	7	-	(28,301)	-	(28,301)
Fair value gain on investment properties	7	-	(24,415)	-	(24,415)
Interest expense	6	4,310,481	3,462,819	6,017,115	3,157,691
Interest income	7	(237,164)	(187,178)	(2,605,970)	(2,635,633)
Reversal of loss allowance for trade receivables	7	(142,053)	(431,825)	-	-
Property development cost written off	7	-	2,758	-	2,758
Property, plant and equipment written off	7	136,953	454,586	3,783	-
Total adjustments		5,706,773	4,624,231	4,323,844	(13,609)
Operating profit before working capital changes		47,520,408	23,117,431	21,006,421	13,300,555

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTD.)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Operating activities (contd.)					
Changes in working capital:					
Inventories		(36,054,056)	(17,952,803)	(28,385,604)	(10,137,973)
Receivables		(8,398,682)	(2,456,179)	(40,587,830)	7,005,596
Other current assets		(28,426,075)	(18,640,061)	(33,135,594)	(14,404,558)
Payables		29,176,239	5,488,019	69,980,812	15,669,824
Other current liabilities		5,495,005	10,253,777	(5,092,141)	(3,153,620)
Deposits pledged for bank guarantee		(11,289)	870,215	(11,289)	870,215
Cash generated from/(used in) operations		9,301,550	680,399	(16,225,225)	9,150,039
Interest paid		(11,946,570)	(8,456,815)	(11,791,788)	(7,362,891)
Interest received		237,164	187,178	2,605,970	2,635,633
Tax paid		(11,065,306)	(11,688,960)	(7,016,508)	(6,061,127)
Tax refunded		994,160	120,414	994,160	-
Net cash used in operating activities		(12,479,002)	(19,157,784)	(31,433,391)	(1,638,346)
Investing activities					
Dividend received from subsidiaries		-	-	-	1,400,000
Dividend received from investment securities		316	182,503	-	-
Interest received from licensed banks		4,526	9,912	2,534	2,734
Expenditure incurred on investment property under construction	17	(16,804,084)	(627,108)	(17,290,620)	(762,616)
Placement of deposits with maturity of more than three months		(985,023)	(36,454)	(985,023)	(36,454)
Purchase of property, plant and equipment	12	(12,518,835)	(2,171,632)	(12,649,327)	(530,395)
Purchase of investment securities		(345)	(5,850,000)	-	-
Proceeds from disposal of investment securities		9,689	13,479,967	-	-
Proceeds from disposal of property, plant and equipment		-	28,302	-	28,302
Subscription of shares in subsidiary	13	-	-	(100)	-
Subscription of shares in associate	14	(48,951)	(49)	(48,951)	(49)
Net cash (used in)/generated from investing activities		(30,342,707)	5,015,441	(30,971,487)	101,522

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTD.)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Financing activities					
Dividends paid on ordinary shares		(13,651,154)	-	(13,651,154)	-
Dividend paid to non-controlling interests		-	(600,000)	-	-
Repayment of term loans		(27,964,884)	(23,778,873)	(21,804,876)	(17,618,865)
Repayment of finance lease payables		(2,445,047)	(1,081,623)	(554,087)	(536,738)
Proceeds from term loans		84,070,300	5,000,000	84,070,300	5,000,000
Proceeds from revolving credit		14,000,000	47,860,000	14,000,000	22,860,000
(Repayment)/proceeds from collaterised borrowings		(2,361,399)	2,361,399	-	-
Net cash generated from financing activities		51,647,816	29,760,903	62,060,183	9,704,397
Net increase/(decrease) in cash and cash equivalents		8,826,107	15,618,560	(344,695)	8,167,573
Cash and cash equivalents at 1 January		35,965,050	20,346,490	22,415,550	14,247,977
Cash and cash equivalents at 31 December	21	44,791,157	35,965,050	22,070,855	22,415,550

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 29 March 2019.

2. Basis of preparation and 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards ("MFRS" or "IFRSs") and the Companies Act 2016 in Malaysia.

For the period up to and including year ended 31 December 2017, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS"). These are the Group's and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In preparing their opening MFRS Statements of Financial Position as at 1 January 2017 (which is also the date of transition), the Group and the Company have adjusted the amounts previously reported in the financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's and the Company's financial position, financial performance and cash flows is set out in Note 2.3. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS.

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

2.2 Pronouncements issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Annual improvements to MFRS Standards 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019

2. Basis of preparation and summary of significant accounting policies (contd.)

2.2 Pronouncements issued but not yet effective (contd.)

Description	**Effective for annual periods beginning on or after**
IC Interpretation 23: Uncertainty over Income Tax Treatment	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Employee Benefits Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that adoption of the above pronouncements will have no impact on the financial statements in the period of initial application except as follows:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group's and the Company's operating leases. The Group and the Company have not completed the assessment of the effects arising from the adoption of MFRS 16 and it is therefore not practicable at this juncture to estimate the amount of right-to-use assets and liabilities that will have to be recognised on adoption of MFRS 16 and how this may affect the Group's and the Company's profit or loss and classification of cash flows going forward.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework)

Application of MFRS 1

The audited financial statements of the Group and of the Company for the year ended 31 December 2017 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below.

The following transition exemptions were applied by the Group and the Company:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combinations under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Estimates

The estimates at 1 January 2017 and at 31 December 2017 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group and the Company to present these amounts in accordance with MFRS reflect conditions at 1 January 2017, the date of transition to MFRS and as of 31 December 2017.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2017

		Group			Company		
	Note	FRS As at 1.1.2017	Remeasurements	MFRS As at 1.1.2017	FRS As at 1.1.2017	Remeasurements	MFRS As at 1.1.2017
		RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment		7,366,485	-	7,366,485	2,504,530	-	2,504,530
Investment in subsidiaries		-	-	-	33,401,166	-	33,401,166
Inventories - land held for property development		44,587,485	-	44,587,485	42,106,977	-	42,106,977
Completed investment properties		52,100,000	-	52,100,000	52,100,000	-	52,100,000
Investment property under construction		4,398,973	-	4,398,973	4,398,973	-	4,398,973
Deferred tax assets	(iv)	7,854,440	493,100	8,347,540	2,678,009	493,100	3,171,109
		116,307,383	493,100	116,800,483	137,189,655	493,100	137,682,755

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(i) Reconciliation of equity as at 1 January 2017 (contd.)

		Group			Company		
	Note	FRS As at 1.1.2017 RM	Remeasurements RM	MFRS As at 1.1.2017 RM	FRS As at 1.1.2017 RM	Remeasurements RM	MFRS As at 1.1.2017 RM
Current assets							
Inventories - property development costs	**(v)**	294,954,918	(2,674,093)	292,280,825	256,765,968	25,701,051	282,467,019
Inventories		44,243,769	-	44,243,769	8,224,855	-	8,224,855
Trade and other receivables	**(vi)**	28,222,774	-	28,222,774	64,076,357	-	64,076,357
Other current assets		30,867,855	-	30,867,855	17,391,314	-	17,391,314
Investment securities		7,639,310	-	7,639,310	-	-	-
Cash and bank balances		22,911,918	-	22,911,918	16,813,405	-	16,813,405
		428,840,544	(2,674,093)	426,166,451	363,271,899	25,701,051	388,972,950
TOTAL ASSETS		545,147,927	(2,180,993)	542,966,934	500,461,554	26,194,151	526,655,705

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(i) Reconciliation of equity as at 1 January 2017 (contd.)

		Group			Company		
	Note	**FRS As at 1.1.2017**	**Remeasurements**	**MFRS As at 1.1.2017**	**FRS As at 1.1.2017**	**Remeasurements**	**MFRS As at 1.1.2017**
		RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital		248,202,826	-	248,202,826	248,202,826	-	248,202,826
Retained earnings		73,453,333	(7,636,928)	65,816,405	68,876,601	(1,561,653)	67,314,948
		321,656,159	(7,636,928)	314,019,231	317,079,427	(1,561,653)	315,517,774
Non-controlling interests	**(v)**	10,801,449	6,075,275	16,876,724	-	-	-
TOTAL EQUITY		332,457,608	(1,561,653)	330,895,955	317,079,427	(1,561,653)	315,517,774

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(i) Reconciliation of equity as at 1 January 2017 (contd.)

		Group			Company		
	Note	FRS As at 1.1.2017 RM	Remeasurements RM	MFRS As at 1.1.2017 RM	FRS As at 1.1.2017 RM	Remeasurements RM	MFRS As at 1.1.2017 RM
EQUITY AND LIABILITIES (CONTD.)							
Non-current liabilities							
Loans and borrowings		58,068,246	-	58,068,246	50,545,858	-	50,545,858
Deferred tax liability		2,391	-	2,391	-	-	-
		58,070,637	-	58,070,637	50,545,858	-	50,545,858
Current liabilities							
Loans and borrowings		82,573,166	-	82,573,166	76,413,158	-	76,413,158
Trade and other payables	(v)	65,679,919	(619,340)	65,060,579	51,346,761	-	51,346,761
Other current liabilities		6,048,086	-	6,048,086	4,757,839	27,755,804	32,513,643
Income tax payable		318,511	-	318,511	318,511	-	318,511
		154,619,682	(619,340)	154,000,342	132,836,269	27,755,804	160,592,073
TOTAL LIABILITIES		212,690,319	(619,340)	212,070,979	183,382,127	27,755,804	211,137,931
TOTAL EQUITY AND LIABILITIES		545,147,927	(2,180,993)	542,966,934	500,461,554	26,194,151	526,655,705

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 31 December 2017

		Group			Company		
	Note	FRS As at 31.12.2017	Remeasurements	MFRS As at 31.12.2017	FRS As at 31.12.2017	Remeasurements	MFRS As at 31.12.2017
		RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment		20,993,502	-	20,993,502	7,208,329	-	7,208,329
Investment in subsidiaries		-	-	-	33,401,166	-	33,401,166
Investment in associate		49	-	49	49	-	49
Land held for property development		44,613,657	-	44,613,657	42,133,149	-	42,133,149
Completed investment properties		56,880,000	-	56,880,000	56,880,000	-	56,880,000
Investment property under construction		6,614,835	-	6,614,835	6,750,343	-	6,750,343
Trade and other receivables	(vi)	307,862	-	307,862	4,184,096	-	4,184,096
Deferred tax assets	(iv)	12,326,062	445,685	12,771,747	6,733,660	920,100	7,653,760
		141,735,967	445,685	142,181,652	157,290,792	920,100	158,210,892

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 31 December 2017 (contd.)

		Group			Company		
	Note	**FRS As at 31.12.2017**	**Remeasurements**	**MFRS As at 31.12.2017**	**FRS As at 31.12.2017**	**Remeasurements**	**MFRS As at 31.12.2017**
		RM	RM	RM	RM	RM	RM
Current assets							
Inventories property development costs	**(v)**	262,964,703	(2,393,952)	260,570,751	211,907,222	23,480,389	235,387,611
Inventories		87,966,864	-	87,966,864	58,569,737	-	58,569,737
Trade and other receivables	**(vi)**	30,802,916	-	30,802,916	52,886,665	-	52,886,665
Other current assets	**(viii)**	50,838,780	3,097,174	53,935,954	28,867,904	2,927,968	31,795,872
Investment securities		9,344	-	9,344	-	-	-
Cash and bank balances		37,696,717	-	37,696,717	24,147,217	-	24,147,217
		470,279,324	703,222	470,982,546	376,378,745	26,408,357	402,787,102
TOTAL ASSETS		612,015,291	1,148,907	613,164,198	533,669,537	27,328,457	560,997,994

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 31 December 2017 (contd.)

		Group			Company		
	Note	FRS As at 31.12.2017 RM	Remeasurements RM	MFRS As at 31.12.2017 RM	FRS As at 31.12.2017 RM	Remeasurements RM	MFRS As at 31.12.2017 RM
EQUITY AND LIABILITIES							
Equity attributable to owners owners of the Company							
Share capital		248,202,826	-	248,202,826	248,202,826	-	248,202,826
Retained earnings		77,562,938	(7,175,802)	70,387,136	71,314,409	(2,913,537)	68,400,872
		325,765,764	(7,175,802)	318,589,962	319,517,235	(2,913,537)	316,603,698
Non-controlling interests	(v)	11,095,384	5,089,001	16,184,385	-	-	-
TOTAL EQUITY		336,861,148	(2,086,801)	334,774,347	319,517,235	(2,913,537)	316,603,698

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(ii) Reconciliation of equity as at 31 December 2017 (contd.)

		Group			Company		
	Note	**FRS As at 31.12.2017** RM	**Remeasurements** RM	**MFRS As at 31.12.2017** RM	**FRS As at 31.12.2017** RM	**Remeasurements** RM	**MFRS As at 31.12.2017** RM
EQUITY AND LIABILITIES (CONTD.)							
Non-current liabilities							
Loans and borrowings		51,958,382	-	51,958,382	43,689,288	-	43,689,288
Current liabilities							
Loans and borrowings		128,612,733	-	128,612,733	93,360,125	-	93,360,125
Trade and other payables	**(v),(vii)**	86,597,701	(6,120,990)	80,476,711	72,862,867	4,081,831	76,944,698
Other current liabilities	**(vii)**	6,945,165	9,356,698	16,301,863	3,199,860	26,160,163	29,360,023
Income tax payable		1,040,162	-	1,040,162	1,040,162	-	1,040,162
		223,195,761	3,235,708	226,431,469	170,463,014	30,241,994	200,705,008
TOTAL LIABILITIES		275,154,143	3,235,708	278,389,851	214,152,302	30,241,994	244,394,296
TOTAL EQUITY AND LIABILITIES		612,015,291	1,148,907	613,164,198	533,669,537	27,328,457	560,997,994

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(iii) Reconciliation of total comprehensive income for the year ended 31 December 2017

		Group			Company		
	Note	**FRS for the year ended 31.12.2017**	**Remeasurements**	**MFRS for the year ended 31.12.2017**	**FRS for the year ended 31.12.2017**	**Remeasurements**	**MFRS for the year ended 31.12.2017**
		RM	RM	RM	RM	RM	RM
Revenue	**(v)**	126,598,643	3,211,702	129,810,345	100,445,267	(2,911,258)	97,534,009
Cost of sales		(87,571,461)	(2,125,511)	(89,696,972)	(73,205,152)	2,631,027	(70,574,125)
Gross profit		39,027,182	1,086,191	40,113,373	27,240,115	(280,231)	26,959,884
Other item of income							
Other income		937,244	-	937,244	4,315,232	-	4,315,232
Other items of expense							
Administrative expenses		(17,065,706)	-	(17,065,706)	(12,839,641)	-	(12,839,641)
Selling and marketing expenses	**(v)**	(464,968)	(1,563,924)	(2,028,892)	(464,967)	(1,498,653)	(1,963,620)

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(iii) Reconciliation of total comprehensive income for the year ended 31 December 2017 (contd.)

		Group			Company		
	Note	**FRS for the year ended 31.12.2017**	**Remeasurements**	**MFRS for the year ended 31.12.2017**	**FRS for the year ended 31.12.2017**	**Remeasurements**	**MFRS for the year ended 31.12.2017**
		RM	RM	RM	RM	RM	RM
Operating profit		22,433,752	(477,733)	21,956,019	18,250,739	(1,778,884)	16,471,855
Finance costs		(3,462,819)	-	(3,462,819)	(3,157,691)	-	(3,157,691)
Profit before tax		18,970,933	(477,733)	18,493,200	15,093,048	(1,778,884)	13,314,164
Income tax expense		(4,039,280)	(47,415)	(4,086,695)	(2,727,127)	427,000	(2,300,127)
Profit for the year		14,931,653	(525,148)	14,406,505	12,365,921	(1,351,884)	11,014,037
Attributable to:							
Owners of the Company		14,037,718	461,126	14,498,844	12,365,921	(1,351,884)	11,014,037
Non-controlling interests		893,935	(986,274)	(92,339)	-	-	-
		14,931,653	(525,148)	14,406,505	12,365,921	(1,351,884)	11,014,037

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(iv) Deferred tax assets

The various transitional adjustments lead to different temporary differences. According to the accounting policies in Note 2.20, deferred tax adjustments are recognised in correlation to the underlying transactions either in retained earnings or a separate component of equity.

(v) Property development cost and non-controlling interest

The Company had previously entered into a joint venture agreement with its subsidiary, Ibraco HGS Sdn. Bhd. ("IHGS"), to develop a housing project ("the project"). Under the previous FRS standards, the revenue and the land cost for the joint venture were recognised over time based on the percentage of completion of the project. Under MFRS, the revenue from the sale of land in IHGS was recognised at a point of time and land cost was fully recognised in the Group's and the Company's financial statements.

At the date of transition to MFRS, the Group's property development costs decreased by RM619,340 and the Company's property development costs increased by RM27,755,804 with a corresponding decrease in the trade and other payable of the Group by RM619,340 and increase in the Company's other current liabilities by RM27,755,804. This has also led to an increase in the non-controlling interest by RM6,075,275.

Under FRS, marketing costs were accounted for as part of property development costs. Under MFRS, marketing costs are expensed as incurred. Hence, RM2,054,753 marketing costs capitalised in property development costs were derecognised against retained earnings. The effect on earnings for the year ended 31 December 2017 is also recognised in profit and loss for the year under MFRS.

Under FRS, free legal and professional fees offered to customers were accounted for as part of the property development costs. Under MFRS, these were considered as consideration payable to customers which would be taken as a reduction in the transaction price. The resulting adjustments were recognised against property development costs and with corresponding entries to retained earnings as at 31 December 2017. There were no adjustments on 1 January 2017 relating to this as the relevant projects only started during the financial year 31 December 2017.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(vi) Classification and measurement of financial instruments

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost or fair value through OCI. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The Group and the Company continued measuring at fair value all financial assets previously held at fair value under FRS 139. The following are the changes in the classification of the Group's and the Company's financial assets:

- Trade receivables and other non-current financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in the classification and measurement for the Group's and the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications:

	FRS 139 measurement category Loans and Receivables (current and non-current) RM	**MFRS 9 measurement category Amortised cost (current and non-current)** RM
Group		
Trade and other receivables		
As at 1 January 2017	28,222,774	28,222,774
As at 31 December 2017	31,110,778	31,110,778
	========	========
Cash and bank balances		
As at 1 January 2017	22,911,918	22,911,918
As at 31 December 2017	37,696,717	37,696,717
	========	========

2. Basis of preparation and summary of significant accounting policies (contd.)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (contd.)

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below: (contd.)

(vi) Classification and measurement of financial instruments (contd.)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications (contd.):

	FRS 139 measurement category Loans and Receivables (current and non-current) RM	MFRS 9 measurement category Amortised cost (current and non-current) RM
Company		
Trade and other receivables		
As at 1 January 2017	64,076,357	64,076,357
As at 31 December 2017	52,886,665	52,886,665
	========	========
Cash and bank balances		
As at 1 January 2017	16,813,405	16,813,405
As at 31 December 2017	24,147,217	24,147,217
	========	========

Impairment

The adoption of MFRS 9 has changed the Group's and the Company's accounting for impairment losses for financial assets by replacing FRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. However, there is no impact on the loss allowances of the Group and of the Company arising from this change from FRS to MFRS.

(vii) Other current liabilities

The Group receives advances from a construction contract customer. These advances will be set off against certain portion of the progress billings over time. Before the adoption of MFRS 15, the Group presented these advances as part of trade payables in the statement of financial position. Upon adoption of MFRS 15, a reclassification was made to the other current liabilities amounting to RM10 million from trade payables.

(viii) Other current assets

Sales commissions were expensed off as incurred under FRS. Upon the transition to MFRS, sales commissions are now capitalised as incremental costs to obtain a contract. These costs are amortised to profit and loss as the Group and the Company recognise the related revenue.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. 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.

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.

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 MFRS 9 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. All other contingent consideration shall be measured at fair value and such changes shall be recognised in profit or loss.

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. Basis of preparation and summary of significant accounting policies (contd.)

2.5 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.

2.6 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.

2.7 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.7 Investments in associates and joint ventures (contd.)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non- controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.8 Property, plant and equipment (contd.)

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.

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 and investment property under construction

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.

Where the fair value of investment property under construction ("IPUC") is not readily determinable, the IPUC is measured at cost until either its fair value can be reliably determinable or construction is complete, whichever is earlier.

2. Basis of preparation and summary of significant accounting policies (contd.)

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.

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 instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments – initial recognition and subsequent measurement (contd.)

(i) Financial assets (contd.)

Initial recognition and measurement (contd.)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments – initial recognition and subsequent measurement (contd.)

(i) Financial assets (contd.)

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments – initial recognition and subsequent measurement (contd.)

(i) Financial assets (contd.)

Financial assets at fair value through profit or loss (contd.)

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group and a Company of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments – initial recognition and subsequent measurement (contd.)

(i) Financial assets (contd.)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there have been a significant increase in credit risk when contractual payments are more than 14 days past due.

The Group and the Company consider a financial asset in default when contractual payments are 14 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of those measured subsequently at amortised cost, net of directly attributable transaction costs.

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

2. Basis of preparation and summary of significant accounting policies (contd.)

2.11 Financial instruments – initial recognition and subsequent measurement (contd.)

(ii) Financial liabilities (contd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.12 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.

2.13 Inventories

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 measured at the lower of cost and net realisable value.

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.

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.

2.14 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. Basis of preparation and summary of significant accounting policies (contd.)

2.15 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 guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at the higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15.

2.16 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.

2.17 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.

2.18 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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.18 Leases (contd.)

(a) As lessee (contd.)

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.

2.19 Revenue from contracts with customers

The Group and the Company are in the business of property development. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that they are the principal in their revenue arrangements because they typically control the goods or services before transferring them to customer.

(a) Sale of properties under construction

The Group and the Company recognise revenue from property under construction over time, using an input method to measure progress towards complete satisfaction of the service. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to date by the Group and the Company.

(b) Sale of completed properties

Sale of completed properties are recognised at a point in time.

(c) Construction contracts

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which they will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time when the customer simultaneously received and consumes the benefits provided or at a point in time.

Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

Revenue is recognised progressively based on the percentage of completion and the revenue are calculated based on estimates made of work performed.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.19 Revenue from contracts with customers (contd.)

(d) Property management fees

Property management fees are recognised when services are rendered.

(e) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables

A receivable represents the Group's and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

(f) Contract cost

(i) Costs to obtain a contract

The Group and the Company recognise incremental costs of obtaining contracts when the Group and the Company expect to recover these costs.

(ii) Costs to fulfil a contract

The Group and the Company recognise a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group and the Company, will be used in satisfying performance obligations in the future, and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with pattern of revenue recognition to which the assets relate . An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.19 Revenue from contracts with customers (contd.)

(g) 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.

2.20 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.

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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.20 Taxes (contd.)

(b) Deferred tax (contd.)

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.

(c) Sales and Services tax ("SST") and Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of SST or GST except:

- Where the SST and GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST and GST are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of SST and GST included.

2.21 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 34.

2.22 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.23 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 and the Company.

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

2.24 Fair value measurements

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

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

The Group and the Company use 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 is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value 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 and the Company determine 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 and the Company have 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.

2. Basis of preparation and summary of significant accounting policies (contd.)

2.25 Current versus non-current classification

The Group and the Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Significant accounting judgments and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgments, 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 Judgments made in applying accounting policies

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

Classification of properties

The Group and the Company determine 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.

3. Significant accounting judgments and estimates (contd.)

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.

(i) Recognition of revenue from development properties recognised over time

For the sale of development properties where the Group and the Company satisfy their performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's and the Company's performance in transferring control of the development properties to the customers, as it reflects the Group's and the Company's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

(ii) Recognition of revenue from construction contracts recognised over time

Construction contract revenue is recognised progressively based on the percentage of completion and the revenue is calculated based on estimates made of the work performed.

The surveys of performance completed to date and appraisal of results achieved are undertaken by professional consultants appointed by the customers.

The carrying amounts of assets and liabilities of the Group and the Company arising from property development and construction activities are disclosed in Note 15, 19 and 26, respectively.

4. Revenue

Set out below is the disaggregated of the Group's and the Company's revenue from contracts with customers.

(a) Disaggregation of Group's revenue from contracts with customers

	Property development activities RM	Property holding and management RM	Construction works RM	Total RM
2018				
Group				
Type of goods and services				
Sales of properties under construction	136,125,777	-	-	136,125,777
Sales of completed properties and land	43,922,719	-	-	43,922,719
Construction revenue	-	-	54,957,875	54,957,875
Property management service	-	555,440	-	555,440
Total revenue from contracts with customers	180,048,496	555,440	54,957,875	235,561,811
Rental income from investment properties	3,521,018	-	-	3,521,018
Total revenue	183,569,514	555,440	54,957,875	239,082,829
Timing of revenue recognition				
Revenue recognised over time	136,125,777	555,440	54,957,875	191,639,092
Revenue recognised at a point of time	43,922,719	-	-	43,922,719
	180,048,496	555,440	54,957,875	235,561,811

4. Revenue (contd.)

(a) Disaggregation of Group's revenue from contracts with customers (contd.)

	Property development activities RM	**Property holding and management** RM	**Construction works** RM	**Total** RM
2017				
Group				
Type of goods and services				
Sales of properties under construction	97,067,970	-	-	97,067,970
Sales of completed properties and land	10,591,945		-	10,591,945
Construction revenue	-	-	18,448,913	18,448,913
Property management service	-	325,227	-	325,227
Total revenue from contracts with customers	107,659,915	325,227	18,448,913	126,434,055
Rental income from investment properties	3,376,290	-	-	3,376,290
Total revenue	111,036,205	325,227	18,448,913	129,810,345
Timing of revenue recognition				
Revenue recognised over time	97,067,970	325,227	18,448,913	115,842,110
Revenue recognised at a point of time	10,591,945	-	-	10,591,945
	107,659,915	325,227	18,448,913	126,434,055

4. Revenue (contd.)

(b) Transaction prices allocated to the remaining performance obligation

	Property development activities RM	Property holding and management RM	Construction works RM	Total RM
2018				
Group				
Sale of properties under construction				
- within one year	156,465,322	-	-	156,465,322
- over one year	59,408,432	-	-	59,408,432
	215,873,754	-	-	215,873,754
Construction revenue				
- within one year	-	-	135,698,902	135,698,902
- over one year	-	-	76,401,806	76,401,806
	-	-	212,100,708	212,100,708
2017				
Group				
Sale of properties under construction				
- within one year	57,954,208	-	-	57,954,208
- over one year	120,361,435	-	-	120,361,435
	178,315,643	-	-	178,315,643
Construction revenue				
- within one year	-	-	54,957,875	54,957,875
- over one year	-	-	212,100,709	212,100,709
	-	-	267,058,584	267,058,584

4. Revenue (contd.)

(c) Disaggregation of Company's revenue from contracts with customers

	Company 2018 RM	Company 2017 RM
Type of goods and services		
Sales of properties under construction	122,553,527	89,543,604
Sales of completed properties and land	32,212,885	4,614,115
Total revenue from contracts with customers	154,766,412	94,157,719
Rental income from investment properties	3,521,018	3,376,290
Total revenue	158,287,430	97,534,009
Timing of revenue recognition		
Revenue recognised overtime	122,553,527	89,543,604
Revenue recognised at a point of time	32,212,885	4,614,115
	154,766,412	94,157,719

(d) Transaction prices allocated to the remaining performance obligation

	Company 2018 RM	Company 2017 RM
Sale of properties under construction		
- within one year	147,567,245	52,742,873
- over one year	59,408,432	115,309,138
	206,975,677	168,052,011

5. Cost of sales

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Property development costs	94,522,949	67,276,260	90,544,253	67,302,769
Costs of completed properties sold and land	33,028,060	6,918,486	27,201,916	3,108,927
Construction costs	40,764,062	15,233,254	-	-
Investment properties maintenance costs	230,098	162,429	230,098	162,429
Property management costs	5,752	106,543	-	-
	168,550,921	89,696,972	117,976,267	70,574,125

6. Finance costs

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Interest expense on:				
- Bank loans and bank overdrafts	11,397,560	8,215,214	9,540,452	6,861,326
- Amount due to subsidiaries	-	-	2,199,999	439,156
- Obligations under finance lease	549,010	241,601	51,337	62,409
	11,946,570	8,456,815	11,791,788	7,362,891
Less: Interest expense capitalised in:				
- property development costs (Note 15)	(5,551,075)	(4,707,052)	(5,774,673)	(4,205,200)
- construction costs (Note 19(a))	(2,085,014)	(286,944)	-	-
	4,310,481	3,462,819	6,017,115	3,157,691

7. Profit before tax

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit				
- current year	110,000	107,500	66,000	66,000
- under provision in previous years	-	1,500	-	1,500
- other services	25,000	10,000	25,000	10,000
Depreciation of property, plant and equipment (Note 12)	1,643,398	1,568,202	911,450	917,025
Dividend income from investment securities	(316)	(182,503)	-	-
Dividend income from subsidiaries	-	-	-	(1,400,000)
Interest income from licensed banks	(4,526)	(9,912)	(2,534)	(2,734)
Employee benefits expense (Note 8)	11,622,631	9,812,740	9,017,851	7,699,199
Fair value gain on investment properties	-	(24,415)	-	(24,415)
Gain on disposal of property, plant and equipment	-	(28,301)	-	(28,301)
Interest income	(237,164)	(187,178)	(2,605,970)	(2,635,633)
Non-executive directors' remuneration	591,650	610,150	529,250	529,750

7. Profit before tax (contd.)

The following amounts have been included in arriving at profit before tax: (contd.)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Property development cost written off	-	2,758	-	2,758
Property, plant and equipment written off	136,953	454,586	3,783	-
Rental expense	765,948	822,380	787,948	822,380
Reversal of loss allowance for trade receivables (Note 18(a))	(142,053)	(431,825)	-	-

8. Employee benefits expense

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Wages and salaries	13,205,038	9,665,212	7,878,462	6,733,272
Staff benefits	74,457	146,856	59,293	113,102
Contribution to defined contribution plan	1,623,416	1,153,569	1,009,718	796,023
Other benefits	146,171	104,677	70,378	56,802
	15,049,082	11,070,314	9,017,851	7,699,199
Less: Employee benefits expense in construction cost (Note 19(a))	(3,426,451)	(1,257,574)	-	-
	11,622,631	9,812,740	9,017,851	7,699,199

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,093,056 (2017: RM1,036,872) and RM1,057,056 (2017: RM991,872) respectively, as further disclosed in Note 9.

9. Directors' remuneration

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Executive directors' remuneration (Note 8):				
Fees	36,000	45,000	-	-
Salaries and other emoluments	1,057,056	991,872	1,057,056	991,872
	1,093,056	1,036,872	1,057,056	991,872
Non-executive directors' remuneration:				
Fees	537,650	538,150	529,250	529,750
Total directors' remuneration	1,630,706	1,575,022	1,586,306	1,521,622
Estimated money value of benefits-in-kind	36,800	34,606	36,800	34,606
Total directors' remuneration including benefits-in-kind	1,667,506	1,609,628	1,623,106	1,556,228

10. Income tax expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Statement of profit or loss and other comprehensive income:				
Current income tax:				
- Malaysian income tax	8,496,879	8,061,951	4,364,700	6,809,151
- Under/(over) provision in respect of previous years	453,620	451,342	99,029	(26,373)
	8,950,499	8,513,293	4,463,729	6,782,778
Deferred tax (Note 24):				
- Originating and reversal of temporary differences	2,203,684	(2,781,513)	127,754	(3,426,966)
- Under/(over) provision in respect of previous years	294,491	(1,645,085)	13,246	(1,055,685)
	2,498,175	(4,426,598)	141,000	(4,482,651)
Income tax expense recognised in profit or loss	11,448,674	4,086,695	4,604,729	2,300,127

10. Income tax expense (contd.)

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Accounting profit before tax	41,813,635	18,493,200	16,682,577	13,314,164
Tax at Malaysian statutory rate of 24% (2017: 24%)	10,035,272	4,438,368	4,003,818	3,195,399
Adjustments:				
Income not subject to tax	(34,169)	(147,477)	-	(336,000)
Expenses not deductible for tax purposes recognised on unused tax losses	728,647	997,043	488,636	522,786
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(29,187)	(7,496)	-	-
Under/(over) provision of income tax in respect of previous years	453,620	451,342	99,029	(26,373)
Under/(over) provision of deferred tax in respect of previous years	294,491	(1,645,085)	13,246	(1,055,685)
Income tax expense recognised in profit or loss	11,448,674	4,086,695	4,604,729	2,300,127

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

11. Earnings per share

Basic earnings per share

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 table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2018 and 2017:

	Group	
	2018	**2017**
Profit attributable to owners of the Company (RM)	30,137,814	14,498,844
Weighted average number of ordinary shares in issue	496,405,652	496,405,652
Basic earnings per share (sen)	6	3

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share.

12. Property, plant and equipment

	Buildings and renovation RM	Motor vehicles, office equipment, furniture and fittings RM	Plant and equipment RM	Work-in-progress RM	Total RM
Group					
Cost					
At 1 January 2018	5,589,187	9,747,878	12,361,783	2,596,178	30,295,026
Additions	10,840	524,464	144,722	12,226,809	12,906,835
Written off	-	(196,415)	(3,640)	-	(200,055)
At 31 December 2018	5,600,027	10,075,927	12,502,865	14,822,987	43,001,806
Accumulated depreciation					
At 1 January 2018	1,689,783	5,362,433	2,249,308	-	9,301,524
Depreciation charge for the year:	220,620	1,293,409	2,348,158	-	3,862,187
Recognised in profit or loss (Note 7)	220,620	1,015,590	407,188	-	1,643,398
Capitalised in construction costs (Note 19(a))	-	277,819	1,940,970	-	2,218,789
Written off	-	(59,465)	(3,637)	-	(63,102)
At 31 December 2018	1,910,403	6,596,377	4,593,829	-	13,100,609
Net carrying amount	3,689,624	3,479,550	7,909,036	14,822,987	29,901,197

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 2017	3,575,169	6,904,110	4,577,251	-	15,056,530
Additions	336,632	2,954,268	8,449,532	-	11,740,432
Transfer from inventories	1,677,386	-	-	-	1,677,386
Transfer from property development costs	-	-	-	2,596,178	2,596,178
Disposals	-	(110,500)	-	-	(110,500)
Written off	-	-	(665,000)	-	(665,000)
At 31 December 2017	5,589,187	9,747,878	12,361,783	2,596,178	30,295,026
Accumulated depreciation					
At 1 January 2017	1,486,622	4,400,296	1,803,127	-	7,690,045
Depreciation charge for the year:	203,161	1,072,636	656,595	-	1,932,392
Recognised in profit or loss (Note 7)	203,161	979,573	385,468	-	1,568,202
Capitalised in construction costs (Note 19(a))	-	93,063	271,127	-	364,190
Disposals	-	(110,499)	-	-	(110,499)
Written off	-	-	(210,414)	-	(210,414)
At 31 December 2017	1,689,783	5,362,433	2,249,308	-	9,301,524
Net carrying amount	3,899,404	4,385,445	10,112,475	2,596,178	20,993,502

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
Company					
Cost					
At 1 January 2018	3,231,505	5,866,492	160,578	2,635,909	11,894,484
Additions	4,500	80,186	-	12,564,641	12,649,327
Written off	-	(24,875)	-	-	(24,875)
At 31 December 2018	3,236,005	5,921,803	160,578	15,200,550	24,518,936
Accumulated depreciation					
At 1 January 2018	880,612	3,646,866	158,677	-	4,686,155
Depreciation charge for the year:					
Recognised in profit or loss (Note 7)	145,971	765,282	197	-	911,450
Written off	-	(21,092)	-	-	(21,092)
At 31 December 2018	1,026,583	4,391,056	158,874	-	5,576,513
Net carrying amount	2,209,422	1,530,747	1,704	15,200,550	18,942,423

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
Company (contd.)					
Cost					
At 1 January 2017	974,276	5,251,275	158,608	-	6,384,159
Additions	188,708	725,717	1,970	-	916,395
Transfer from inventories	2,068,521	-	-	-	2,068,521
Transfer from property development costs	-	-	-	2,635,909	2,635,909
Disposal	-	(110,500)	-	-	(110,500)
At 31 December 2017	3,231,505	5,866,492	160,578	2,635,909	11,894,484
Accumulated depreciation					
At 1 January 2017	738,218	2,982,889	158,522	-	3,879,629
Depreciation charge for the year: Recognised in profit or loss (Note 7)	142,394	774,476	155	-	917,025
Disposal	-	(110,499)	-	-	(110,499)
At 31 December 2017	880,612	3,646,866	158,677	-	4,686,155
Net carrying amount	2,350,893	2,219,626	1,901	2,635,909	7,208,329

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM388,000 (2017: RM9,568,800) and RM nil (2017: RM386,000) respectively by means of finance lease. The cash outflow on acquisition of property, plant and equipment for the Group and the Company amounted to RM12,518,835 (2017: RM2,171,632) and RM12,649,327 (2017: RM530,395) respectively.

The Group's and the Company's carrying amount of property, plant and equipment held under finance lease arrangements at the reporting date were RM8,484,093 (31 December 2017: RM11,181,524 and 1 January 2017: RM1,737,199) and RM958,142 (31 December 2017: RM1,550,315 and 1 January 2017: RM1,737,199), respectively.

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 23.

Leased assets are pledged as security for the related finance lease liabilities in Note 23.

13. Investments in subsidiaries

	Company		
	2018	2017	As at 1.1.2017
	RM	RM	RM
Unquoted shares, at cost	34,204,044	34,203,944	34,203,944
Less: Accumulated impairment losses	(802,778)	(802,778)	(802,778)
	33,401,266	33,401,166	33,401,166

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 2018	2017
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%
Ibraco Ascent Sdn. Bhd.	Property investment and development	74%	74%
NewUrban Sdn. Bhd.	Property development and construction	100%	-
Subsidiary of Ibraco HGS Sdn. Bhd.			
Warisar Sdn. Bhd.	Property development and construction	80%	80%

All subsidiaries are audited by Ernst & Young Malaysia.

On 21 March 2018, the Company incorporated a new subsidiary, NewUrban Sdn. Bhd. ("NUSB") with 100% equity interest for RM100, settled in cash.

13. Investments in subsidiaries (contd.)

(a) The Group's subsidiaries that have 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.		Ibraco Ascent Sdn. Bhd.		Total	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Current assets	135,043,160	138,640,113	3,509,673	3,515,157	1,098,711	1,101,747	91,109	94,232	139,742,653	143,351,249
Total assets	135,043,160	138,640,113	3,509,673	3,515,157	1,098,711	1,101,747	91,109	94,232	139,742,653	143,351,249
Non-current liabilities	1,768,000	4,577,780	-	-	-	-	-	-	1,768,000	4,577,780
Current liabilities	86,052,347	87,512,701	4,418,821	4,188,496	2,300	2,300	2,300	2,300	90,475,768	91,705,797
Total liabilities	87,820,347	92,090,481	4,418,821	4,188,496	2,300	2,300	2,300	2,300	92,243,768	96,283,577
Net assets/ (liabilities)	47,222,813	46,549,632	(909,148)	(673,339)	1,096,411	1,099,447	88,809	91,932	47,498,885	47,067,672
Equity attributable to owners of the Company	30,936,007	30,550,648	(681,861)	(505,004)	767,488	769,613	65,719	68,030	31,087,353	30,883,287
Non-controlling interests	16,286,806	15,998,984	(227,287)	(168,335)	328,923	329,834	23,090	23,902	16,411,532	16,184,385
	47,222,813	46,549,632	(909,148)	(673,339)	1,096,411	1,099,447	88,809	91,932	47,498,885	47,067,672

13. Investments in subsidiaries (contd.)

(a) The Group's subsidiaries that have 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.		Ibraco Ascent Sdn. Bhd.		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	25,069,094	13,530,019	-	-	-	-	-	-	25,069,094	13,530,019
Profit/(loss) for the year	673,181	(112,898)	(235,809)	(85,263)	(3,036)	19,038	(3,123)	(3,147)	431,213	(182,270)
Profit/(loss) attributable to:										
Owners of the Company	385,359	(36,982)	(176,857)	(63,947)	(2,125)	13,327	(2,311)	(2,329)	204,066	(89,931)
Non-controlling interests	287,822	(75,916)	(58,952)	(21,316)	(911)	5,711	(812)	(818)	227,147	(92,339)
	673,181	(112,898)	(235,809)	(85,263)	(3,036)	19,038	(3,123)	(3,147)	431,213	(182,270)

13. Investments in subsidiaries (contd.)

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

(iii) Summarised cash flows

	Ibraco HGS Sdn. Bhd. and its subsidiary		Ibraco Pelita Sdn. Bhd.		Ibraco Plantation Sdn. Bhd.		Ibraco Ascent Sdn. Bhd.		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Net cash generated from/(used in) operating activities	4,891,854	9,571,790	(5,834)	(32,946)	(3,081)	(234)	(3,123)	(2,947)	4,879,816	9,535,663
Net cash generated from investing activities	17,307	11,226	-	200,931	1,491	1,070,815	-	-	18,798	1,282,972
Net cash used in financing activities	(6,160,008)	(8,160,008)	-	-	-	-	-	-	(6,160,008)	(8,160,008)
Net (decrease)/increase in cash and cash equivalents	(1,250,847)	1,423,008	(5,834)	167,985	(1,590)	1,070,581	(3,123)	(2,947)	(1,261,394)	2,658,627
Cash and cash equivalents at the beginning of the year	5,519,105	4,096,097	184,552	16,567	1,100,301	29,720	94,232	97,179	6,898,190	4,239,563
Cash and cash equivalents at the end of the year	4,268,258	5,519,105	178,718	184,552	1,098,711	1,100,301	91,109	94,232	5,636,796	6,898,190

14. Investment in an associate

	Group and Company		
	2018	2017	As at 1.1.2017
	RM	RM	RM
Unquoted shares, at cost	49,000	49	-
	======	=====	=====

Name of associate	Principal activities	Proportion of ownership interest 2018	2017
Ibraco HELP Education Sdn. Bhd.	Intended for education services	49%	49%

During the year, the Company subscribed for 48,951 new ordinary shares in Ibraco Help Education Sdn. Bhd. ("IHESB") amounting to RM48,951, settled in cash. IHESB has remained dormant since incorporation. Hence, there was no share of results being accounted for.

15. Inventories

	Group			Company		
	2018	2017	As at 1.1.2017	2018	2017	As at 1.1.2017
	RM	RM	RM	RM	RM	RM
At cost						
Non-current						
Land held for property development	44,682,036	44,613,657	44,587,485	42,191,932	42,133,149	42,106,977
At cost						
Current						
Property development costs	334,149,484	260,570,751	292,280,825	295,791,608	235,387,611	282,467,019
Properties held for sale	55,895,590	87,937,571	44,214,476	32,267,234	58,569,737	8,224,855
Nursery plants	29,293	29,293	29,293	-	-	-
	390,074,367	348,537,615	336,524,594	328,058,842	293,957,348	290,691,874
	434,756,403	393,151,272	381,112,079	370,250,774	336,090,497	332,798,851
	=========	=========	=========	=========	=========	=========

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

Land held for property development

The Group and the Company have freehold and leasehold land with aggregate carrying values of RM25,121,608 (31 December 2017: RM21,490,871 and 1 January 2017: RM21,512,402) and RM21,490,871 (31 December 2017: RM21,490,871 and 1 January 2017: RM21,512,402) respectively, which are pledged as security for loans and borrowings as disclosed in Note 23.

15. Inventories (contd.)

Property development costs

Freehold and leasehold land of the Group and the Company with aggregate carrying value of RM139,914,270 (2017: RM63,437,448 and 1 January 2017: RM63,437,448) are pledged as security for loans and borrowings as disclosed in Note 23.

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Interest expense (Note 6)	5,551,075	4,707,052	5,774,673	4,205,200
	=========	========	========	========

16. Completed investment properties

	Group and Company		
	2018	2017	As at 1.1.2017
	RM	RM	RM
As at 1 January	56,880,000	52,100,000	51,700,000
Transfer from investment property under construction (Note 17)	-	4,755,585	-
Increase in fair value	-	24,415	400,000
	---------	---------	---------
As at 31 December	56,880,000	56,880,000	52,100,000
	========	========	========
Fair value of completed investment properties	56,880,000	56,880,000	52,100,000
	========	========	========

Valuation of completed investment properties

Investment properties are stated at fair value, which have been determined based on valuation at the reporting date. Valuations are performed by accredited independent valuers with relevant experience in the nature of the 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.

The investment property with carrying amount of RM52,100,000 (31 December 2017: RM52,100,000 and 1 January 2017: RM52,100,000) is charged in escrow as security for loans and borrowings as disclosed in Note 23.

The investment properties are classified as Level 3 in the fair value hierarchy (Note 30).

17. Investment property under construction

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
As at 1 January	6,614,835	4,398,973	6,750,343	4,398,973
Additions	16,804,084	627,108	17,290,620	762,616
Transfer from property development costs	-	6,344,339	-	6,344,339
Transfer to completed investment property (Note 16)	-	(4,755,585)	-	(4,755,585)
As at 31 December	23,418,919	6,614,835	24,040,963	6,750,343

As at 31 December 2018 and 31 December 2017, the investment property under construction was carried at cost because its fair value could not be reliably measured at the reporting date.

18. Trade and other receivables

	Group 2018 RM	Group 2017 RM	Group As at 1.1.2017 RM	Company 2018 RM	Company 2017 RM	Company As at 1.1.2017 RM
Current						
Trade receivables						
Third parties	31,127,538	24,733,201	25,479,042	27,173,763	21,005,183	20,716,749
Bills receivables	-	2,361,399	-	-	-	-
Less: Loss allowance - third parties	(1,135,685)	(1,277,738)	(1,709,563)	-	-	-
Trade receivables, net	29,991,853	25,816,862	23,769,479	27,173,763	21,005,183	20,716,749
Other receivables						
Third parties	7,660,218	3,754,918	2,900,599	4,481,247	1,089,777	375,190
Deposits	1,815,651	1,337,179	1,639,096	1,503,167	1,107,476	1,344,549
Dividend receivable from investment securities	-	28	19,671	-	-	-
Amounts due from subsidiaries	-	-	-	60,086,193	29,684,229	41,639,869
	9,475,869	5,092,125	4,559,366	66,070,607	31,881,482	43,359,608
Less: Loss allowance - third parties	(106,071)	(106,071)	(106,071)	-	-	-
Other receivables, net	9,369,798	4,986,054	4,453,295	66,070,607	31,881,482	43,359,608
Total trade and other receivables (current)	39,361,651	30,802,916	28,222,774	93,244,370	52,886,665	64,076,357

18. Trade and other receivables (contd.)

	Group			Company		
	2018	**2017**	**As at 1.1.2017**	**2018**	**2017**	**As at 1.1.2017**
	RM	RM	RM	RM	RM	RM
Non-current						
Other receivables						
Amounts due from subsidiaries	-	-	-	4,414,221	4,184,096	-
Deposits	289,862	307,862	-	-	-	-
	289,862	307,862	-	4,414,221	4,184,096	-
Total trade and other receivables (current and non-current)	39,651,513	31,110,778	28,222,774	97,658,591	57,070,761	64,076,357

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 days (31 December 2017: 14 days and 1 January 2017: 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 groups of debtors.

Ageing analysis of trade receivables

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

	Group			Company		
	2018	**2017**	**As at 1.1.2017**	**2018**	**2017**	**As at 1.1.2017**
	RM	RM	RM	RM	RM	RM
Neither past due nor impaired	7,765,663	4,738,891	15,791,276	7,170,511	3,287,211	12,801,002
1 to 69 days past due but not impaired	15,406,156	15,056,596	5,662,668	13,521,636	11,755,839	5,621,808
More than 70 days but not impaired	6,820,034	6,015,321	2,293,939	6,481,616	5,962,133	2,293,939
	22,226,190	21,071,917	7,956,607	20,003,252	17,717,972	7,915,747
Impaired	1,135,685	1,283,792	1,731,159	-	-	-
	31,127,538	27,094,600	25,479,042	27,173,763	21,005,183	20,716,749

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.

18. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM22,226,190 (31 December 2017: RM21,071,917 and 1 January 2017: RM7,956,607) and RM20,003,252 (31 December 2017: RM17,717,972 and 1 January 2017: RM7,915,747), respectively that are past due at the reporting date but not impaired. There were no renegotiated balances outstanding for the Group and of the Company as at financial year end. Due to the good credit standing of the trade receivables, the Group and the Company believe that no further loss allowance is necessary in respect of trade receivables that are past due as there is no expected credit loss.

Receivables that are impaired

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

	Group		
			As at
	2018	**2017**	**1.1.2017**
	RM	RM	RM
Loss allowance			
Trade receivables - nominal amount	1,135,685	1,283,792	1,731,159
Less: Loss allowance	(1,135,685)	(1,277,738)	(1,709,563)
	-	6,054	21,596
Movement in loss allowance account			
At 1 January	1,277,738	1,709,563	1,709,563
Reversal of loss allowance (Note 7)	(142,053)	(431,825)	-
At 31 December	1,135,685	1,277,738	1,709,563

Trade receivables that were determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

18. Trade and other receivables (contd.)

(b) Bills receivables

The Group sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the Group retains substantially all the risks and rewards - primarily credit risk. The amount received on transfer has been recognised as a secured bank loan. The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank.

The receivables are considered to be held within the hold-to-collect business model consistent with the Group's continuing recognition of the receivables.

Transfer of trade receivables

The following information shows the carrying amount of trade receivables at the reporting date that have not been derecognised and the associated liabilities.

	Group	
	2018	**2017**
	RM	RM
Carrying amount of trade receivables transferred to a bank	-	2,361,399
Carrying amount of associated liabilities (Note 23)	-	2,361,399
	=======	=======

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, earn interest at the rate of 5.50% (31 December 2017: 5.50% and 1 January 2017: 5.50% to 5.75%) per annum and are repayable on demand.

(d) Other receivables that are impaired

At the reporting date, the Group has provided an allowance of RM106,071 (31 December 2017: RM106,071 and 1 January 2017: RM106,071) for impairment of the amount due from third parties with nominal amount of RM106,071 (31 December 2017: RM106,071 and 1 January 2017: RM106,071).

19. Other current assets

	Group			Company		
	2018 RM	**2017** RM	**As at 1.1.2017** RM	**2018** RM	**2017** RM	**As at 1.1.2017** RM
Prepayments	6,216,396	7,893,969	82,676	1,122,056	4,930,755	4,086
Tax recoverable	15,936,255	15,855,770	12,078,866	518,457	-	-
Contract assets	59,301,492	27,460,969	18,706,313	58,520,507	24,145,645	17,387,228
Costs to obtain a contract	5,292,174	2,725,246	-	5,288,903	2,719,472	-
	86,746,317	53,935,954	30,867,855	65,449,923	31,795,872	17,391,314

(a) Contract assets

	Group			Company		
	2018 RM	**2017** RM	**As at 1.1.2017** RM	**2018** RM	**2017** RM	**As at 1.1.2017** RM
At 1 January	27,460,969	18,706,313	-	24,145,645	17,387,228	-
Revenue recognised during the year	166,855,518	81,898,858	-	141,573,434	68,396,662	-
Progress billings during the year	(135,014,995)	(73,144,202)	-	(107,198,572)	(61,638,245)	-
At 31 December	59,301,492	27,460,969	-	58,520,507	24,145,645	-

Contract assets relate to sale of properties under construction that are initially recognised for revenue earned from construction as receipt of consideration is conditional on certain successful percentage of construction. Upon completion of these percentages, the amounts recognised as contract assets are reclassified to trade receivables.

Included in the construction contract costs incurred to-date are:

	Group		Company	
	2018 RM	**2017** RM	**2018** RM	**2017** RM
Interest expense (Note 6)	2,085,014	286,944	-	-
Depreciation of property, plant and equipment (Note 12)	2,218,789	364,190	-	-
Employee benefit expense (Note 8)	3,426,451	1,257,574	-	-

19. Other current assets (contd.)

(b) Costs to obtain a contract

Costs to obtain a contract primarily comprises incremental commission fees paid to intermediaries as a result of obtaining contracts and that are recoverable.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
At 1 January	2,725,246	-	2,719,472	-
Additions	5,273,381	3,210,381	5,271,831	3,201,516
Amortisation	(2,706,453)	(485,135)	(2,702,400)	(482,044)
At 31 December	5,292,174	2,725,246	5,288,903	2,719,472

20. Investment securities

		Group	
			As at
	2018	**2017**	**1.1.2017**
	RM	RM	RM
Financial assets at fair value through profit or loss			
Unit trusts (quoted in Malaysia)			
- at carrying amount	-	9,344	7,639,310
- at market value	-	9,344	7,639,310

21. Cash and cash equivalents

	Group			Company		
	2018 RM	2017 RM	As at 1.1.2017 RM	2018 RM	2017 RM	As at 1.1.2017 RM
Cash on hand and at banks	44,791,157	35,965,050	20,346,490	22,070,855	22,415,550	14,247,977
Deposits with licensed banks	2,727,979	1,731,667	2,565,428	2,727,979	1,731,667	2,565,428
Cash and bank balances	47,519,136	37,696,717	22,911,918	24,798,834	24,147,217	16,813,405

Cash at banks earn 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 (31 December 2017: one month to twelve months and 1 January 2017: 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 rate as at 31 December 2018 for the Group and the Company was 3.00% (31 December 2017: 2.15% and 1 January 2017: 2.92%).

Included in cash at banks of the Group and the Company are amounts of RM4,513,891 (31 December 2017: RM606,858 and 1 January 2017: RM1,200,423) and RM4,013,198 (31 December 2017: RM286,089 and 1 January 2017: RM1,163,769) held pursuant to Section 12 of the Housing Development (Control and Licensing) Ordinance, 2013 and are restricted from use in other operations.

Included in cash at banks of the Company are amounts of RM1,249,038 (31 December 2017: RM7,949,318 and 1 January 2017: RM80,014) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Deposits with licensed banks of the Group and the Company with aggregate carrying value of RM363,697 (31 December 2017: RM352,408 and 1 January 2017: RM1,222,623) are pledge as security for loans and borrowings as disclosed in Note 23.

21. Cash and cash equivalents (contd.)

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

	Group			Company		
	2018 RM	**2017** RM	**As at 1.1.2017** RM	**2018** RM	**2017** RM	**As at 1.1.2017** RM
Cash and bank balances	47,519,136	37,696,717	22,911,918	24,798,834	24,147,217	16,813,405
Less:						
Deposits with maturity more than three months	(2,364,282)	(1,379,259)	(1,342,805)	(2,364,282)	(1,379,259)	(1,342,805)
Deposits pledged for bank borrowings	(363,697)	(352,408)	(1,222,623)	(363,697)	(352,408)	(1,222,623)
Cash and cash equivalents	44,791,157	35,965,050	20,346,490	22,070,855	22,415,550	14,247,977

22. Share capital

	Number of ordinary shares	**Share capital** RM
Issued and fully paid		
At 1 January 2017 and 31 December 2017	496,405,652	248,202,826
At 1 January 2018 and 31 December 2018	496,405,652	248,202,826

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

23. Loans and borrowings

	Maturity	Group 2018 RM	Group 2017 RM	Group As at 1.1.2017 RM	Company 2018 RM	Company 2017 RM	Company As at 1.1.2017 RM
Current							
Secured:							
Revolving credits	2019	120,160,000	106,160,000	58,300,000	95,160,000	81,160,000	58,300,000
Collaterised borrowings (Note 18)	2018	-	2,361,399	-	-	-	-
Obligations under finance lease (Note 28(a))	2019	2,349,082	2,285,288	515,399	481,792	554,087	515,399
Bank loans:							
- RM loan at ECOF + 1.25%	2019	-	1,533,000	3,756,000	-	1,533,000	3,756,000
- RM loan at BLR - 2.00%	2019	2,088,000	2,088,000	2,088,000	2,088,000	2,088,000	2,088,000
- RM loan at ECOF + 2.00%	2019	12,584,720	8,025,038	7,587,105	12,584,720	8,025,038	7,587,105
- RM loan at COF + 1.75%	2019	937,500	-	-	937,500	-	-
- RM loan at COF + 1.50%	2019	1,362,380	6,160,008	6,160,008	-	-	-
- RM loan at COF + 1.40%	2017	-	-	4,166,654	-	-	4,166,654
Total loans and borrowings (current)		139,481,682	128,612,733	82,573,166	111,252,012	93,360,125	76,413,158

23. Loans and borrowings (contd.)

	Maturity	Group 2018 RM	Group 2017 RM	Group As at 1.1.2017 RM	Company 2018 RM	Company 2017 RM	Company As at 1.1.2017 RM
Non-current							
Secured:							
Obligations under finance lease (Note 28(a))	2020 - 2023	5,645,799	7,766,640	1,049,352	378,134	859,926	1,049,352
Bank loans:							
- RM loan at BLR - 2.00%	2020 - 2026	13,168,000	15,256,000	17,344,000	13,168,000	15,256,000	17,344,000
- RM loan at ECOF + 2.00%	2018	-	22,573,362	30,619,506	-	22,573,362	30,619,506
- RM loan at COF + 1.50%	2018	-	1,362,380	7,522,388	-	-	-
- RM loan at COF + 1.75%	2020 - 2023	14,062,500	-	-	14,062,500	-	-
- RM loan at CFR + 2.00%	2021 - 2029	24,000,000	-	-	24,000,000	-	-
- RM loan at ECOF + 1.85%	2021 - 2028	9,623,300	-	-	9,623,300	-	-
- RM loan at ECOF + 2.00%	2020 - 2022	40,276,804	5,000,000	-	40,276,804	5,000,000	-
- RM loan at ECOF + 1.25%	2018	-	-	1,533,000	-	-	1,533,000
		106,776,403	51,958,382	58,068,246	101,508,738	43,689,288	50,545,858
Total loans and borrowings (current and non-current)		246,258,085	180,571,115	140,641,412	212,760,750	137,049,413	126,959,016

23. Loans and borrowings (contd.)

The remaining maturity of the loans and borrowings as at 31 December 2018, 31 December 2017 and 1 January 2017 are as follows:

	Group			Company		
	2018 RM	2017 RM	As at 1.1.2017 RM	2018 RM	2017 RM	As at 1.1.2017 RM
On demand or within one year	139,481,682	128,612,733	82,573,166	111,252,012	93,360,125	76,413,158
More than one year and less than two years	48,197,038	19,203,472	18,248,224	46,321,465	16,040,146	12,088,216
More than two years and less than five years	36,833,960	25,850,910	30,828,022	33,441,868	20,745,142	29,465,642
Five years or more	21,745,405	6,904,000	8,992,000	21,745,405	6,904,000	8,992,000
	246,258,085	180,571,115	140,641,412	212,760,750	137,049,413	126,959,016

Obligations under finance lease

These obligations are secured by a charge over the leased asset (Note 12). The average discount rates implicit in the lease for the Group and the Company are 5.96% and 4.63% (2017: 5.11% and 4.16%) per annum, respectively.

Other borrowings

The revolving credit facilities of the Group amounting to RM105 million (31 December 2017: RM101 million and 1 January 2017: RM58 million), are secured by a charge over the few parcels of land held for property development (Note 15), deposits with licensed banks (Note 21), one of the investment properties (Note 16) and RM15 million (2017: RM5 million) of the revolving credit are secured over a deed of assignment for one of the Group's project contract proceeds. During the year, interest was charged at rates ranging from 1% to 2% (2017: 1% to 2%) per annum above the bankers' cost of funds.

The bank loans are secured by charges over the few parcels of land held for property development (Note 15) and investment properties (Note 16). Corporate guarantees were provided by the Company to banks on the subsidiaries' loans and borrowings.

24. Deferred tax

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
At 1 January	(12,771,747)	(8,345,149)	(7,653,760)	(3,171,109)
Recognised in profit or loss (Note 10)	2,498,175	(4,426,598)	141,000	(4,482,651)
At 31 December	(10,273,572)	(12,771,747)	(7,512,760)	(7,653,760)

Presenting after appropriate offsetting as follows:

Deferred tax assets	(10,273,572)	(12,771,747)	(7,512,760)	(7,653,760)
Deferred tax liabilities	-	-	-	-
	(10,273,572)	(12,771,747)	(7,512,760)	(7,653,760)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group			Company		
	2018	2017	As at 1.1.2017	2018	2017	As at 1.1.2017
	RM	RM	RM	RM	RM	RM
Deferred tax liabilities	1,951,334	32,712	984,740	-	-	-
Deferred tax assets	(12,224,906)	(12,804,459)	(9,329,889)	(7,512,760)	(7,653,760)	(3,171,109)
	(10,273,572)	(12,771,747)	(8,345,149)	(7,512,760)	(7,653,760)	(3,171,109)

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:

	Property, plant and equipment
	RM
At 1 January 2018	32,712
Recognised in profit or loss	1,918,622
At 31 December 2018	1,951,334
At 1 January 2017	984,740
Recognised in profit or loss	(952,028)
At 31 December 2017	32,712

24. Deferred tax (contd.)

Deferred tax assets of the Group:

	Investment properties RM	Unabsorbed capital allowances RM	Staff leave balance RM	Unused tax losses RM	Accruals RM	Property development cost RM	Total RM
At 1 January 2018	(690,259)	(611,833)	(53,876)	(547,900)	(9,137,570)	(1,763,021)	(12,804,459)
Recognised in profit or loss	(90,343)	611,833	(14,231)	547,900	1,820,848	(2,296,454)	579,553
At 31 December 2018	(780,602)	-	(68,107)	-	(7,316,722)	(4,059,475)	(12,224,906)
At 1 January 2017	1,658,967	(294,233)	(26,692)	(1,275,449)	(7,577,794)	(1,814,688)	(9,329,889)
Recognised in profit or loss	(2,349,226)	(317,600)	(27,184)	727,549	(1,559,776)	51,667	(3,474,570)
At 31 December 2017	(690,259)	(611,833)	(53,876)	(547,900)	(9,137,570)	(1,763,021)	(12,804,459)

Deferred tax liabilities/(assets) of the Company:

	Investment properties RM	Property, plant and equipment RM	Property development cost RM	Staff leave balance RM	Accruals RM	Total RM
At 1 January 2018	(690,259)	(980,413)	(920,100)	(53,876)	(5,009,112)	(7,653,760)
Recognised in profit or loss	96,986	866,373	(1,172,208)	(14,231)	364,080	141,000
At 31 December 2018	(593,273)	(114,040)	(2,092,308)	(68,107)	(4,645,032)	(7,512,760)
At 1 January 2017	1,658,967	74,795	(493,100)	(26,692)	(4,385,079)	(3,171,109)
Recognised in profit or loss	(2,349,226)	(1,055,208)	(427,000)	(27,184)	(624,033)	(4,482,651)
At 31 December 2017	(690,259)	(980,413)	(920,100)	(53,876)	(5,009,112)	(7,653,760)

24. Deferred tax (contd.)

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

	Group		
	2018	**2017**	**As at 1.1.2017**
	RM	RM	RM
Unused tax losses	950,000	1,165,000	1,109,000
Unabsorbed capital allowances	102,000	12,000	-
	1,052,000	1,177,000	1,109,000

As at 31 December 2018 and 2017, 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 and unabsorbed capital allowances 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. The unused tax losses will expire in the Year of Assessment 2025.

25. Trade and other payables

	Group			Company		
	2018	**2017**	**As at 1.1.2017**	**2018**	**2017**	**As at 1.1.2017**
	RM	RM	RM	RM	RM	RM
Current						
Trade payables						
Third parties	25,509,432	29,699,063	34,137,027	9,659,483	10,856,828	4,428,934
Accruals	42,473,183	36,544,309	28,087,933	36,841,709	33,596,916	28,012,742
Amount due to subsidiaries	-	-	-	60,606,553	17,233,135	-
Retention sum on contracts payable within 1 year	12,432,553	-	-	9,519,649	-	16,560,033
	80,415,168	66,243,372	62,224,960	116,627,394	61,686,879	49,001,709
Other payables						
Other payables	1,171,953	1,695,056	1,019,152	881,414	1,219,718	898,647
Accruals	7,170,068	2,610,170	1,816,467	6,121,368	1,970,730	1,446,405
Dividend payable	-	9,928,113	-	-	9,928,113	-
Amount due to subsidiaries	-	-	-	6,020,415	2,139,258	-
	8,342,021	14,233,339	2,835,619	13,023,197	15,257,819	2,345,052
Total trade and other payables (current)	88,757,189	80,476,711	65,060,579	129,650,591	76,944,698	51,346,761
Non-current						
Trade payables						
Retention sum on contracts payable after 1 year	10,967,648	-	-	7,346,806	-	-
Total trade and other payables (current and non-current)	99,724,837	80,476,711	65,060,579	136,997,397	76,944,698	51,346,761

25. Trade and other payables (contd.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 days to 60 days (2017: 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 (2017: 30 days).

(c) Amount due to subsidiaries

Amount due to subsidiaries under other payables are unsecured, bear interest at 5.5% (2017: 5.5%) and are repayable on demand.

26. Other current liabilities

	Group			Company		
	2018 RM	2017 RM	As at 1.1.2017 RM	2018 RM	2017 RM	As at 1.1.2017 RM
Contract liabilities						
- Third parties - accrued billings in respect of property development costs and construction contracts	12,506,269	6,301,863	6,048,086	5,829,505	4,487,126	4,757,839
- Amount due to a subsidiary	-	-	-	18,438,377	24,872,897	27,755,804
Advance deposits made by a contract customers	9,290,599	10,000,000	-	-	-	-
	21,796,868	16,301,863	6,048,086	24,267,882	29,360,023	32,513,643
Contract liabilities						
At 1 January	6,301,863	6,048,086	-	4,487,126	4,757,839	-
Revenue recognised during the year	68,150,853	44,209,970	-	13,192,978	25,761,057	-
Progress billings during the year	(61,946,447)	(43,956,193)	-	(11,850,599)	(26,031,770)	-
At 31 December	12,506,269	6,301,863	-	5,829,505	4,487,126	-

The Group's and the Company's contract liabilities due to third parties relate to advance consideration received from customers for construction contracts which revenue is recognised over time during the construction work. The contract liabilities are expected to be recognised as revenue over a period of one to six months (2017: one to six months).

The Company's contract liabilities due to a subsidiary relates to an unbilled portion of the land acquired through a joint venture agreement with a subsidiary, Ibraco HGS Sdn. Bhd., to develop a housing project.

27. 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	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
(i) Rental expense of office building: Hiap Ghee Seng Sdn. Bhd. [(1)]	147,840	147,840	147,840	147,840
(ii) Rental expense of office building: Dr. Sharifah Deborah Sophia Ibrahim	408,000	408,000	408,000	408,000
(iii) Progress billings issued to Hiap Ghee Seng Sdn. Bhd. [(1)] - 8 storey strata-titled corporate office at NorthBank	14,713,500	2,703,000	14,713,500	2,703,000
(iv) Progress billings issued to Datuk Chew Chiaw Han				
- SOHO unit at Tabuan Tranquility Phase 3	67,200	84,000	67,200	84,000
- Apartments suite at ContiNew, Kuala Lumpur	189,813	253,064	189,813	253,064
(v) Progress billings issued to Dr. Sharifah Deborah Sophia Ibrahim				
- SOHO units at Tabuan Tranquility Phase 3	-	315,700	-	315,700
- Apartment suite at ContiNew, Kuala Lumpur	-	160,504	-	160,504
(vi) Progress billings issued to Ng Kee Tiong for apartments suite at ContiNew, Kuala Lumpur	239,025	318,700	239,025	318,700

27. Related party disclosures (contd.)

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
(vii) Progress billings issued to Ng Cheng Chuan for apartment suite at ContiNew, Kuala Lumpur	-	217,358	-	217,358
(viii) Progress billings issued to Liu Sze Leh [(2)] for apartment suite at ContiNew, Kuala Lumpur	97,578	130,104	97,578	130,104
(ix) Progress billings issued to Liu Sze Wei [(3)] for SOHO unit at Tabuan Tranquility Phase 3	86,600	108,250	86,600	108,250
(x) Progress billings issued to Global Makna Sdn. Bhd. [(4)] for apartments suite at ContiNew, Kuala Lumpur	-	539,498	-	539,498
(xi) Progress billings issued to Liu Tow Hua for SOHO unit at Tabuan Tranquility Phase 3	86,600	108,250	86,600	108,250
	======	======	======	======

(1) Hiap Ghee Seng Sdn. Bhd. ("HGS")
HGS is a major shareholder of the Company. Datuk Chew Chiaw Han ("Datuk Chew"), a director of the Company, is also a director and major shareholder of HGS.

(2) Liu Sze Leh ("LSL")
LSL is a person connected to Liu Tow Hua ("LTH"), a director of the Company.

(3) Liu Sze Wei ("LSW")
LSW is a person connected to LTH, a director of the Company.

(4) Global Makna Sdn. Bhd. ("GMSB")
GMSB is a company connected to Datuk Chew. Datuk Chew, is also a director and major shareholder of GMSB.

27. Related party disclosures (contd.)

(b) Transactions with subsidiaries:

	Company	
	2018	**2017**
	RM	RM
Interest charged by subsidiaries:		
Ibraco Construction Sdn. Bhd.	1,184,098	-
Ibraco HGS Sdn. Bhd.	421,496	228,889
Foso One Sdn. Bhd.	189,215	-
Greater Tabuan Sdn. Bhd.	115,847	34,808
Syarikat Ibraco-Peremba Sdn. Bhd.	289,343	175,459
Interest charged to subsidiaries:		
Ibraco Construction Sdn. Bhd.	-	1,660,533
Ibraco Pelita Sdn. Bhd.	230,125	218,128
Warisar Sdn. Bhd.	2,138,222	567,338
Ibraco Infinity Sdn. Bhd.	15,774	7,386
Marketing fee charged to a subsidiary:		
Warisar Sdn. Bhd.	280,485	197,485
Landscaping services from a subsidiary:		
Ibraco Spectrum Sdn. Bhd.	1,800	1,800
Sub contractors billings from a subsidiary:		
Ibraco Construction Sdn. Bhd.	83,773,881	49,272,581
	=========	=========

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.

27. 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	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Directors' remuneration	1,721,506	1,609,628	1,623,106	1,556,228
Short term employee benefits	2,616,088	2,216,630	2,421,488	2,038,025
Long term employee benefits	193,826	-	193,826	-
Defined contribution plan	314,191	291,991	290,845	268,197
Other short-term benefits	6,748	8,170	5,860	7,104
Benefits-in-kind	73,317	85,387	64,900	78,887
	3,204,170	2,602,178	2,976,919	2,392,213

28. Commitments

(a) Finance lease commitments

The Group and the Company have 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			Company		
	2018	2017	As at 1.1.2017	2018	2017	As at 1.1.2017
	RM	RM	RM	RM	RM	RM
Minimum lease payments:						
Not later than 1 year	2,761,342	2,826,935	574,338	510,612	605,424	574,338
Later than 1 year but not later than 2 years	2,361,027	2,685,782	488,664	220,067	510,612	488,664
Later than 2 years but not later than 5 years	3,752,659	5,935,373	622,192	178,017	398,084	622,192
Total minimum lease payments	8,875,028	11,448,090	1,685,194	908,696	1,514,120	1,685,194
Less: Amounts representing finance charges	(880,147)	(1,396,162)	(120,443)	(48,770)	(100,107)	(120,443)
Present value of minimum lease payments	7,994,881	10,051,928	1,564,751	859,926	1,414,013	1,564,751
Present value of payments:						
Not later than 1 year	2,349,082	2,285,288	515,399	481,792	554,087	515,399
Later than 1 year but not later than 2 years	2,082,234	2,282,738	451,658	206,661	481,792	451,658
Later than 2 years but not later than 5 years	3,563,565	5,483,902	597,694	171,473	378,134	597,694
Present value of minimum lease payments	7,994,881	10,051,928	1,564,751	859,926	1,414,013	1,564,751
Less: Amount due within 12 months (Note 23)	(2,349,082)	(2,285,288)	(515,399)	(481,792)	(554,087)	(515,399)
Amount due after 12 months (Note 23)	5,645,799	7,766,640	1,049,352	378,134	859,926	1,049,352

28. Commitments (contd.)

(b) 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 1 to 8 years (2017: 2 to 9 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	
	2018	**2017**
	RM	RM
Not later than 1 year	3,508,017	3,519,017
Later than 1 year but not later than 5 years	14,263,515	13,296,068
Later than 5 years	11,161,869	12,477,565
	28,933,401	29,292,650

(c) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	RM	RM	RM
Approved and contracted for:				
Investment properties	29,543,639	1,293,226	30,579,991	1,354,662
Property, plant and equipment	14,373,576	25,382,068	15,080,915	26,111,293
	43,917,215	26,675,294	45,660,906	27,465,955
Approved but not contracted for:				
Investment properties	-	43,850,220	-	45,165,727

29. 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

		2018		2017		As at 1.1.2017	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities:							
Group							
Loans and borrowings - Non-current obligations under finance leases	23	5,645,799	6,325,329	7,766,640	8,032,737	1,049,352	1,046,904
		=======	=======	=======	=======	=======	=======
Company							
Loans and borrowings - Non-current obligations under finance leases	23	378,134	497,769	859,926	821,347	1,049,352	1,046,904
		=======	=======	=======	=======	=======	=======

29. Fair value of financial instruments (contd.)

(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	18
Cash and bank balances	21
Loans and borrowings (current and non-current, except non-current obligations under finance lease)	23
Trade and other payables	25

(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.

(iv) Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

30. 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 2018 and 31 December 2017 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						
Completed investment properties	16	31 December 2018	-	-	56,880,000	56,880,000
		31 December 2017	-	-	56,880,000	56,880,000
		1 January 2017	-	-	52,100,000	52,100,000
			=======	=======	========	========
Investment property under construction	17	31 December 2018	-	-	23,418,919	23,418,919
		31 December 2017	-	-	6,614,835	6,614,835
		1 January 2017	-	-	4,398,973	4,398,973
			=======	=======	========	========
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings						
- Obligations under finance lease	29(a)	31 December 2018	-	6,325,329	-	6,325,329
		31 December 2017	-	8,032,737	-	8,032,737
		1 January 2017	-	1,046,904	-	1,046,904
			=======	=======	========	========

30. Fair value measurement (contd.)

Fair value hierarchy (contd.)

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

Quantitative disclosures fair value measurement hierarchy as at 31 December 2018 and 31 December 2017 were as follows: (contd.)

	Note	Date of valuation	Level 1	Level 2	Level 3	Total
			RM	RM	RM	RM
Assets measured at fair value						
Investment securities	20	31 December 2018	-	-	-	-
		31 December 2017	9,344	-	-	9,344
		1 January 2017	7,639,310	-	-	7,639,310
			=======	=======	========	========
Company						
Assets for which fair values are disclosed						
Completed investment properties	16	31 December 2018	-	-	56,880,000	56,880,000
		31 December 2017	-	-	56,880,000	56,880,000
		1 January 2017	-	-	52,100,000	52,100,000
			=======	====	========	========
Investment property under construction	17	31 December 2018	-	-	24,040,963	24,040,963
		31 December 2017	-	-	6,750,343	6,750,343
		1 January 2017	-	-	4,398,973	4,398,973
			=======	====	========	========
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings - Obligations under finance lease	29(a)	31 December 2018	-	497,769	-	497,769
		31 December 2017	-	821,347	-	821,347
		1 January 2017	-	1,046,904	-	1,046,904
			=======	=======	========	========

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

31. Changes in liabilities arising from financing activities

Group

	1 January 2017 RM	Others RM	New leases (Note 12) RM	Cash flows RM	31 December 2017 RM	Others RM	New leases (Note 12) RM	Cash flows RM	31 December 2018 RM
Current interest-bearing loans and borrowings (excluding items listed below)	82,057,767	17,827,152	-	26,442,526	126,327,445	27,131,438	-	(16,326,283)	137,132,600
Current obligations under finance leases (Note 28(a))	515,399	451,658	2,399,854	(1,081,623)	2,285,288	2,458,148	50,693	(2,445,047)	2,349,082
Non-current interest-bearing loans and borrowings (excluding items listed below)	57,018,894	(17,827,152)	-	5,000,000	44,191,742	(27,131,438)	-	84,070,300	101,130,604
Non-current obligations under finance leases (Note 28(a))	1,049,352	(451,658)	7,168,946	-	7,766,640	(2,458,148)	337,307	-	5,645,799
Total liabilities from financing activities	140,641,412	-	9,568,800	30,360,903	180,571,115	-	388,000	65,298,970	246,258,085

31. Changes in liabilities arising from financing activities (contd.)

Company

	1 January 2017 RM	Others RM	New leases (Note 12) RM	Cash flows RM	31 December 2017 RM	Others RM	Cash flows RM	31 December 2018 RM
Current interest-bearing loans and borrowings (excluding items listed below)	75,897,759	11,667,144	-	5,241,135	92,806,038	25,769,058	(7,804,876)	110,770,220
Current obligations under finance leases (Note 28(a))	515,399	451,658	123,768	(536,738)	554,087	481,792	(554,087)	481,792
Non-current interest-bearing loans and borrowings (excluding items listed below)	49,496,506	(11,667,144)	-	5,000,000	42,829,362	(25,769,058)	84,070,300	101,130,604
Non-current obligations under finance leases (Note 28(a))	1,049,352	(451,658)	262,232	-	859,926	(481,792)	-	378,134
Total liabilities from financing activities	126,959,016	-	386,000	9,704,397	137,049,413	-	75,711,337	212,760,750

32. 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.

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 RM130,917,800 (2017: RM130,917,800) relating to corporate guarantees provided by the Company to banks and financial institutions for 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.

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

(a) Credit risk (contd.)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. 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 either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(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 maintain sufficient liquid financial assets and stand-by credit facilities with eight different banks. At the reporting date, 57% (2017: 71%) and 52% (2017: 68%) of the Group's and the Company's loans and borrowings (Note 23), 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.

	On demand or within one year RM	**One to five years** RM	**Over five years** RM	**Total** RM
At 31 December 2018				
Group				
Financial liabilities				
Trade and other payables	88,757,189	10,967,648	-	99,724,837
Loans and borrowings	141,980,884	92,442,401	24,667,585	259,090,870
Total undiscounted financial liabilities	230,738,073	103,410,049	24,667,585	358,815,707

32. 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 2018 (contd.)				
Company				
Financial liabilities				
Trade and other payables	133,821,170	7,517,572	-	141,338,742
Loans and borrowings	113,155,249	86,726,799	24,667,585	224,549,633
Financial guarantee contracts*	130,917,800	-	-	130,917,800
Total undiscounted financial liabilities	377,894,219	94,244,370	24,667,585	496,806,175
At 31 December 2017				
Group				
Financial liabilities				
Trade and other payables	80,476,711	-	-	80,476,711
Loans and borrowings	131,987,137	49,557,147	7,448,205	188,992,489
Total undiscounted financial liabilities	212,463,848	49,557,147	7,448,205	269,469,200
Company				
Financial liabilities				
Trade and other payables	78,010,180	-	-	78,010,180
Loans and borrowings	95,928,296	40,471,036	7,448,205	143,847,537
Financial guarantee contracts*	130,917,800	-	-	130,917,800
Total undiscounted financial liabilities	304,856,276	40,471,036	7,448,205	352,775,517

* Based on the maximum amount that can be called under the financial guarantee contracts.

32. 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 RM224,396 (2017: RM117,796) and RM221,808 (2017: RM103,503) 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 and the Company have 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 and the Company use 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.

- Major tenants 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 and the Company review the financial status of prospective tenants and decide 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.

33. Financial assets and financial liabilities

(a) Financial assets

	Group 2018 RM	Group 2017 RM	Group As at 1.1.2017 RM	Company 2018 RM	Company 2017 RM	Company As at 1.1.2017 RM
Financial assets at fair value through profit and loss						
Investment securities (Note 20)	-	9,344	7,639,310	-	-	-
Current and non-current debt instruments at amortised cost						
Trade and other receivables (Note 18)	39,651,513	31,110,778	28,222,774	97,658,591	57,070,761	64,076,357
Cash and bank balances (Note 21)	47,519,136	37,696,717	22,911,918	24,798,834	24,147,217	16,813,405
Total current and non-current debt instruments at amortised cost	87,170,649	68,807,495	51,134,692	122,457,425	81,217,978	80,889,762
Total financial assets	87,170,649	40,816,839	58,774,002	122,457,425	81,217,978	80,889,762

Debt instruments at amortised cost include trade and other receivables and receivables from related parties.

(b) Financial liabilities

	Group 2018 RM	Group 2017 RM	Group As at 1.1.2017 RM	Company 2018 RM	Company 2017 RM	Company As at 1.1.2017 RM
Current and non-current financial liabilities at amortised cost						
Trade and other payables (Note 25)	99,724,837	80,476,711	65,060,579	136,997,397	76,944,698	51,346,761
Loans and borrowings (Note 23)	246,258,085	180,571,115	140,641,412	212,760,750	137,049,413	126,959,016
Total current and non-current financial liabilities	345,982,922	261,047,826	205,701,991	349,758,147	213,994,111	178,305,777

34. Segment information

The management prepared the Group's segmental information using management approach, which requires presentation of the segments on the basis of internal reports of components of the entity.

The Group's main business segments are 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Details on geographical segments are not applicable as the Group operates predominantly in Malaysia.

34. Segment information (contd.)

	Property development activities		Property holding and management		Construction works		Elimination			Per consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	Note	2018	2017
	RM	RM	RM	RM	RM	RM	RM	RM		RM	RM
Revenue:											
External customers	180,048,496	107,659,915	4,076,458	3,701,517	54,957,875	18,448,913	-	-		239,082,829	129,810,345
Inter-segment	-	-	-	-	105,058,128	58,039,143	(105,058,128)	(58,039,143)	A	-	-
Total revenue	180,048,496	107,659,915	4,076,458	3,701,517	160,016,003	76,488,056	(105,058,128)	(58,039,143)		239,082,829	129,810,345
Results:											
Interest income	1,268,839	2,294,253	-	-	3,270,104	2,967,635	(4,301,779)	(5,074,710)	B	237,164	187,178
Dividend income from investment securities	316	182,416	-	-	-	87	-	-		316	182,503
Interest income from licensed bank	4,526	9,912	-	-	-	-	-	-		4,526	9,912
Fair value gain on investment properties	-	-	-	24,415	-	-	-	-		-	24,415
Depreciation	912,175	918,223	15,024	11,147	716,199	638,832	-	-		1,643,398	1,568,202
Other non-cash expenses	3,786	-	-	-	133,167	454,586	-	-	C	136,953	454,586
Segment profit	14,325,531	7,950,093	2,596,737	2,270,370	16,392,900	2,199,646	8,498,467	6,073,091		41,813,635	18,493,200
Assets:											
Additions to non-current assets	12,766,657	5,237,710	17,301,135	7,192,456	584,825	11,070,813	(824,368)	(135,507)	D	29,828,249	23,365,472
Segment assets	627,144,059	547,460,955	81,513,218	63,463,910	100,008,212	31,853,400	(79,469,432)	(29,614,067)		729,196,057	613,164,198
Segments liabilities	271,138,145	202,054,425	15,583,725	17,674,873	93,183,283	75,268,011	(12,125,363)	(16,607,458)		367,779,790	278,389,851

34. 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.

	2018 RM	**2017** RM
Property, plant and equipment written off	136,953	454,586

D. Additions to non-current assets consist of:

	2018 RM	**2017** RM
Investment in associate	48,951	49
Inventories - land held for development	68,379	47,703
Property, plant and equipment	12,906,835	16,013,996
Completed investment property	-	24,415
Investment property under construction	16,804,084	6,971,447
Other receivables	-	307,862
	29,828,249	23,365,472

35. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain strong credit rating and healthy capital ratios in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 2018 and 31 December 2017.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep the gearing ratio between 25% and 50%. The Group and the Company include 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.

35. Capital management (contd.)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Loans and borrowings	23	246,258,085	180,571,115	212,760,750	137,049,413
Trade and other payables	25	99,724,837	80,476,711	136,997,397	76,944,698
Less: Cash and bank balances	21	(47,519,136)	(37,696,717)	(24,798,834)	(24,147,217)
Net debt		298,463,786	223,351,109	324,959,313	189,846,894
Equity attributable to the owners of the Company		345,004,735	318,589,962	324,958,505	316,603,698
Capital and net debt		643,468,521	541,941,071	649,917,818	506,450,592
Gearing ratio		46.38%	41.21%	50.00%	37.49%

36. Dividends

	Group and Company 2018 RM	Group and Company 2017 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single-tier dividend for 2017: 0.75 sen per share	3,723,041	-
- Interim single-tier dividend for 2017: 2.00 sen per share	-	9,928,113
	3,723,041	9,928,113

An interim single-tier dividend in respect of the financial year ended 31 December 2018 of 1.50 sen on 496,405,652 ordinary shares, amounting to a dividend payable of RM7,446,085 has been approved by the board on 29 March 2019 and will be paid on 10 May 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

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
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	28	3.28	983	0.00
100 to 1,000	367	43.02	119,263	0.02
1,001 to 10,000	227	26.61	1,132,844	0.23
10,001 to 100,000	165	19.34	6,200,526	1.25
100,001 and 24,820,281(*)	60	7.03	127,988,640	25.78
24,820,282 and above (**)	6	0.70	360,963,396	72.72
Total	**853**	**100.00**	**496,405,652**	**100.00**

* - Less than 5% of issued holdings
** - 5% and above of issued holdings

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	-	-
Datuk 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 29 MARCH 2019

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.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Hiap Ghee Seng Sdn. Bhd.	102,016,078	20.55
2.	Sharifah Deborah Sophia Ibrahim	99,366,120	20.02
3.	RHB Nominees (Asing) Sdn. Bhd. Exempt An for RHB Securities Singapore Pte. Ltd. (A/C Clients)	83,975,064	16.92
4.	Kenanga Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ng Cheng Chuan	25,654,814	5.17
5.	RHB Nominees (Asing) Sdn. Bhd. Bangkok Bank Berhad Pledged Securities Account for Ng Cheng Chuan	25,000,000	5.04
6.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Microsite Enterprise Sdn. Bhd.	24,951,320	5.03
7.	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte. Ltd. (Client Account)	22,546,192	4.54
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	22,134,898	4.46
9.	Pelita Holdings Sdn. Bhd.	12,211,080	2.46
10.	UOBM Nominees (Tempatan) Sdn. Bhd. United Overseas Bank Nominees (Pte.) Ltd. for Chew Chiaw Han	8,546,720	1.72
11.	Ong Hong Lian	7,922,000	1.60
12.	Lee Keck Liang	7,192,708	1.45
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hiap Ghee Seng Sdn. Bhd.	6,468,462	1.30
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Chiaw Han	4,480,000	0.90
15.	Tan Hock Liong	3,688,000	0.74

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

TOP THIRTY SHAREHOLDERS (CONTD.)

No.	Shareholder Name	No. of Shareholdings	% of Shareholding
16.	Khor Kowi Kim	2,875,300	0.58
17.	Chew Chiaw Han	2,848,720	0.57
18.	Orienter Intertrade Co. Sdn. Bhd.	2,700,000	0.54
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.	Ting Ding Ing	1,625,120	0.33
22.	Ong Li Xin	1,600,000	0.32
23.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Ng Chee Meng	1,543,920	0.31
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Kee Tiong	1,099,120	0.22
25.	Chin Chiew Ted	1,005,000	0.20
26.	Ling Ah Chiong	990,584	0.20
27.	Goh Lee Fung	700,000	0.14
28.	Chieng Ung Kwong	686,000	0.14
29.	Sim Wee Ann	646,600	0.13
30.	Chew Miaw Ee	607,920	0.12

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY

	No. of shares held			
Name of Directors	Direct	%	Indirect	%
Sharifah Deborah Sophia Ibrahim	99,366,120	20.02	-	-
Ng Cheng Chuan	87,077,478	17.54	35,720,720 *	7.20
Datuk Chew Chiaw Han	15,875,440	3.19	130,619,438 **	26.32
Datuk (Dr.) Ting Ding Ing	1,625,120	0.33	-	-
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 29 MARCH 2019

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	GRN78930 Lot 20019 Seksyen 65, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan KL	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	H.S.(D)120172, PT12, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.8150	2.0139	-	16,486,680.00	11.09.2017
4	H.S.(D)120171, PT11, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.6219	1.5367	-	12,441,777.00	11.09.2017
5	Lot 3530, Muara Tebas LD, Sg. Nida, Kuching*	Freehold/ Perpetuity	Residential Development	2.0113	4.9700	-	8,128,949.37	29.12.2010
6	H.S.(D)120169, PT9, Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor	99 years/ 06.10.2097	Vacant Commercial Land	0.3505	0.8660	-	8,071,952.00	11.09.2017
7	Portion of Lot 1315, Block 11, Muara Tebas LD, Sg. Laruk, Kuching *	Freehold/ Perpetuity	Single Storey Commercial Mall	0.9990	2.4685	8.5	6,098,435.37	29.12.2010
8	Lot 4271, Muara Tebas LD, Ulu Sg. Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.8400	14.4310	-	5,993,038.25	30.07.2003
9	Lot 4587, Muara Tebas LD, Sg. Ni-Ada, Kuching	Freehold/ Perpetuity	Residential Development	5.4190	13.3910	-	5,561,005.87	04.08.2003
10	Portion of Lot 9200, Block 11, Muara Tebas LD, Sg. Laru, Kuching *	Freehold/ Perpetuity	Single Storey Commercial Mall	0.9060	2.2390	8.5	5,530,713.47	29.12.2010

* Ibraco Berhad as the beneficial owner.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting ("**AGM**") of Ibraco Berhad will be held at Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on **Friday, 24 May 2019 at 11.30 a.m**. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. *(Please refer Explanatory Note 1)*

2. To approve the payment of Directors' fees of up to RM1,000,000 and benefits payable to the Directors up to an aggregate amount of RM60,000 from 1 January 2019 until the next AGM of the Company. Resolution No. 1

3. To re-elect the following Directors who are retiring by rotation in accordance with Article 83 of the Company's Articles of Association:- *(Please refer Explanatory Note 2)*

   i. YBhg. Datuk (Dr) Philip Ting Ding Ing — Resolution No. 2
   ii. Mr. Guido Paul Philip Joseph Ravelli — Resolution No. 3
   iii. Mr. Liu Tow Hua — Resolution No. 4

4. To re-appoint Messrs. Ernst & Young as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to determine their remuneration. Resolution No. 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions and special resolution:-

5. <u>**ORDINARY RESOLUTION**</u> *(Please refer Explanatory Note 3)*
   <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 in accordance with the Malaysian Code on Corporate Governance :-

   a) YBhg. Datuk (Dr) Philip Ting Ding Ing *(subject to the passing of Resolution No. 2)* — Resolution No. 6
   b) Mr. Guido Paul Philip Joseph Ravelli *(subject to the passing of Resolution No. 3)* — Resolution No. 7
   c) Mr. Ng Kee Tiong — Resolution No. 8

6. <u>**ORDINARY RESOLUTION**</u>
   <u>Authority to Allot and Issue Shares Pursuant to Sections 75 & 76 of the Companies Act, 2016</u>
   "THAT subject always to the Companies Act, 2016 ("**ACT**"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of any relevant authorities, where such approval is required, the Directors be and are hereby authorized and empowered pursuant to Sections 75 & 76 of the Act 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 AGM of the Company. Resolution No. 9 *(Please refer Explanatory Note 4)*

7. **SPECIAL RESOLUTION** Resolution No. 10
Proposed Adoption Of The New Constitution Of The Company *(Please refer Explanatory Note 5)*
"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix A of the Annual Report 2018 be and is hereby adopted as the Company's Constitution with immediate effect.

AND THAT the Board of Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other business of which due notice shall have been given.

By order of the Board,

Yeo Puay Huang (LS0000577)
May Wong Mei Ling (MIA 18483)
Company Secretaries
25 April 2019

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 17 May 2019 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.
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 or under the hand of its duly authorized officer. 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 must be deposited at the Company's Registered Office at No.898 Jalan Wan Alwi, Tabuan Jaya 93350 Kuching, Sarawak not less than 48 hours before the time for holding the 47th Annual General Meeting or at any adjournment thereof.

Explanatory Note 1

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

Explanatory Note 2

The profiles of the Directors standing for re-election are set out in the Profile of Directors appearing on pages 13 to 16 of the Annual Report 2018. Their shareholdings in the Company are set out in the Analysis of Shareholdings on page 158 of this Annual Report.

Explanatory Note 3

The Nomination Committee and the Board have assessed the independence of YBhg. Datuk (Dr) Philip Ting Ding Ing, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong, 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, Mr. Guido Paul Philip Joseph Ravelli and Mr. Ng Kee Tiong as Independent Non-Executive Directors of the Company. The full details of the justification and recommendations for the retention are set out in the Statement of Corporate Governance in the Annual Report 2018.

Explanatory Note 4

The proposed Resolution No. 9, 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 Sections 75 & 76 of the Act under the general authority which was approved by the shareholders of the Company at the 46th AGM held on 25 May 2018 and which will lapse at the conclusion of the 47th AGM to be held on 24 May 2019. A renewal of this authority is being sought at the 47th AGM under Ordinary Resolution No. 9.

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.

Explanatory Note 5

The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the Companies Act, 2016 and the amended Bursa Malaysia Securities Berhad Main Market Listing Requirements as well as to enhance administrative efficiency.

IBRACO BERHAD (011286-P)
Incorporated in Malaysia

FORM OF PROXY

No. of Shares Held :

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

of ....
(Full Address)

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

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

of ....
(Full Address)

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

of ....
(Full Address)

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-Seventh Annual General Meeting of the Company to be held at Hilton Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on Friday, 24 May 2019 at 11.30 a.m. and at any adjournment thereof in the manner as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
1.	Approval for the payment of Directors' Fees		
2.	Re-election of YBhg. Datuk (Dr) Philip Ting Ding Ing		
3.	Re-election of Mr. Guido Paul Philip Joseph Ravelli		
4.	Re-election of Mr. Liu Tow Hua		
5.	Re-appointment of Messrs. Ernst & Young as Auditors		
6.	Retention of YBhg. Datuk (Dr) Philip Ting Ding Ing as Independent Director		
7.	Retention of Mr. Guido Paul Philip Joseph Ravelli as Independent Director		
8.	Retention of Mr. Ng Kee Tiong as Independent Director		
9.	Authorise Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016.		
10.	Adoption of The New Constitution of the Company.		

(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 17 May 2019 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.*
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 or under the hand of its duly authorized officer. 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 must be deposited at the Company's Registered Office at No.898 Jalan Wan Alwi, Tabuan Jaya 93350 Kuching, Sarawak not less than 48 hours before the time for holding the 47th Annual General Meeting or at any adjournment thereof.*

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AFFIX
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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.

2nd fold here

www.ibraco.com

IBRACO BERHAD
(011286-P)

For more information, please contact:

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No. 898, Jalan Wan Alwi, Tabuan Jaya,
93350 Kuching, Sarawak, Malaysia.
t: 082 361 111   f: 082 361 188