Three28 Tun Razak

Stonor 3

Park Manor

IGB Corporation Berhad (5745-A)

The Tank Stream Sydney

The Wembley Penang

IGB International School

Cititel Express Penang

Annual Report 2016

Mid Valley City

IGB Corporation Berhad (5745-A)

Contents

Corporate Information

BOARD OF DIRECTORS

Tan Sri Abu Talib bin Othman
Chairman/Independent Non-Executive Director

Dato' Seri Robert Tan Chung Meng
Group Managing Director

Tan Boon Seng
Executive Director

Tan Boon Lee
Executive Director

Daniel Yong Chen-I
Executive Director

Tan Lei Cheng
Non-Independent Non-Executive Director

Tony Tan Choon Keat
Non-Independent Non-Executive Director

Tan Kai Seng
Independent Non-Executive Director

Yeoh Chong Swee
Independent Non-Executive Director

Chua Seng Yong
Alternate to Dato' Seri Robert Tan Chung Meng

Tan Yee Seng
Alternate to Tan Boon Seng

Tan Jian Hong Aaron
Alternate to Tony Tan Choon Keat

COMPANY SECRETARY

Tina Chan Lai Yin (MAICSA 7001659)

REGISTERED OFFICE

Level 32, The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone : 603-2289 8989
Telefax : 603-2289 8802

AUDITORS

PricewaterhouseCoopers (AF1146)
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
Telephone : 603-2173 1188
Telefax : 603-2173 1288

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Telephone : 603-2783 9299
Telefax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad (807705-X)
No. 2 Leboh Ampang
50100 Kuala Lumpur, Malaysia
Telephone : 603-2070 0744
Telefax : 603-2070 1146

Malayan Banking Berhad (3813-K)
G(E)-016, Ground Floor, Mid Valley Megamall
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Telephone : 603-2289 0098
Telefax : 603-2282 5353

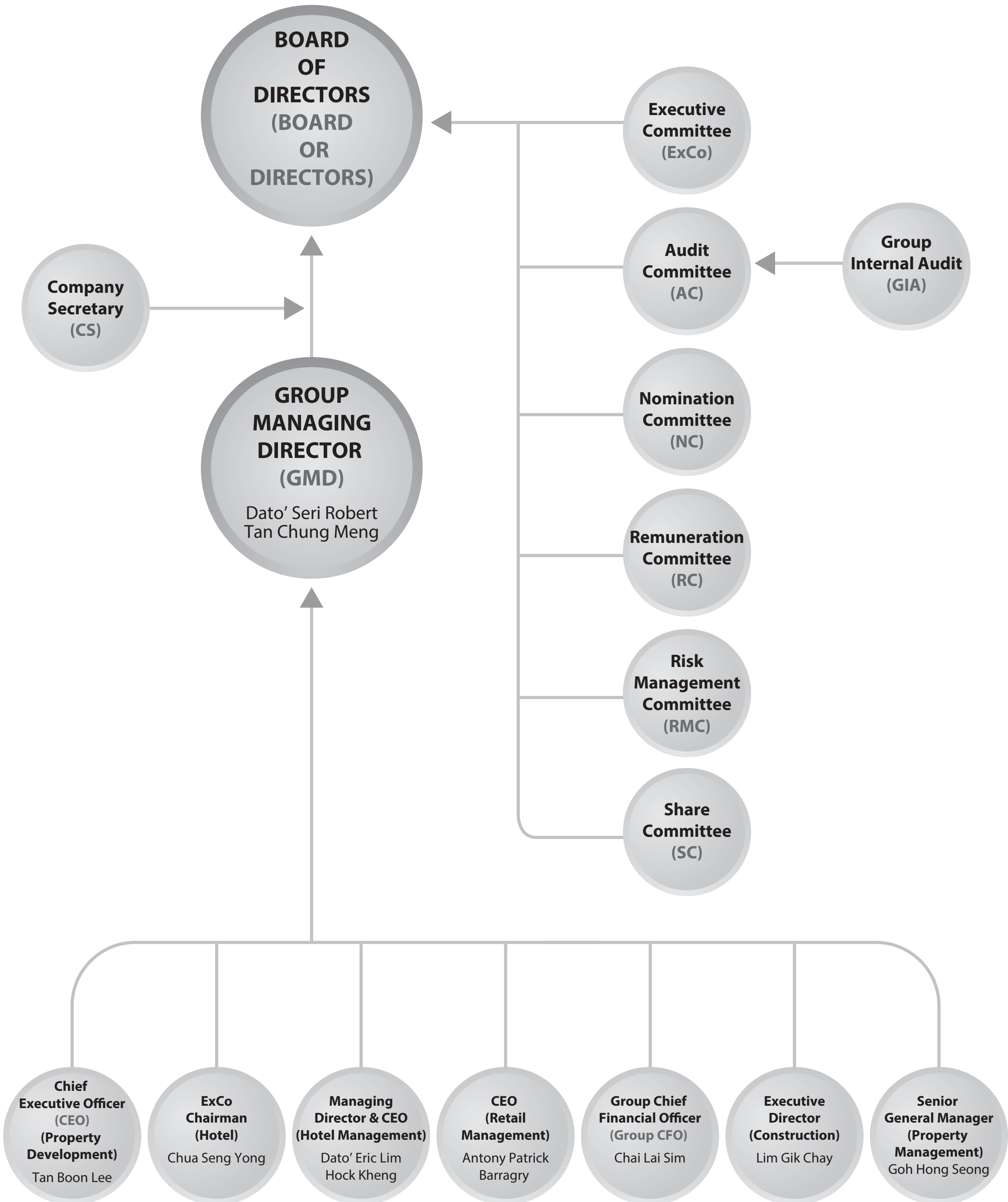
Hong Leong Bank Berhad (97141-X)
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur, Malaysia
Telephone : 603-2773 0280/0289
Telefax : 603-2715 8697

Public Bank Berhad (6463-H)
Head Office, Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur, Malaysia
Telephone : 603-2176 6000
Telefax : 603-2163 9917

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad (Bursa Securities)
Date of Listing : 10 September 1981
Stock Name : IGB
Stock Code : 1597

Corporate Structure



Business Operations

PROPERTY INVESTMENT (Commercial)

Within Mid Valley City

- Centrepoint North Tower
- Centrepoint South Tower
- Menara IGB
- Mid Valley City Southpoint (MVC Southpoint) *(scheduled completion in 2017)*
- The Boulevard Signature Office
- The Gardens North Tower
- The Gardens South Tower

Outside Mid Valley City

- Hampshire Place
- Menara Tan & Tan
- Plaza Permata
- The Ampwalk

EDUCATION

IGB International School (IGBIS)

PROPERTY INVESTMENT (Retail)

IGB Real Estate Investment Trust (IGB REIT)

- Mid Valley Megamall (MVM)
- The Gardens Mall (TGM)

JOINT VENTURES

- Mid Valley Megamall Southkey (MVM Southkey), Johor Bahru
  mixed-use commercial development
  (scheduled completion in 2018)
- 18@Medini, Johor Bahru
  mixed residential and commercial real estate development
- Blackfriars, London
  mixed residential and commercial real estate development
- Chao Phraya River Project, Bangkok
  mixed residential and commercial real estate development

Business Operations
(continued)

HOTEL

MALAYSIA

- Cititel Express Ipoh
- Cititel Express Kota Kinabalu
- Cititel Express Penang
- Cititel Mid Valley
- MiCasa All Suite Hotel
- The Boulevard Hotel
- The Gardens Hotel and Residences
- The Wembley Penang

OVERSEAS

- St Giles Heathrow
- St Giles London
- St Giles Makati, Manila
- The Court, New York
- The Tank Stream, Sydney
- The Tuscany, New York

PROPERTY DEVELOPMENT

Projects completed in the past decade

- Sierramas West, 2007
- Seri Maya, 2007
- Cendana, 2008
- Laman Sierramas West, 2009
- U-Thant Residence, 2009
- Hampshire Place, 2010
- One Jelatek, 2010
- Garden Manor, 2012
- Seri Ampang Hilir, 2013
- G Residence, 2015
- Damai 15, 2015
- Park Manor, 2016
- Three28 Tun Razak, 2016

Current Projects

- Damai Residence
- Kundang Jaya
- Stonor 3
- Taman Melawati

Future Projects

- Kundang North
- Labu
- MiCasa 3
- Stonor 6
- Wangsa Maju

Top 10 Properties by Value

	Description/Existing use	Location/Address	Tenure	Age of building (Years)	Date of acquisition/ revaluation	Group net book value RM'000
1 *	910-room Renaissance Kuala Lumpur Hotel (RKLH)	Corner of Jalan Sultan Ismail and Jalan Ampang, Kuala Lumpur	Freehold	20	23-03-2012	688,861
2	31.5-acre vacant land for proposed mixed commercial development at Southkey, Johor	HS(D) 493555 PTD 208568 and HS(D) 493556 PTD 208569 Mukim Plentong Daerah Johor Bahru	Leasehold expiring 2100	-	03-09-2013	607,911
3	Shopping complex known as TGM together with 4,128 car parking bays	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	10	28-12-2004	508,654
4	Proposed commercial development under construction known as MVC Southpoint at Mid Valley City	PT 15 HS(D) 105028 Section 95A Kuala Lumpur	Leasehold expiring 2103	-	28-12-2004	501,327
5	Shopping complex known as MVM together with 6,102 car parking bays	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	17	17-12-1999	383,318
6	646-room Cititel Mid Valley	Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Leasehold expiring 2103	17	31-12-2011	267,698
7	281-room The Tank Stream, Sydney	97-99 Pitt Street, Sydney, Australia	Freehold	2	06-07-2011	254,473
8	234-room Cititel Express Penang and 415-room The Wembley Penang	123 Nordin Street, 10300 Pulau Pinang and 183 Jalan Magazine, 10300 Pulau Pinang	Freehold	2	19-09-2007	198,825
9	330,000 square feet (sf) office space at Menara Tan & Tan	207 Jalan Tun Razak Kuala Lumpur	Freehold	23	31-01-2002	178,265
10	344.0 hectares vacant land approved for mixed residential and commercial real estate development	Lot 15256 Mukim of Labu, District of Seremban, Negeri Sembilan	Freehold	-	31-01-2002	168,879

* The sale of RKLH was completed on 20 January 2017.

Profile of Directors

TAN SRI ABU TALIB BIN OTHMAN
(Malaysian, male, aged 78)
Chairman/Independent Non-Executive Director

Board Appointment	:	18 July 1995
Board Committee(s)	:	Chairperson of NC and RC, and a member of AC
Academic/Professional Qualification and Experience	:	Tan Sri Abu Talib qualified as a Barrister-at-law from Lincoln's Inn, United Kingdom. He has served in various capacities in the Judicial and Legal Service of the Malaysian Government. He was the Attorney-General of Malaysia from 1980 until his retirement in 1993. He is the Chair of the Board of Governors of IGBIS, the education division of IGB. He also sits on the Boards of several public companies.
Public Company Directorship(s)	:	CYL Corporation Berhad KAF Investment Funds Berhad MUI Continental Berhad

DATO' SERI ROBERT TAN CHUNG MENG
(Malaysian, male, aged 64)
Group Managing Director

Board Appointment	:	30 May 2001
Board Committee(s)	:	A member of ExCo, RC, RMC and SC
Academic/Professional Qualification and Experience	:	Dato' Seri Robert Tan has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years' experience in the property and hotel industries. After studying Business Administration in the United Kingdom, he was attached to a Chartered Surveyor's firm for a year. He had developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB in 1995 when he was Joint Managing Director and subsequently appointed GMD in 2001, a position he currently holds today. He has been involved in various development projects carried out by IGB, in particular Mid Valley City. From inception to the realisation of MVM and TGM, he was actively involved in every stage of their developments. He is instrumental to the development and success of MVM and TGM, and more importantly, in retaining their positions as prime shopping hotspots in the Klang Valley.
Public Company Directorship(s)	:	IGB REIT Management Sdn Bhd (IGBRM), the Manager of IGB REIT *(Managing Director)* Goldis Berhad (Goldis) *(Executive Director)* Wah Seong Corporation Berhad (WSCB) *(Non-Executive Chairman)* Tan & Tan Developments Berhad (Tan & Tan) Yayasan Tan Kim Yeow

TAN BOON SENG
(Malaysian, male, aged 61)
Executive Director

Board Appointment	:	20 December 1990
Board Committee(s)	:	Chairperson of ExCo, and a member of RMC and SC
Academic/Professional Qualification and Experience	:	Tan Boon Seng holds a Master of Arts from Cambridge University, United Kingdom. He joined IGB in 1980 as General Manager, appointed as Managing Director in 1991, re-designated to Joint Managing Director in 1995 and subsequently, Executive Director on 30 May 2001.
Public Company Directorship(s)	:	Lee Hing Development Limited, a company listed on The Stock Exchange of Hong Kong Limited. *(Chairman and Managing Director)*

Profile of Directors
(continued)

TAN BOON LEE
(Malaysian, male, aged 53)
Executive Director

Board Appointment	:	10 June 2003
Board Committee(s)	:	A member of ExCo, RMC and SC
Academic/Professional Qualification and Experience	:	Tan Boon Lee holds a Bachelor of Economics from Monash University, Australia and a Master in Business Administration from Cranfield School of Management, United Kingdom. He is presently CEO of Tan & Tan. He has 30 years of experience in the property and hotel industries. He has provided management and technical assistance to hotel and hospitality projects in Malaysia and as well as across Asia. In the 1990's, he spearheaded IGB Group's growth into emerging economies of Myanmar and Cambodia via the Group's hotel division. He was President of Malaysian Association of Hotel Owners (MAHO) from 2002 to 2004.
Public Company Directorship(s)	:	IGBRM *(Executive Director)* Goldis *(Executive Director)* Tan & Tan *(CEO)* SW Homeowners Berhad Dato' Tan Chin Nam Foundation

DANIEL YONG CHEN-I
(Malaysian, male, aged 45)
Executive Director

Board Appointment	:	24 May 2016
Board Committee(s)	:	A member of ExCo and RMC
Academic/Professional Qualification and Experience	:	Daniel Yong is a law graduate from the University of Bristol, England. He is presently Joint Chief Operating Officer (MVM). He joined Mid Valley City Sdn Bhd (MVC) in 1999 as a member of the pre-opening retail development team. He was appointed Executive Director of MVC in 2003 and has been responsible for overseeing the management and operation of MVM since. He was also involved in the design and pre-opening of TGM from 2004 to 2007. His prior work experience includes the development of bespoke systems with BYG Systems Ltd in England and Operational Management with Wah Seong Engineering Sdn Bhd, the distributor and manufacturer for Toshiba Elevator and Escalators in Malaysia
Public Company Directorship(s)	:	IGBRM *(Executive Director)* Goldis *(Executive Director)*

TAN LEI CHENG
(Malaysian, female, aged 60)
Non-Independent Non-Executive Director

Board Appointment	:	10 June 2003
Academic/Professional Qualification and Experience	:	Tan Lei Cheng holds a Bachelor of Commerce from University of Melbourne, Australia; and a Bachelor of Law from King's College, London (LLB Hons.), England. She was admitted to the English Bar in 1983. Ms Tan is a member of Lincoln's Inn and the World Presidents' Organisation Malaysia Chapter. She has over 30 years of experience in property industry and corporate sector. She was CEO of Tan & Tan from March 1995, a property development company that was listed on Bursa Securities until Goldis took over its listing on 8 May 2002, following the completion of the merger between IGB, Tan & Tan and Goldis. She was Executive Chairman and CEO of Goldis from May 2002 to 31 December 2016 until she relinquished the post in December 2016, but remain as a Director and Non-Executive Chairman.
Public Company Directorship(s)	:	Goldis *(Non-Executive Chairman)* IGBRM Tan & Tan Dato' Tan Chin Nam Foundation

Profile of Directors
(continued)

TONY TAN CHOON KEAT
(Singaporean, male, aged 68)
Non-Independent Non-Executive Director

Board Appointment	:	15 July 2003
Board Committee(s)	:	A member of AC and NC
Academic/Professional Qualification and Experience	:	Tony Tan holds a Bachelor of Chemical Engineering from the University of Surrey, England, and a Master in Business Administration from the University of California, Berkeley, United States. He has vast experience in the healthcare industry. He was the founding Managing Director of Parkway Holdings Limited, Singapore until 2000, and Deputy Chairman until his retirement in 2005.
Public Company Directorship(s)	:	Singapore Medical Group Ltd, a company listed on Singapore Exchange Securities Trading Limited Yayasan Tan Kim Yeow

TAN KAI SENG
(Singaporean, male, aged 65)
Independent Non-Executive Director

Board Appointment	:	15 July 2003
Board Committee(s)	:	Chairperson of AC and a member of NC
Academic/Professional Qualification and Experience	:	Tan Kai Seng holds a Bachelor of Accountancy from the National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He started his career with Price Waterhouse, Singapore (now known as PricewaterhouseCoopers LLP), and was Finance Director of Parkway Holdings Limited, Singapore, from 1988 until his retirement in 2005. Mr Tan holds several other directorships in companies in the fields of building construction, investment holdings and water management.

YEOH CHONG SWEE
(Malaysian, male, aged 73)
Independent Non-Executive Director

Board Appointment	:	1 June 2004
Board Committee(s)	:	A member of AC, RC and NC
Academic/Professional Qualification and Experience	:	Yeoh Chong Swee is an approved tax agent and a chartered tax adviser of the Tax Institute, Australia. He is a Fellow of The Chartered Tax Institute, Malaysia, the Association of Accounting Technicians, United Kingdom, and The Malaysian Institute of Chartered Secretaries and Administration. He was Managing Director of Deloitte KassimChan Tax Services Sdn Bhd and Deloitte Touche Tohmatsu Tax Services Sdn Bhd from 1997 to 2004, and both companies are member firms of Deloitte Touche Tohmatsu International. He was also Managing Director of PFA Corporate Services Sdn Bhd from 2003 to 2008, and Vice-Chairman of Tricor Services (Malaysia) Sdn Bhd, from 2009 to 2016.

CHUA SENG YONG
(Malaysian, male, aged 54)
Alternate to Dato' Seri Robert Tan Chung Meng

Board Appointment	:	30 November 1999
Academic/Professional Qualification and Experience	:	Chua Seng Yong holds a Bachelor of Economics from Monash University, Australia, and a Master in Business Administration from Cranfield School of Management, United Kingdom. He joined IGB as Financial Controller in 1994 and has more than 30 years' experience in the property and hotel industries. He is presently the Executive Assistant to GMD and the divisional head of procurement, information technology and corporate and legal affairs of IGB Group.

Profile of Directors
(continued)

TAN YEE SENG
(Malaysian, male, aged 37)
Alternate to Tan Boon Seng

Board Appointment	:	17 May 2012
Academic/Professional Qualification and Experience	:	Tan Yee Seng holds a professional Diploma of Architecture (Royal Institute of British Architects, Part 2) from University of East London, United Kingdom. He is presently Senior General Manager of IGB, overseeing the architectural and property development division. His prior work experience includes being part of the pre-opening team member of G Tower, an integrated offices and hotel building owned by Goldis, where he oversaw the coordination of base building, fit out and operations. He was also involved in the aesthetic realisation of TGM while working at Ensignia Construction Sdn Bhd (the construction arm of IGB) where he was a design architect. There he used his training to create and fine tune the facades and key elements of TGM and MVM. He has also been a design architect at Eric Kuhne Associates in London where he worked on several large mixed-use proposals.
Public Company Directorship(s)	:	IGBRM Tan & Tan

TAN JIAN HONG AARON
(Malaysian, male, aged 33)
Alternate to Tony Tan Choon Keat

Board Appointment	:	29 November 2016
Academic/Professional Qualification and Experience	:	Aaron Tan holds a Bachelor of Arts in Economics from Johns Hopkins University, Baltimore, Maryland, United States. He began his career as a Financial Advisor Associate with UBS Financial Services, Inc from 2008 to 2010, and subsequently promoted as Branch Analyst, specialising in private wealth management in 2010. In 2011, he returned to Malaysia and joined Hong Leong Investment Bank as a Client Relationship Executive until 2013. He then joined Wasco Energy Ltd Group, an international oil and gas and industrial services group as Project and Operations Senior Manager.
Public Company Directorship(s)	:	WSCB Yi-Lai Berhad (YLB) *(Executive Director)* Yi-Lai Industry Berhad

Additional information on Directors:

(i) The interest of securities of Directors in IGB and its related listed entities are shown in Shareholding Statistics in this Annual Report.
(ii) Save and except for Dato' Seri Robert Tan Chung Meng, Tan Boon Seng, Tan Boon Lee, Daniel Yong Chen-I, Tan Lei Cheng, Tony Tan Choon Keat, Tan Yee Seng and Tan Jian Hong Aaron, none of the Directors has any family relationship with any other Director and/or major shareholder of IGB.
(iii) None of the Directors has any conflict of interest in any business arrangement involving IGB Group other than the significant related party transactions disclosed in Notes to the Financial Statements of this Annual Report.
(iv) None of the Directors has been convicted of any offence within the past 5 years.
(v) None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during FY2016.

Profile of Key Senior Management

The Key Senior Management (KSM) team is headed by GMD, Dato' Seri Robert Tan Chung Meng, and his profile is set out in Profile of Directors in this Annual Report.

TAN BOON LEE
(Malaysian, male, aged 53)
CEO (Property Development)

Appointment	:	1 March 1985
Academic/Professional Qualification and Experience	:	Please refer to description under the heading Profile of Directors in this Annual Report
Public Company Directorship(s)	:	Please refer to description under the heading Profile of Directors in this Annual Report

CHUA SENG YONG
(Malaysian, male, aged 54)
Exco Chairman (Hotel)

Appointment	:	I July 1994
Academic/Professional Qualification and Experience	:	Please refer to description under the heading Profile of Directors in this Annual Report

DATO' ERIC LIM HOCK KHENG
(Malaysian, male, aged 66)
Managing Director & CEO (Hotel Management)

Appointment : 1 November 1996

Academic/Professional Qualification and Experience : Dato' Eric Lim is a graduate of the Cornell University Hotel School General Managers' Programme.

He has over 44 years of experience in the hospitality and tourism industry. In 1979, he joined Shangri-La International Hotels & Resorts in Penang to oversee marketing and sales for the group's properties where he remained for the next 18 years. He joined Cititel Hotel Management Sdn Bhd, a subsidiary of IGB, in 1996 to spearhead the Cititel brand name and the Group's hotel properties development of which he is presently the Managing Director & CEO. He was honoured by the Malaysian Association of Hotels (MAH) Penang in 2016 for his key role in forming the organisation's island chapter in 2001 and as a pioneer hotelier. He served as a MAH board member and as a trustee of Malaysian Association of Hotels Training & Education Centre.

ANTONY PATRICK BARRAGRY
(British/Permanent Resident of Malaysia, male, aged 65)
CEO (Retail Management)

Appointment : 1 September 2012

Academic/Professional Qualification and Experience : Antony Barragry holds a Diploma in Architecture from the University of Sheffield and a member of the International Council of Shopping Centres and The International Real-Estate Federation (FIABCI).

He is a qualified architect with more than 40 years of international experience in the design, development and operations of mixed-use developments. His prior work experience includes Jebel Ali Hotel development in Dubai, Putra World Trade Centre in Kuala Lumpur and Kempinski Ciragan Palace Hotel in Istanbul. His career with IGB Group commenced with RKLH in 1993; then, as Project Director for phase 1 of Mid Valley City, including MVM; and subsequent, Executive Director of MVC in 2002, where he spearheaded the development of more than 6 million sf of commercial space in Mid Valley City's phase 2 (TGM and The Gardens Hotel & Residences), phase 3 MVC Southpoint, which is presently under construction) and phase 4 (Northpoint). He was Project Director for the design and construction of St Giles Heathrow, London, and Pangkor Island Beach Resort (PIBR) upgrade in 2004 (presently undergoing redevelopment work and to be converted into luxury villas). He was CEO of Mid Valley City Gardens Sdn Bhd from January 2008 until he relinquished the post in September 2012.

Profile of Key Senior Management
(continued)

CHAI LAI SIM
(Malaysian, female, aged 56)
Group CFO

Appointment	:	1 August 1993
Academic/Professional Qualification and Experience	:	Chai Lai Sim is a member of Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). She has over 30 years of experience in audit, corporate finance, capital management strategy including treasury, financial accounting and taxation in property development, commercial and retail property investment and hospitality industries. She began her career as an articled student with Coopers & Lybrand (now known as PriceWaterhouseCoopers) before joining Tan & Tan as Group Financial Controller in 1993. Following the completion of the merger between Tan & Tan and IGB in 2002, she was appointed Senior Group General Manager of Group Finance and subsequently assumed the present role of Group CFO.

LIM GIK CHAY
(Malaysian, aged 55)
Executive Director (Construction)

Appointment	:	11 April 1994
Academic/Professional Qualification and Experience	:	Lim Gik Chay holds a Bachelor of Sciences in Civil Engineering from University of Memphis, United States. He is a graduate member of the Institution of Engineers Malaysia (IEM). He has over 30 years of experience in construction, project management, design and development in various commercial, residential and high rise projects. He was involved in Singapore condominium construction work prior to joining IGB. In 1994, he joined IGB as Project Engineer, then promoted as Construction Manager, and subsequently assumed the present role of Executive Director (Construction) in 2007 and has been responsible for overseeing the Group's in-house construction projects since. He had overseen the development and construction of Mid Valley City, RKLH, TGM, The Gardens Hotel and Residences, Desa Damansara Condominium, U-Thant Residence, Seri Ampang Hilir, Cendana, St Giles Makati, G Residence, PIBR, MVC Southpoint (presently under construction) and MVM Southkey (presently under construction).

GOH HONG SEONG
(Malaysian, aged 64)
Senior General Manager (Property Management)

Appointment	:	1 September 2010
Academic/Professional Qualification and Experience	:	Goh Hong Seong holds a Bachelor of Engineering (Hons) from Monash University, Melbourne. He is a qualified Professional Engineer and a Fellow of IEM. He has over 40 years of experience in property and township development in public and private sectors. In public sector, he was attached to Penang Development Corporation in the development of Penang State, namely Komtar, Bandar Bayan Baru, Bandar Seberang Perai, Macullum Street Development, Kedah Road Development and Industrial Estates in Bayan Lepas and Seberang Perai. He then joined United Malayan Land Berhad and spent a great deal of time in the development of Bandar Seri Alam Township in Johor before joining IGB as the head of Property Management in 2010, overseeing all commercial office buildings of the Group.

Additional information on KSM:

(i) Save and except for Dato' Seri Robert Tan Chung Meng and Tan Boon Lee, none of KSM has any family relationship with any other Director and/or major shareholder of IGB.
(ii) Save and except for Dato' Seri Robert Tan Chung Meng and Tan Boon Lee, none of KSM has any conflict of interest in any business arrangement involving IGB Group.
(iii) None of KSM has been convicted of any offence within the past 5 years.
(iv) None of KSM has been imposed with any public sanction or penalty by the relevant regulatory bodies during FY2016.

Management Discussion and Analysis

I. OVERVIEW OF IGB

Incorporated in 1964, IGB is a pioneer in the Malaysian property development industry. We have grown from strength to strength, building on our portfolio and expanding our reach beyond Malaysia. Today, IGB manages and develops a core property investment portfolio that spans across Asia, Australia, the United States, and Europe, and actively manages a portfolio of non-property related investments consisting primarily of civil, building construction, investment holding and project management services.

II. CREATING SUSTAINABLE SHAREHOLDER VALUE

Growth in 2016 was subdued as the Malaysian economy continued to be impacted by external factors such as low oil and gas prices, a ringgit that ended the year as Asia's worst performing currency, and increased global economic uncertainty. Two events were of particular significance - the United Kingdom's (UK) vote to leave the European Union, and Donald Trump's election win - driving market volatility in the second half of the year and sparking discussions about the evolving global landscape. Against this backdrop, companies continued to downsize their operations in Malaysia, particularly in the oil and gas sector, impacting both employment as well as office space rentals. With many expatriates leaving the country and Malaysians impacted by a reduction in purchasing power, weaker job prospects, and a rising cost of living, consumer sentiment was low and the property market remained soft, with the number of property transactions – both residential and commercial – falling when compared to 2015.

IGB's performance was sustained in 2016, as we pushed ahead with ongoing projects and remained focused on delivering sustainable long term shareholder value. We believe that our strong fundamentals, low gearing, and geographically diverse portfolio, has allowed us to remain resilient and in a position to weather the challenging environment.

Several significant announcements were made in the year. They included the RM765.0 million agreement to sell Renaissance Kuala Lumpur Hotel (RKLH) in August, the proposed financing of up to RM1.0 billion for the development and construction of MVM Southkey in October, and the incorporation of a private limited company in the UK for the purposes of overseeing the management and construction of our Blackfriars project in London. Our property division also officially launched Stonor 3, a 400-unit luxury development located in the heart of Kuala Lumpur's City Centre (KLCC).

III. KEY FINANCIAL HIGHLIGHTS

5-year Group Financial Highlights

FINANCIAL YEAR		2016	2015	2014	2013	2012
Revenue	RM '000	**1,150,308**	1,167,082	1,176,138	1,087,320	993,851
Profit before tax	RM '000	**534,973**	427,040	422,210	397,844	366,198
Profit attributable to equity holders of IGB	RM '000	**297,993**	216,903	218,111	202,242	180,190
Issued and paid-up share capital (RM0.50)	RM '000	**682,399**	682,399	682,399	682,399	745,148
Capital and reserves attributable to equity holders of IGB	RM '000	**4,502,758**	4,385,140	4,305,404	4,168,870	4,140,642
Total Assets	RM '000	**7,786,196**	7,744,122	7,399,108	6,606,227	7,114,207
Earnings per share (basic)	sen	**22.3**	16.3	16.3	14.5	12.5
Net assets per share	RM	**3.4**	3.3	3.2	3.1	2.9
Gross dividend per share						
- cash dividend	sen	**10.0**	10.0	10.0	7.50	7.50
Share price as at 31 December	RM	**2.41**	2.30	2.60	2.72	2.30
Dividend yield	%	**4.1**	4.3	3.8	2.8	3.3
Total borrowings	RM '000	**2,129,807**	2,451,533	2,146,555	1,558,369	1,696,694
Net borrowings	RM '000	**1,107,397**	1,361,948	1,044,467	487,816	(425,937)
Net debt to Capital and Reserves attributable to equity holders of IGB	Times	**0.25**	0.31	0.24	0.12	(0.10)

Management Discussion and Analysis
(continued)

For FY2016, Group revenue was RM1,150.3 million, down 1% from 2015 where the corresponding figure was RM1,167.1 million. The Property Development and Property Investment (Commercial) divisions saw contributions to the Group decrease by 40% to RM93.6 million (FY2015: RM155.6 million), and 4% to RM124.9 million (FY2015: RM127.7 million), respectively. These decreases were mitigated by higher contributions from the other operating divisions, namely Property Investment (Retail) which saw revenue increase by 5% to RM491.5 million, Hotels whose revenue increased by 6% to RM379.7 million, and Investment which saw revenue increase by 5% to RM60.6 million. Revenue from Investment division was mainly from Mid Valley City Energy Sdn Bhd, the distributor of electricity in Mid Valley City, and from Detik Harapan Sdn Bhd, the operator of IGBIS.

Group pre-tax profit for FY2016 increased by 25% to RM535.0 million from RM427.0 million the year before.

The total dividend payout for FY2016 was 10 sen per share, which was paid out to shareholders on 23 September 2016 (5 sen) and 17 March 2017 (5 sen).

IV. OPERATIONS OVERVIEW

Property Development

The property market continued to be soft in 2016, with demand impacted by several factors including Bank Negara's decision to tighten the rules relating to housing loans, rising costs of living and weaker job prospects, all of which have contributed to many potential buyers holding off on new property purchases. The demand for high end developments in the city centre in particular have been sluggish, with rental demand reflecting the outflow of expatriates in the year. In light of this, we have been extremely selective in new land purchases and have taken a conservative approach, launching only one development.

This year we completed 2 developments – Three28 Tun Razak, a boutique development with 166 units located on Jalan Tun Razak, and Park Manor, a development comprising 41 villas located in the award-winning Sierramas residential estate. Take up rates for these developments as at 31 December 2016 were 96% and 22% respectively. We also have 2 ongoing projects, namely Stonor 3, a collection of 400 luxury curated homes located in the heart of KLCC, and Damai Residence, a boutique luxury residential offering 31 family-sized homes.

We have a long history here in Malaysia, and remain committed to building quality homes for our communities that meet the needs and preferences of buyers today. We are proud to be ranked amongst the top 10 developers in The Edge Malaysia's Top Property Developers' Award for the fourteenth consecutive year, and will continue to work to maintain the high standards and innovative approach to property development that we have become known for.

We believe that the first half of 2017 will continue to be soft, and remain cautious about the local market.

Hotel

The hotel division posted positive growth in FY2016 despite a year marked by a general slowdown in the economy, and a slew of terrorist attacks across the globe, with travel advisories against Malaysia issued by several Governments in the West. Performance was bolstered by the 4 hotels which opened in 2015, namely Cititel Express Ipoh, Cititel Express Penang, The Wembley Penang, and The Tank Stream Sydney.

Generally however, the hospitality industry remained challenging as many companies in the oil and gas sector have downsized their operations and cut costs, which have resulted in a reduction in the volume of travel, entertainment, and meetings. International arrivals to Malaysia have also been impacted this year as Malaysian Airlines withdrew flights from several key markets as part of its ongoing restructuring plans. With an oversupply of hotel rooms in markets such as Kuala Lumpur, Penang, and Manila, in the Philippines, we faced fierce competition which put pressure on room rates and occupancies.

In this environment, we have had to adopt a more aggressive approach to marketing, reaching out to emerging markets through engaging key influencers in select countries such as China. We have also intensified our distribution through electronic channels, including embarking on a digital marketing campaign, and have worked closely with online partners such as travel portals.

Additionally, we worked to better manage our costs, sourcing for cost effect alternatives where possible, implementing an energy savings programme, and exploring the use of local produce as an alternative to imported food stuff in our food and beverage outlets.

We have also continued to differentiate ourselves through our service offerings to encourage brand loyalty amongst our guests so that we continue to be their accommodation of choice. Since their launch, programmes such as "My Passion" and the "St Giles Experience" have had some success in helping to grow our base of returning customers and increasing loyalty.

This year, we also restructured our portfolio of hospitality assets, with the disposal of 3 hotels, namely RKLH, Cititel Express Kuala Lumpur, and Micasa Hotel Apartments, Yangon.

Management Discussion and Analysis
(continued)

Moving forward, the operating environment is expected to continue to be challenging though we expect to see a slight improvement in visitor numbers, boosted by the weaker ringgit, increased air connectivity between China and Malaysia, and the easing of the visa process for tourists from China and India. We anticipate increased cost pressure however, as the Government is set to make a decision on the implementation of the Service Charge Top Up and the proposed Tourism Service Fee.

Property Investment (Commercial)

Occupancy for the Group's office portfolio increased slightly from 87% in 2015 to 89% in 2016. This was in spite of a general slowdown in the economy and an oversupply of office space in the Klang Valley. In the year, we managed to replace approximately 60,300 sf of space out of the 332,942 sf that was vacant as at 31 December 2015.

In view of the soft market this year, we worked to attract new tenants and retaining existing tenants by offering a range of incentives such as longer rent free periods, as well as sought to secure longer term tenancies across a range of businesses and industries so as to reduce tenant concentration risk, where possible. We also continued to improve our customer service, enhancing the environment across all our buildings to ensure top notch security, cleanliness, and maintenance, allowing our tenants to continue to enjoy a pleasant work environment.

Moving forward, we are confident that we will be able to sustain our contribution to the Group and maintain healthy occupancies across all our assets given the prime locations of our buildings and captive market. We will also work to strengthen our management team, allowing them to be better able to support our business objectives.

Property Investment (Retail)

MVM posted positive earnings growth this year despite the challenging economic environment. Consumer sentiment improved slightly from a low in 2015, however, with new malls opening in the Klang Valley, and more people choosing to shop online, the market remained competitive.

To maintain our competitiveness in the market, we carried out asset enhancement initiatives (AEI) to enhance our ambience as well as improve the shopper experience. Fresh brands were brought in to keep the tenant mix dynamic and on trend, and space within the mall was reconfigured which allowed us to add in additional retail space and extend our service category offerings.

Like MVM, TGM was impacted by the challenging economic environment. We continued to post positive growth however, and persisted in our efforts to strengthen our position as a luxury mall.

We carried out AEI to enhance the shopper experience at our malls and reconfigured our retail space, bringing in new brands and relocating existing ones. The latter helped drive sales for TGM, particularly in fashion, jewellery, and watches.

Les Suites at TGM was also introduced this year. A new premium one-stop wedding planning destination located on the roof top of TGM, Les Suites houses 4 local brands, namely The Occasions Eventeur, Mun Keat Photography, Celest Thoi, and The Studio, a multi-brand store featuring local and ASEAN designers.

Consumer sentiment is expected to remain weak in the first half of 2017. With competition in the retail market remaining fierce, and global economic growth expected to be subdued, we remain cautious in our outlook for the year.

Despite this, we remain confident that our proactive asset management strategy and focus on sustainable long term growth will allow us to weather the challenges ahead and continue to create value for all our stakeholders.

Construction

The construction arm of the Group has been busy with several large ongoing projects as listed below. Our main challenges this year have been managing the impact of a Government decision to suspend the recruitment of new foreign workers as well as a ringgit that continued to weaken in the year. As a result of these factors, we experienced a shortage of manpower and saw an increase in the cost of raw materials. To mitigate these challenges, we lock in material costs as soon as possible so that we are not affected by any future increases, and have adopted an Industrialised Building System (IBS) on all our sites. IBS not only allows us to reduce the number of workers we require onsite, but increases overall productivity as well as quality of production.

(a) MVC Southpoint (Parcel 3)

MVC Southpoint is the last major component of our Mid Valley City development. Including car parking, the development has a gross floor area of 2.2 million sf.

Construction works are still ongoing, with the 55-storey structure anticipated to top out by July 2017. A decision last year to convert 19 floors of the upper levels of the tower from offices to residences has necessitated amendments to the approved Development Order (DO). The amended DO is currently awaiting approval from the authorities.

The office levels are expected to be completed for fit out by September 2017, with the residential levels planned to be completed by the second quarter of 2018.

Management Discussion and Analysis
(continued)

(b) MVM Southkey

Works on MVM Southkey, located in Johor Bahru, is progressing, with substructure works completed, and superstructure works targeted for completion by the first quarter of 2018. Architectural, mechanical, and electrical works have commenced, and scheduled for completion in late 2018.

An amendment to the approved DO rationalising the 33-acre development from a single parcel into 2 parcels is currently under application to the authorities. The first parcel currently under development will include the MVM Southkey, which will have a net lettable area of 1.5 million sf. The mall is targeted to open its doors to the public in the fourth quarter of 2018.

(c) PIBR

PIBR is undergoing redevelopment work, and will be converted into 68 luxury villas with 5-star amenities. A DO from the local authorities has been obtained, and an application for the amalgamation of land titles is currently pending approval. Submission of our building plans will be made once the issuance of a new land title is obtained. Subject to these being received, construction work for the resort will commence in 2017.

Education

2016 has seen several companies downsize their operations, resulting in many expatriates leaving Malaysia. This, coupled with increased economic uncertainty and a slowdown in growth, has not augured well for International Schools in Malaysia, including IGBIS.

To mitigate this, we stepped up our marketing efforts in the year to increase brand awareness and attract new students to the school. Various activities were carried out to reach out to a broader pool of families, including organising visits to other schools such as local Chinese schools, the Japanese school, language centres, and early childhood centres, amongst others; participating in activities and events held by various Chambers of Commerce in Kuala Lumpur; setting up Edubooths at TGM to share information about the school; contributing articles in local newspapers which showcase both our teachers and programme; and hosting several Open Days.

IGBIS also started offering scholarships to new students transferring to IGBIS from other schools in Malaysia, and has continued with offering International Baccalaureate (IB) Diploma Scholarships. Certain fee waivers were also offered to students who enrolled with the school on Open Days held.

We also worked towards building loyalty amongst the families of our existing student body, first and foremost by focusing on providing world class educational programmes supported by the recruitment of experienced leaders and educators, but also by introducing a 2-tiered fee structure to pioneer families to encourage them to continue with IGBIS and enrol siblings of pioneer students at the school as well. We have also frozen the fees for the Early Years Programme, and introduced 3 and 5-year loyalty discounts applicable to families who stay with the school.

This year, we expanded our student body and celebrated the outstanding results of our first batch of IB Diploma graduates. 100% of students who took the examinations passed, achieving an average score of 34 points out of 45 (the worldwide average is 29 points), with nearly 20% of students scoring 40 points or higher.

2017 is set to see the international school landscape impacted by more of the same factors that contributed to 2016 being a challenging year. We believe however that we are well placed to take advantage of the potential market available and will push ahead with initiatives to strengthen our brand awareness, and attract new students to the school.

Joint Ventures

18@Medini, a mixed development in Iskandar Malaysia, Johor Bahru, remains under re-evaluation pending an improvement in market conditions.

In Thailand, we remain committed to developing a mixed-use project with our joint venture partner, the Immortal Group Co Ltd, and are finalising the design and development concept for submission to the authorities. The project will sit on a 6-acre site fronting the Chao Phraya River.

We have submitted our plans for our mixed-use development project in London – Blackfriars, and expect to obtain consent from the authorities this year. We are working towards launching the project at the end of 2017.

V. RISK MANAGEMENT

IGB adopts a proactive approach to risk management, and recognises that it is important for our long-term growth. We acknowledge that there are inherent risks involved in doing business, but that there is a need to ensure that risks taken are measured, within the agreed upon risk appetite levels, and are for justifiable business reasons. As such, risks taken by the Group are done so in a prudent manner, and with the aim of growing a sustainable business, creating value for our stakeholders.

Management Discussion and Analysis
(continued)

IGB seeks to grow its recurring income through leveraging opportunities at home and abroad. Set out below are risks identified by KSM that may affect the achievement of the Group's goals.

(a) Funding Risk

As at 31 December 2016, Group borrowings stood at RM2.13 billion, of which RM1.0 billion has been secured for MVM Southkey. Deposits stood at RM1.02 billion. As we push ahead with ongoing projects, additional funding may be needed. Given the current economic climate, the challenge for the Group will be to obtain funding at a reasonable rate to cover the quantum and period required.

(b) Foreign Exchange Risk

The Group has Australian Dollar (AUD) denominated borrowings to fund its overseas ventures, namely The Tank Stream Hotel in Sydney (AUD27.0 million). The Group has taken the position to fund overseas capital expenditure with borrowings denominated in the foreign country's local currency so that it will be naturally hedged against future earnings in the same currency. However, it will not eliminate unrealised translation losses should the ringgit weaken against the foreign currency.

(c) Credit Risk

In the current economic condition, various business divisions expect debtor days to rise compared to previous years. The management has taken steps to manage the credit risks by tightening credit control measures and taking proactive measures to reduce bad debts by vetting new credit applications and starting discussions early with tenants who do not meet their sales targets or who are seen to be delaying payments.

(d) Business/Market Risk

The Group is exposed to both global and in country factors which impact the environment in which we operate. The property market for example has been soft this year with the environment made more challenging by increased competition and a dampened demand as the purchasing power of Malaysians decrease on the back of rising costs of living, a weakening ringgit, as well as weakening job prospects. Our property development business has therefore adopted a more cautious approach this year, holding back on property launches, and working to introduce innovative and environmentally friendly designs and concepts to our new developments to meet the demands and preference of customers.

(e) Competition Risk

As an established player in the market, we have weathered our share of ups and downs. Despite this, we recognised that we cannot rest on our laurels as new and evermore innovative companies are constantly seeking to gain a foothold in the industry and grow their market share.

For example, with the hospitality industry becoming increasing competitive with new players such as Airbnb making inroads in the leisure travel market, our hotels must constantly innovate to come up with new ideas and concepts as well as elevate our brands both locally and internationally, connecting with new and existing customers and growing brand loyalty.

The retail market has seen growing competition from online retailers as well as from an increasing number of malls in the Klang Valley. Both MVM and TGM therefore have to work hard to continually upgrade themselves, carrying out new AEI yearly to both improve the ambience of the malls and enhance the customer experience. They also constantly refresh their tenant mix to keep customers excited and engaged.

(f) Human Capital Risk

Attracting and retaining talent continues to be a challenge across all businesses. With our progressive staff retention strategies and employment engagement programmes, we have managed to maintain a low staff turnover rate within the Group, particularly in comparison to market turnover rates.

People lie at the heart of what we do and who we are, and we remain committed to being an employer of choice, offering employees ample opportunities to upskill themselves, supporting employee well-being, and cultivating a positive work culture that promotes diversity, professionalism, and respect.

Additionally, with the maturing profile of our senior management team increasing, succession planning has become a priority. We are actively identifying potential successors across our business, and work to ensure they have the opportunity to acquire the right skills, obtain the necessary exposure, and receive the support needed to take on ever more demanding roles within the organisation so as to support a business that is sustainable in the long-run. Training and development of all our employees have been a focus for many years.

Management Discussion and Analysis
(continued)

(g) Legal & Regulatory Risk

The Group has a presence in the region as well as in the United States and the UK and are subject to the local laws and regulations in the markets in which we operate. We have in place a framework which monitors ongoing regulatory developments, and communicates them to the relevant businesses to ensure that they are embedded in their day-to-day operations.

In Malaysia this year for example, the Government's decision to stop the intake of foreign workers and increase the levy resulted in a shortage of foreign labour as well as an increase in costs for labour intensive services. All divisions within the Group which rely on foreign workers were impacted, particularly the hotel, construction and retail. To address this, we will be looking to see how we can reduce our dependence on foreign labour, and for example, mechanising some processes, outsourcing select services, hiring local workers, and using pre-fabricated building materials.

The minimum Wage Order 2016 came into effect from 1 July 2016, but its impact was minimally felt throughout the business. We have utilised technology and innovative work improvement processes to reduce dependency on manual labour.

(h) Information Technology (IT) Risk

Cybersecurity risks have increased significantly in the last 2 years. IGB has in place Group-wide policies that govern such areas as IT security, data security, as well as access controls, and conducts regular testing to ensure that there are no gaps in security.

(i) Terrorist Threat

A terrorist attack on any of our properties would be catastrophic not only for our business but for our community. With the increased frequency of terrorist attacks reported around the world, the Group has worked to heighten security at all our buildings, and continue to work closely with the authorities to ensure that we are up to date on any suspected threats. Our malls in particular have increased the presence of security personnel, reviewed their crisis management procedures, and upgraded all closed-circuit television cameras on their premises.

VI. POISED TO BENEFIT FROM A DIVERSIFIED PORTFOLIO AND STRONG FUNDAMENTALS

2017 is expected to be another slow year, with Malaysians continuing to feel the impact of rising costs, a slowdown in growth, and weakening employment prospects, as multinational companies in Malaysia continue to cut costs and downsize their operations here. With the UK grappling with Brexit and President Trump adopting a more protectionist stance, Governments around the world are adjusting to a new global landscape. Global economic outlook therefore continues to be uncertain.

We believe that though IGB will not be completely spared from these developments, we are in a strong position to weather the environment ahead. Our decision to diversify our portfolio, grow our footprint beyond Malaysia and the region, move away from being a traditional property developer, and grow our recurring income, will see us through future uncertainties.

Additionally, IGB continues to boast strong fundamentals, low gearing, and a strong management team, which we believe will allow us to continue to deliver positive growth in 2017.

Sustainability Statement

I. INTRODUCTION

IGB is an investment holding company that invests in and manages a diverse portfolio of commercial, retail, residential, hospitality and educational assets. We also actively manage a portfolio of non-property related investments which include civil, building construction, investment holding and project management services.

This statement sets out our approach to sustainability as well as the initiatives undertaken to drive sustainability in our daily operations. This statement focuses on matters that have been identified as material to our businesses as well as our key stakeholders.

II. COMMITMENT TO SUSTAINABILITY

IGB seeks to achieve positive and sustainable outcomes not just for our businesses but also for the environment, our communities, and future generations. To achieve such goals, we harness our strengths across the Group, working collaboratively to drive sustainability and address challenges faced. We also seek to work with like-minded individuals and organisations as we continue to build our business and expand our footprint.

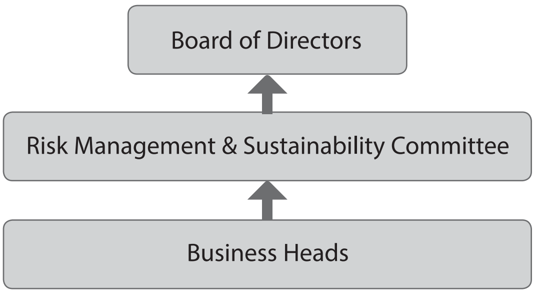
We strongly believe that growing sustainably goes beyond our business. It means growing sustainably as a community. As such, in our pursuit of sustainability, people are our priority. Such people include our employees, business partners, associates, tenants, customers, investors, and local communities. It is people who drive us forward, support our growth, and allow us to enrich the lives of those around us and create value for stakeholders.

A formal approach to sustainability for the Group is still in its nascent stages, however we will build upon the baseline framework that we have put in place this year to enable us to better monitor, assess and evaluate our sustainability performance moving forward.

III. SUSTAINABILITY GOVERNANCE STRUCTURE

The Board oversees the Group's sustainability efforts which are driven by RMC. Comprising members of the Exco, the RMC is responsible for formulating, implementing, and monitoring the Group's sustainability strategy, performance, and goals. The implementation of sustainability initiatives within each business sector is then the responsibility of our respective business heads.

IGB's Sustainability Governance Structure is as follows:



Our management team attended several workshops on the new Sustainability Reporting Guidelines and engaged an external consultant which provided a more detailed perspective on sustainability.

IV. MATERIALITY PROCESS

We adopt a bottom up approach to identify and evaluate material factors that are relevant and substantial to the Group's performance and sustained growth. Each business sector identified their respective economic, environmental, and social (EES) contributions and assessed the weightage placed on each EES contribution for their business.

(a) Economic

Enriching Communities

IGB believes that our success is intrinsically linked to the success of our communities and we must support one another and invest in our joint futures to thrive. As such, the Group continues to engage and contribute to the communities in which we operate, as well as invest and work to enrich the lives of those around us.

We also strive to support local businesses where we can to support their continued growth and do our part to help create jobs for the local community.

Sustainability Statement
(continued)

(b) Environmental

IGB continually strives to improve our environmental performance. We seek to adopt environmentally-friendly solutions across our businesses to minimise pollution and other adverse impacts on the environment. Our commitment to protect the environment goes beyond Malaysia to countries abroad where we have ongoing operations.

(i) Product and Service Responsibility

IGB holds a diverse portfolio of assets, including hotels, offices, malls, and residential developments. Our assets, through their lifetime, have a significant impact on the environment and the local communities in which they are based. As such, we have a responsibility to adopt responsible practices from the outset and beyond.

Our property development and construction divisions have set out environmental management strategies, engaging Green Building Index (GBI) consultants to cultivate and improve our GBI practices, review project designs and provide input on achieving a greener and more sustainable outcome. We also use real estate construction green tools to benchmark all our projects to aid us in developing sustainable designs. These green tools draw from sustainable issues such as energy efficiency, indoor air quality, water efficiency, and environmental protection.

We also believe in preserving the natural environment. For our hill slope sites, we work to ensure that our designs respect the natural terrain and maintain natural contours, only allowing earthworks that are necessary. These efforts not only preserve the natural environment but also ensure slope and soil stability. Additionally, our projects seek to minimise the number of trees that we cut down on site as we recognise that trees are homes to wildlife, and nature's way of storing carbon and protecting the soil from erosion, and mitigating floods. Trees that are removed are replaced on site through our landscaping programmes.

(ii) Water Conservation

IGB, through our various businesses, seeks to both conserve water as well as raise awareness amongst our employees and communities about the role they can play to preserve this precious resource.

In 2014, MVM and TGM kick started efforts to reduce water consumption and increase the efficiency in which water is used. Both malls carried out AEIs to reduce the combined 1.3 million cubic metres of water used per year. Recycled water from chillers in the malls were utilised to water plants and wash common areas, flushing systems at both malls were upgraded to improve water efficiency, and two roof top water tanks were installed to harvest rainwater for landscaping.

Water consumption is monitored on a monthly basis, and any significant increase is investigated to preserve this valuable resource. Tenants and employees are also encouraged to conserve water, particularly in food and beverage outlets in our malls and hotels. Management also continually explores measures to reduce water usage, such as upgrading fixtures and fittings to those that are more water efficient.

(iii) Waste Management

Though in its early stages, we have taken active steps to enhance recycling by providing our employees, tenants, and contractors the necessary support to segregate recyclable materials from general waste. Through this initiative, we have seen a greater percentage of people making the effort to separate their recyclables.

Additional efforts to better manage waste have been made within each business. For example, on our construction sites, we have appointed waste management representatives to minimise pollutants and encourage the use of renewable resources. The representatives also look into accurately measuring waste produced and setting realistic targets to ensure minimum wastage. We also make sure that all GBI guidelines, including those on waste management, are clearly communicated to all personnel on site, including our contractors and strictly adhered to.

Food waste forms a considerable portion of the total waste generated by both TGM and MVM. As such, we have since 2012 taken steps to compost part of this waste, and currently compost approximately 500kg of food waste a week.

(iv) Energy Conservation

Conserving energy is important to our businesses, the environment, and the community. Businesses across the Group have been proactively reducing energy consumption and closely monitoring electricity consumed.

TGM, MVM, and our office buildings have installed LED lightings to reduce electricity used. We ensure that the majority of lights in common areas are turned off by a pre-determined time. Additionally, the settings on air conditioning in all our buildings have been adjusted to ensure efficient usage. For development projects, our designs incorporate natural lighting to minimise the need to turn on lights indoors.

Sustainability Statement
(continued)

(c) Social

(i) Health and Safety

Occupational health, safety and environment (OHSE) are of utmost importance to the Group and covers all our employees, tenants, contractors, suppliers, and communities who use our assets and facilities.

Divisional heads are accountable for the OHSE performance of their respective units, with key performance indicators reflecting their commitments. Safety committees have also been set up, with members trained to ensure that all occupational health and safety regulations and guidelines are strictly adhered to. Periodic audits and reporting at quarterly meetings ensure that all safety issues, if or as and where they arise are addressed immediately.

We also work to educate and support the overall health and well-being of our employees. For example, all employees receive free annual check-ups, with executive screenings for managers and senior management staff. All employees also have access to subsidised gym memberships, and are encouraged to participate in weekly sporting activities organised by the Company. Additionally, our employees are covered for outpatient healthcare services, in-patient hospitalisation treatments, specialist medical services, and worldwide coverage as part of the Group's Personal Accident insurance programme.

(ii) Human Capital Management

IGB's human capital strategies aim to recruit, train, and develop motivated employees who have the skills, knowledge, and passion, to support and drive our continued growth. To ensure that all our employees receive the support and training they need to be the best that they can be, we provide equal opportunities for training and development, and reward them based on performance, contribution, and experience. We also believe in actively engaging all staff to encourage open lines of communication which not only help us better understand our people but also allow us to communicate our business goals across all levels of employees.

We do not tolerate any form of discrimination, and work hard to ensure that all employees are treated fairly and with the utmost of respect. Additionally, professional codes of conduct and business ethics policies are firmly established to ensure that we maintain the highest level of honesty and integrity both internally and when dealing with customers, vendors, suppliers, government officials, and the community at large.

Top management encourage an Open Door Policy so that all staff have recourse to a fair review and prompt response to work-related problems or concerns. Grievance processes as well as whistle-blowing procedures are also formally in place to ensure that the highest standards of integrity, transparency, and accountability are practiced.

V. LOOKING AHEAD

IGB has always been focused on driving sustainable growth, enriching lives today as well as for generations to come. Moving forward, we will continue our efforts to build a sustainable business that stakeholders, present and in the future, can be proud of. We will add value across our diversified portfolio and seek to positively impact the communities that we operate in.

Our sustainability journey is an ongoing one which we are fully committed. It is our hope that together with our stakeholders, we will enhance our part in improving the EES of our communities, not only in Malaysia, but in all the countries in which we have presence.

Corporate Social Responsibility

Engaging communities for a sustainable future

IGB's corporate social responsibility efforts seek to support the development of a sustainable future and enrich the lives of our people and communities. This year, we continued to give back to the less fortunate, with businesses within the Group carrying out activities and supporting various campaigns throughout the year.

Empowering the indigenous people of Malaysia

The Wembley – a St Giles Hotel, Penang and Cititel Express Penang, collaborated with the Northern Corridor Investment Authority (NCIA) and Jabatan Hal Ehwal Orang Asli, to kick-start a programme to help empower the indigenous people of Malaysia. The programme seeks to provide participants with skills and knowledge in hospitality so that they can become financially independent.

Participants undergoing programme training

Certification ceremony

The students who took part in the programme were recruited from settlements in the northern Perak region, and ranged in age from 19 to 25 years old. They embarked on a 6-month programme, accredited by the Ministry of Human Resources (MOHR), which included both classroom and on the job training. Students who successfully completed the training received a certificate of competency issued under Skim Kemahiran Malaysia (Malaysia Competency Scheme) by MOHR and were offered jobs.

In 2016, there were a total of 40 students who participated in the programme, with 39 completing it successfully.

Spreading goodwill and cheer

IGB REIT, a subsidiary of the Group, continued to help spread goodwill and cheer through activities carried out at MVM and TGM. Both malls carried out a series of events during the holidays which sought to help the less fortunate and ensure that they shared in the nation's festivities.

Chinese New Year

During Chinese New Year, TGM distributed care packages to families under the care of Kechara Food Bank, an initiative by the Kechara Soup Kitchen. A cheque donation was also made to support the Kechara Soup Kitchen Society's efforts to provide sustenance and basic medical care for the homeless and urban poor in Malaysia.

Volunteers with some of the care package recipients

A cheque donation made by TGM

Corporate Social Responsibility
(continued)

The Angry Birds Movie

In conjunction with the opening of The Angry Birds Movie, MVM partnered with HSBC to put up a feature display. 50 children from Rumah K.I.D.S and Yayasan Chow Kit met characters from The Angry Birds Movie, attended The Angry Birds Kids Party, and went home with a goodie bag as well as a McDonald®'s Happy Meal.

The Angry Birds Movie feature display

Children enjoying The Angry Birds Movie feature display

Hari Raya

A variety of activities were carried out during Hari Raya. The Malaysian Association for the Blind (MAB) set up a kiosk at MVM during the festive period and raised funds through the sale of a variety of merchandise and snacks.

MVM's Hari Raya Kampong

Shoppers browsing the MAB Shoppe's Hari Raya offers

TGM hosted a Hari Raya lunch for the Semai community at the 'Pusat Didikan Komuniti – Cenwaey Penaney', a learning centre that TGM had helped build in 2014. Care packages were also distributed and a cheque donation was made to the Center for Orang Asli Concerns to support initiatives carried out for 'Pusat Didikan Komuniti – Cenwaey Penaney'.

Volunteers with the Semai Community

Out and about with the children of the Semai Community

Corporate Social Responsibility
(continued)

Christmas

Several activities were carried out during the Christmas period. The Malaysian Nature Society and WWF-Malaysia raised funds through collecting donations and selling a variety of merchandise.

Underprivileged children from Rumah K.I.D.S and Yayasan Chow Kit were also invited to MVM where they took part in an arts and crafts session, enjoyed a wonderful lunch at Chilli's Grill & Bar, and watched a movie. The day ended with the children going home with a goodie bag filled with Christmas treats.

A string of Santa Meet & Greet sessions were held at MVM, raising funds for the Agathians Shelter, a children's home in the Klang Valley.

Children from Rumah K.I.D.S and Yayasan Chow Kit at their Christmas celebration

Children at the Santa Meet & Greet sessions

TGM worked with the Kechara Soup Kitchen Society to prepare food packs for the underprivileged and made a cheque donation to the organisation.

Volunteers ready to distribute food packs to the underprivileged

Distributing food packs to the underprivileged

Mid Valley City Charity Run (MVCCR) 2016

The "Crazy Bottom Carnival" themed MVCCR saw 3,000 participants don a range of fun bottoms and raise funds for the Malaysian Red Crescent. The run, in its third year, was co-organised by MVM and TGM, and in partnership with HSBC.

MVCCR participants in their "Crazy Bottoms"

MVCCR was a family event for Malaysian Red Crescent

Corporate Social Responsibility
(continued)

Spaces for a good cause

MVM and TGM also supported a range of charities and causes by providing the use of promotional spaces free of charge. Some of the organisations that benefitted from the use of these spaces this year include:

- Dengue Free Malaysia Movement 2016 - Country Heights Holdings Berhad
- National Eye Health Awareness (NEHA) Campaign 2016 - the Association of Malaysia Optometrist (AMO)
- Unfortunate Tales of Treeless World Campaign 2016 - the Malaysian Nature Society (MNS)
- Race Kit Collection for Royal Bank of Canada (RBC) Race For The Kids KL 2016 - Persatuan Kebajikan Ronald McDonald Malaysia
- Blood Donation Drive 2016 - Tan Sri Muhyiddin (TSM) Charity Golf Foundation
- Tiger Bio-Bridge Awareness Exhibition by The Body Shop
- Breast Cancer Awareness Campaign 2016 – XIXILI and Estee Lauder Malaysia Sdn Bhd

Dengue Free Malaysia Movement at TGM

Tiger Bio-Bridge Awareness Exhibition at MVM


Breast Cancer Awareness Campaign at TGM

Supporting the game of chess in Malaysia

Every year, MVM supports the development of chess through hosting the Malaysia Chess Festival. This year was no different, with the mall proudly supporting the 13th Malaysia Chess Festival 2016, which saw the participation of 1,500 players from across 19 countries, including 6 players who were physically challenged.

The Malaysian Chess Festival 2016


Young participants at the Malaysian Chess Festival 2016

Looking Ahead

Our people and communities continue to be an integral part of who we are. We firmly believe that ours is a symbiotic relationship that thrives when we all work together. Moving forward, the Group will continue to give back to the less fortunate, reaching out and working to enrich the lives of those around us. It is our hope that through our efforts, we will be able to build a sustainable future not only for our businesses, but for our communities.

Corporate Governance Statement

The Board of IGB recognises that well-defined corporate governance processes are essential in enhancing corporate accountability and long-term business sustainability, and remains committed to ensuring good governance practices in its overall management of IGB and its subsidiaries (Group) to preserve and maximise shareholders' value. In developing its system of corporate governance, the Board is guided by the measures set out in the Main Market Listing Requirements (MMLR) and the principles of good governance contained in the Malaysian Code on Corporate Governance 2012 (MCCG). The policies and practices of the Group, supported by existing internal control processes, are regularly reviewed and refined on the basis of new regulatory requirements and best practices, as well as the needs and circumstances of the Group.

This statement outlines IGB's corporate governance processes and activities that were in place for FY2016 and to the date of this statement. Other than as disclosed and/or explained in this statement, the Board is pleased to report that IGB has complied in all material aspects with the requirements and best practices of MMLR and MCCG. This statement has been made in accordance with the resolution and authority of the Board dated 21 February 2017.

I. BOARD GOVERNANCE MANUAL

(a) Directors Code of Business Conduct and Ethics (Code)

Code provides a clear approach of how IGB expects Board members to conduct themselves. The principles on which Code relies are those that concern transparency, integrity and accountability. It provides clear direction on conducting business, guidance on disclosure of conflict of interest situations, maintaining confidentiality and disclosure of information, good practices and internal control, and the duty to report where there is a breach against Code. Code is periodically reviewed to ensure new facts and circumstances and evolving governance issues are addressed and best practices are incorporated. Code is available on IGB's website at www.igbcorp.com.

(b) Board Charter

Board Charter is aimed at ensuring that Directors acting on behalf of IGB are aware of their roles and responsibilities as Board members and the various legislations and regulations affecting their conduct, and that the principles and practices of good governance are applied in their dealings in respect, and on behalf of IGB. Board Charter covers inter alia, well-defined terms of reference (ToR) as well as the authority limits for the Board and Board Committees (BC), and the various relevant internal process. Board Charter is periodically reviewed to reflect changes to the Board's policies, procedures and processes as well as any development in statutes and regulations that may have an impact on the discharge of the Board's duties and responsibilities. Board Charter was last reviewed on 21 February 2017 to reflect the various changes arising from new requirements and for compliance with standards and best practices that were applicable to IGB. Board Charter is accessible at IGB's website at www.igbcorp.com.

(c) Whistleblowing Policy

Whistleblowing Policy is implemented to strengthen and support good management and at the same time demonstrate accountability, provide good risk management and sound corporate governance practices. The policy provides a platform and acts as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings, or non-compliant conducts. All whistleblower reports are addressed to Whistleblowing Working Group, which comprises the heads of GIA, Group Human Resource (GHR) and Group Corporate & Legal Affairs (GCLA), who are responsible for the administration, implementation and overseeing compliance with the policy, and to investigate, or determine the appropriate corrective or remedial actions that may be warranted in consultation with GMD. Complaints and concerns about possible improprieties in matters of financial reporting or other matters are reported directly to AC who shall ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action. For FY2016, there were no reported incidents pertaining to whistle-blowing.

II. BOARD STRUCTURE AND COMPOSITION

The Board comprises 9 Directors, with 5 Non-Executive Directors (NEDs) (including 3 Independent NEDs (INEDs)) and 4 Executive Directors (EDs) (including GMD) (collectively, Executive Board), with a gender composition of 8 male and 1 female Directors. The Board is headed by Tan Sri Abu Talib bin Othman (Board Chairman), who is an INED. He is joined on the Board by Dato' Seri Robert Tan Chung Meng (GMD), Tan Boon Seng, Tan Boon Lee, Daniel Yong Chen-I, Tan Kai Seng, Yeoh Chong Swee, Tan Lei Cheng and Tony Tan Choon Keat. Together, the Directors with their wide ranging experience in the public and/or private sectors and diverse academic backgrounds provide a collective range of skills and expertise which is vital to effectively lead the Group. Executive Board and NEDs are equal members of the Board, both having fiduciary duties to shareholders and collectively responsible for the direction and performance of the Group. Biographical details of Directors are set out in this Annual Report under the heading Profile of Directors.

Corporate Governance Statement
(continued)

Board Chairman and GMD are not related to each other. Their roles are kept separate to ensure a clear division of responsibilities, increased accountability and a greater capacity of the Board for independent decision-making. Board Chairman is responsible for the leadership and management of the Board and for ensuring the Board and BC function effectively. He is also responsible for the integrity and effectiveness of the relationship between Executive Board and NEDs, steering discussions and deliberations towards clear and transparent outcomes and proper decisions. Board Chairman also takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with full support of Directors. GMD is the chief executive of IGB, together with Executive Board, oversees the business operations and business development of the Group, and ensures that the strategies, policies and matters approved by the Board and/or ExCo are effectively implemented. GMD, by virtue of his position as a Board member, also functions as the intermediary between the Board and KSM, as well as provides close oversight, guidance, advice and leadership to KSM.

Aligned with MMLR, one-third of the Board is INEDs. INEDs must be individuals who fulfil the independence criteria set out in Board Charter that are not less exacting than those set out in MMLR for assessing the independence of INEDs. INEDs, all of whom are respected persons of high calibre and integrity, play important roles by exercising independent business judgement and objective participation in the proceedings and decision-making processes of the Board. The presence of INEDs fulfils a pivotal role in corporate accountability to ensure that the interests of minority shareholders are properly safeguarded. To preserve their objectivity, INEDs do not engage in the day-to-day management of IGB or have personal or business relationships/connections with IGB, which could materially interfere with their independent judgement and void of any conflict of interest possibilities. Non-INEDs (NINEDs) also bring with them the experience and business acumen that would add value to the Board.

The structure, size and composition of the Board are reviewed annually to ensure that each member of the Board has the required mix of experience, qualifications, skills and industrial knowledge necessary to assist IGB in formulating and achieving its overall strategy, together with the specific expertise required to fulfil the duties assigned to him or her as member of BC. A Director with multiple board representations is expected to ensure that sufficient attention is given to the affairs of IGB. NC is mandated to review the structure, size and composition of the Board annually with a view of determining the impact of the number upon effectiveness and recommending on what it considers an appropriate size and composition for the Board. This process had been undertaken by NC in respect of the assessment for FY2016 as outlined in the section Annual Review of Board Competency.

Board Charter does not impose a term of limitation on tenure of a Director considering that the Board has established a process for assessing performance of individual Directors to be carried out by NC annually. To ensure the balance of skills, qualities and competencies, the Board believes that the experience brought through long service is invaluable. The Board does not feel that identifying rigid maximum terms of office of members is conducive to ensuring the correct balance of skills and experience, and having a strong cohesive Board.

In relation to boardroom diversity, IGB does not practice any form of gender, ethnicity and age bias as the Board believes that both genders are to be given fair and equal treatment, and any new appointments to the Board shall be based on merit against objective criteria with due regard to the individual's knowledge, experience, independence, foresight and good judgment to complement the Board skillset in ensuring IGB has an effective composition of Board to discharge its duty effectively in the best interests of IGB and shareholders.

The Board held the view that it is not necessary to appoint a senior INED as Board Chairman promotes a culture of openness and debate at Board meetings where Directors are encouraged to provide their views for meaningful and active discussions.

III. BOARD'S CONDUCT OF ITS AFFAIRS

(a) Role and Responsibilities

The primary role of the Board is to ensure the long term success of the Group and protect the interests of shareholders. The Board has overall responsibility for determining strategic direction of the Group, including promoting sustainability within an EES framework; overseeing and evaluating the conduct of the Group's businesses; formulation of key policies and corporate governance; and identifying the principal risks affecting the Group's businesses and ensuring the implementation of appropriate internal controls and mitigation measures.

The Board delegates day-to-day affairs of the Group to GMD, who, supported by ExCo, and through them and subject to their guidance and insight, to KSM. GMD leads KSM team in making and implementing day-to-day decisions on business operations and management, managing resources and risks in pursuing the corporate objectives of the Group. The Group has adopted internal controls and guidelines that set out approval limits for operating and non-operating expenditures, disposal of assets, investments and divestments, projects and contracts. Significant investments and transactions exceeding RM100 million are approved by the Board while transactions below the threshold limits are approved by ExCo, GMD and KSM to facilitate operational efficiency, in accordance with applicable authority limits.

Corporate Governance Statement
(continued)

The following set forth the main matters and areas that the Board discussed, considered, deliberated and approved during FY2016 and to the date of this statement:

(i) Annual business plan on the strategic directions of the Group to drive business growth taking into consideration sustainability issues such as EES factors as part of its strategic formulation.

(ii) Annual budget and mid-year review of plan and budget on the operational and financial targets for the Group.

(iii) Quarterly and full-year financial performance reviews ensuring such financial results of the Group in all material aspects, fairly present the financial position and results of its operations.

(iv) Declaration of interim dividends to shareholders after having given due regard to the Group's financial position, earnings, funding and capital management requirements.

(v) Quarterly updates on the Group's strategic developments and operational initiatives, and of the respective business units on their performance, key developments and issues and prospects.

(vi) Key activities and business strategies, including major investments, divestments and funding proposals.

(vii) Half-yearly overviews on the Group's risk and controls environment and updates relating to other risk management and governance initiatives, such as the risk appetite and governance assurance frameworks.

(viii) Issues discussed at meetings of BC, along with action plans to address any issues highlighted, including their decisions or recommendations to the Board.

(ix) Annual reviews, in consultation with KSM, in all material aspects on financial, operational and compliance control and risk management systems.

(x) Annual evaluation results of the performance and effectiveness of the Board, BC and each Director (including the independence of INEDs), as well as Directors under the annual re-election provision, and retention of INEDs to be tabled at AGM for shareholder approval.

(xi) Corporate governance disclosures such as Management Discussion and Analysis, Corporate Governance Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Sustainability Statement for inclusion in Annual Report 2016, as well as Statement/Circular to Shareholders in relation to share buy-back (SBB) and recurrent related party transaction (RRPT) mandates.

(xii) Matters of major actions/announcements to the market, and decisions in respect of other measures and business of fundamental significance for the Group.

(b) Meetings

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable BC meetings in order to discharge their obligations. To facilitate participation of Directors' attendance at the Board and BC meetings as well as annual general meeting (AGM), schedule of meetings for each calendar year is scheduled well in advance before the end of the preceding financial year, and telephonic attendance and conference via audio-visual communication channels at Board and BC meetings are allowed under IGB's Articles of Association (AoA).

Meeting materials for Board and BC are circulated to Directors and members ahead of scheduled meetings. As a general rule, meeting materials are disseminated to Directors and members at least 5 days in advance of every regular Board or BC meetings to enable Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated. In order to maintain confidentiality, documents on issues that are deemed to be price-sensitive may be handed out to Directors and members during the meetings. Where necessary or prudent, presentations and briefings by external consultants and legal advisors are on hand to explain matters within their competencies and to provide clarity on agenda items being discussed to enable the Board and BC to arrive at a considered and informed decisions. Consistent with their fiduciary duties, Directors are expected to maintain confidentiality of the deliberations of the Board and BC.

The Board meets 4 times a year at approximately quarterly intervals and as warranted by particular circumstances. The Board may have informal discussions on matters requiring urgent decisions between scheduled meetings, which would then be formally confirmed and approved by circulating resolutions in writing. Decisions of the Board can be made by a simple majority of the votes of Directors. However, the decisions have always been taken by consensus of Board members present. A record of Board deliberation of the issues discussed and conclusions reached is captured in the minutes of each meeting. Minutes of each Board meeting are circulated to every Board member for their comment prior to confirmation of the minutes in the next meeting.

Corporate Governance Statement
(continued)

Board and BC meetings and AGM for 2016 were pre-arranged in May 2015, and communicated to Directors to ensure their time commitments. Directors and KSM were also notified in advance of the closed periods for dealings in IGB shares based on the targeted announcement dates of IGB's quarterly results. Group CFO, Senior Group General Manager (Finance & Administration) and CS were permanent invitees to Board meetings to present reports on matters relating to their areas of responsibility, and to provide insight into reports or recommendations submitted to the Board. 4 meetings were held in FY2016 which were attended by all Directors.

(c) Conflicts of Interest

Every Director is required to declare any conflict of interest in a transaction or proposed transaction with the Group as soon as practicable after the relevant facts have come to his or her knowledge. Such declarations occur at each Board meeting, including meetings of BC responsible for considering transactions. On a quarterly basis, each Director is required to submit details of associates for the purpose of monitoring interested persons transaction.

Where the Board or BC is considering a matter in which a Director has an interest, the relevant Director abstains from participating in any discussion or decision on the subject matter, and where appropriate, excuses himself or herself from being present in the deliberation. In the event of a corporate proposal requiring shareholder approval, interested Directors will abstain from deliberation and voting in respect of their shareholdings in IGB on the resolution relating to the corporate proposal, and will further undertake to ensure persons connected to them similarly abstain from voting on the resolution at the general meeting.

No Director has a material interest in any contract of significance in relation to the Group's business during the year or to the date of this report other than mandated RRPT as outlined in the section Related Party Transactions (RPT).

(d) Dealings in IGB Shares

Directors and KSM are notified of any announcement released to Bursa Securities and the impending restriction in dealing with IGB shares prior to the announcement of quarterly financial results or corporate proposal. Directors and KSM are also expected to observe insider trading laws at all times even when dealing with IGB shares within the permitted trading period. Each Director or key senior executive is required to give notice to IGB of his or her acquisition of shares or of changes in the number of shares which he or she holds or in which he or she has an interest, within 3 market days after such acquisition or changes in interest. All dealings in IGB shares by Directors and KSM are announced to Bursa Securities.

Directors and KSM who are in possession of, aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are significant transactions or any unpublished inside information must refrain from dealing in IGB shares as soon as they possess, become aware of or privy to such information until proper disclosure of the information in accordance with MMLR.

The interests in IGB shares of Directors are shown in Shareholding Statistics in this Annual Report.

(e) Access to Information

Directors have full and unrestricted access to information and records of the Group. Directors may interact directly with, or request further explanation, information or updates on any aspects of the Group's operations from Executive Board and KSM.

The Board is supported by CS who is a Fellow of MAICSA. The role of CS has been defined by the Board to include supervising, monitoring and advising on all governance matters, compliance by IGB with its AoA, laws, regulations and MMLR; communicating with relevant regulatory authorities and bodies and shareholders on behalf of IGB; and performing such other duties of CS, as required under laws and regulations or as specified in AoA or MMLR, or as required by Board Chairman or Directors (or any of them), as the case may be. CS also assists Board Chairman to ensure that there is good information flow within the Board and its BC, and between KSM and Directors. The appointment and removal of CS are subject to the approval of the Board.

(f) Independent Professional Advice

Directors may also seek external legal or independent professional advice in furtherance of their duties at IGB's expense. No request was made by any Director for such advice during FY2016.

(g) Training and Education

The Board views mandatory continuing education as a positive development for Directors as they are expected to keep abreast of the latest legislations and regulatory updates, as well as wider economic, financial and governance issues in discharging their stewardship responsibilities efficiently and effectively. CS facilitates the organisation of in-house development programmes and keeps Directors informed of the series/talks organised by the regulatory bodies.

Corporate Governance Statement
(continued)

In FY2016, all Directors had attended/participated in one or more of the following seminars, training programmes and conferences which they have individually or collectively considered as relevant and useful to enhance their business acumen and professionalism in discharging their duties to the Group:

- Accounting and Corporate Regulatory Authority/Singapore Exchange Limited (SGX)/Singapore Institute of Directors Audit Committee Seminar: Raising the bar for Financial Reporting and Audit
- Bursa Securities: Advocacy Session on Management Discussion and Analysis for CEOs and CFOs of listed issuers
- Edelman Public Relations Worldwide Sdn Bhd: Crisis Stimulation Training and Social Media & Search Engine Optimisation Workshop
- IGB in-house talk: Lee Shih @ Skrine - How to prepare for the New Companies Act
- IGB in-house training: Maktab Polis Diraja Malaysia Crisis & Disaster Studies Centre - Threat Management
- IGB in-house talk: PricewaterhouseCoopers (PwC) - Budget 2017 Key Tax Proposals
- IGB in-house training: Safety, Health & Environmental Management Services International Sdn Bhd (SHEMSI) - Sustainability Reporting Awareness
- KPMG: Malaysia Tax Summit 2016
- Lembaga Hasil Dalam Negeri Malaysia (LHDN)/Chartered Tax Institute of Malaysia: National Tax Conference 2016
- LHDN: National Tax Seminar 2016
- MIA/The Institute of Internal Auditors Malaysia (IIA): Audit Committee Conference 2016
- SGX : Dialogue with CEOs/Directors of REITs on Sustainability Reporting Requirement
- SGX: Presentation and Q&A on SGX's Sustainability Reporting Requirement
- Tricor Tax Services Sdn Bhd: 12th Tricor Tax & Corporate Seminar
- United Overseas Bank: 2016 Economy and Markets Update
- WSCB: Directors' and Officers' Liability Insurance 2016
- YLB: NGL Tricor Governance Sdn Bhd - Risk Management Workshop.

Throughout the year, Directors also received regular briefings and updates at Board meetings or specially convened sessions conducted by external auditors (EA) or providers, on changes to regulations, guidelines and financial reporting standards (FRS), as well as industry related and current issues. Articles and reports relevant to the Group's businesses are also circulated to Directors for information.

IV. BC

To assist the Board in the efficient discharge of its responsibilities and provide independent oversight of the management, the Board has entrusted specific responsibilities to certain BC. Composition of BC is structured to ensure an equitable distribution of responsibilities among Board members, maximise the effectiveness of the Board and foster active participation and contribution. Diversity of experience and appropriate skills are considered along with the need to maintain appropriate checks and balances between the different BC. The objective, remit and powers of each BC are provided in Board Charter. Topics of discussion and frequency of meetings will vary depending on each BC's charter and the portfolio's complexity. The chairman of the respective BC reports to the Board on any salient matters noted by BC and which require the Board's notice, direction or approval. BC minutes are included as part of Directors' meeting materials to keep Directors updated on each BC's activities. In common with the Board, each BC has access to such information and advice, both from within the Group and externally as it deems necessary or appropriate.

The Board has established 6 standing BC to assist it in exercising its authority. BC operate under Board approved ToR, which are updated from time to time to stay abreast of developments in corporate law and governance best practice.

The role, function, performance and membership of each BC shall be reviewed on an annual basis as part of the Board's performance-assessment process. BC Evaluation FY2016 showed that all BC had effectively discharged their functions as set out in their ToR as outlined in the section under Annual Review of Board Competency.

Outlined below is a brief overview of each BC and the activities performed during FY2016 and to the date of this statement:

(a) ExCo

ExCo comprises Executive Board. ExCo is chaired by Tan Boon Seng and its members include Dato' Seri Robert Tan Chung Meng, Tan Boon Lee as well as Daniel Yong Chen-I, who joined ExCo on 24 May 2016. Pauline Tan Suat Ming was a member until her retirement from the Board on even-date.

Within the framework and limits of authority set out by the Board, ExCo oversees the conduct of the Group's businesses and existing investments, reviews and/or implements strategic plans, and evaluates and/or approves business opportunities, strategic investments, divestments, and major capital and operating expenses. ExCo assists GMD by guiding the overall directions of the Group and exercising executive control in the management of its day-to-day operations.

Corporate Governance Statement
(continued)

ExCo meetings are scheduled a day earlier or shortly before regular Board meetings as KSM may submit proposals or items of action for ExCo's consideration that require further deliberation and approval at Board level. ExCo met 4 times in FY2016 which were attended by all members. At those meetings, ExCo had considered KSM's recommendations on acquisitions and divestments, funding and investment proposals, and approved certain transactions up to specified limits, beyond which the approval of the Board was sought, as well as reviewed management's reports on financial highlights, annual investment budget, capital investment and strategy, operational progress of development projects, updates on business operations, and other ad hoc reporting.

(b) AC

AC comprises 3 INEDs and 1 NINED. AC is chaired by Tan Kai Seng and its members are Tan Sri Abu Talib bin Othman, Yeoh Chong Swee and Tony Tan Choon Keat. With an independent component of 75% and composed of NEDs, the composition of AC is fully compliant with MMLR. AC as a whole has an appropriate and experienced blend of commercial, financial and audit expertise to assess the issues it is required to address.

AC supports the Board in its supervision of financial controls and reporting through the direct link to external and internal auditors. AC's main duties include, among others, review the integrity of IGB's quarterly and year-end financial results; assess the effectiveness and efficiency of the internal controls, risk management and governance processes of the Group; and oversee the quality of the internal and external auditing in respect of cost, scope and performance.

AC meetings shall be held not less than 4 times each year, and where appropriate, shall coincide with key dates in IGB's financial reporting cycle. AC met 4 times in 2016 which were attended by all members. AC also has 2 private meetings with EA independently of Executive Board and management, and discussed with them the financial statements and other financial issues as deemed appropriate. Briefings on developments in accounting and governance standards were also presented by EA at AC meetings.

Tasks performed by AC during FY2016 are discussed in greater details under the heading Audit Committee Report in this Annual Report.

(c) NC

NC comprises 3 INEDs and 1 NINED. NC is chaired by Tan Sri Abu Talib bin Othman and its members include Yeoh Chong Swee, as well as Tan Kai Seng and Tony Tan Choon Keat, both joined NC on 24 May 2016. Pauline Tan Suat Ming was a member until her retirement from the Board on even-date.

NC considers and recommends to the Board candidates for directorship in IGB and Directors to fill seats on BC; conducts annual review of the structure, size and composition of the Board (including the required mix of skills, experience, diversity and other qualities), the performance of the Board, the BC, each individual Director as well as Directors under the annual re-election provisions; assesses the independence of INEDs and presents its assessment to the Board for final determination; and oversees the Board's succession planning.

NC met thrice in 2016 which were attended by all members except Tan Kai Seng and Tony Tan Choon Keat who attended 1 out of 3 meetings as they assumed membership on 24 May 2016. NC had conducted assessment on the diversity of the Board's composition, and reviewed performances of the Board, the BC and each Director, as well as Directors up for re-election at the upcoming 53rd AGM. The detailed process in this regard is outlined in the section under Annual Review of Board Competency.

(d) RC

RC comprises 2 INEDs and GMD. RC is chaired by Tan Sri Abu Talib bin Othman and the other members are Yeoh Chong Swee and Dato' Seri Robert Tan Chung Meng.

RC reviews and recommends to the Board for endorsement the policy framework on terms of employment and on all elements of the remuneration of Executive Board, as well as the remuneration framework for NED annual fees and meeting allowances; and reviews and approves the annual performance bonus and merit increase of Executive Board and KSM. In its deliberation, RC will take into consideration industry practices and norms in compensation in addition to IGB's relative performance and the performance of the individual Directors and key senior personnel in determining a fair overall assessment. No RC member or any Director is involved in deliberations in any remuneration to be granted to himself or herself.

Corporate Governance Statement
(continued)

RC met once in 2016 which were attended by all members, and considered the following matters under its ambit:

(i) Extension of service agreement

The Board had endorsed RC's view that it would be in the best interest of the Group to retain the service of Dato' Seri Robert Tan Chung Meng as GMD for the optional 3-year period commencing on 1 January 2017 and ending on 31 December 2019, upon expiry of the initial term on 31 December 2016 according to the Service Agreement dated 18 October 2013, at a remuneration package reflecting the responsibility and complexity of the role performed by him, with comparable experience and responsibilities employed by the Group's peers in the same industry. Such extension would help ensure the stability in leadership that is important for the Group's continuity, and also show support for, and the confidence that the Board has in, Dato' Seri Robert Tan Chung Meng in his leadership and role as GMD, to further expand the Group's activities and profit growth.

(ii) Renewal of service agreement

The Board had considered RC's view, and concurred that it would be in the best interest of the Group to retain the service of Tan Boon Seng as ED for another 2 years commencing on 1 January 2017 and ending on 31 December 2018, thereby maintaining management continuity and providing strategic guidance and insight in his position as chairperson of ExCo, at remuneration within peer benchmarks.

(iii) Annual review of NED remuneration

RC had considered the quantum of NED remuneration and recommended that no increase be made to the annual fees FY2016 and meeting allowances in 2017, and whereupon the Board had endorsed RC's recommendation.

(iv) Annual performance bonuses and merit increases of Executive Board and KSM

RC had considered the delivery and performance of the Group in FY2016, as well as the challenging outlook of the Group's businesses on the back of a slowing economy with the on-set of competition and market volatility, in addition to consultation with GMD on the individual ED and key senior personnel's performance (quantitative and qualitative objectives) and input from GHR on relevant aspects and remuneration practices of peer groups, had applied its judgement in determining a balanced fair outcome for merit increases in 2017 and year-end performance bonuses for Executive Board, KSM, as well as the global increment and bonus for employees of the Group.

Details of Directors' remuneration received from IGB, and on Group basis in FY2016 are set out in the section under Remuneration Policies and Procedures.

(e) RMC

RMC comprises ExCo members. RMC assists the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks. RMC considers the risk policy and plan, determines the Group's risk appetite and risk tolerance, ensures that risk assessments are performed regularly, and that the Group has and maintains an effective on-going risk assessment process, consisting of risk identification, risk quantification and risk evaluation.

RMC has established a sound risk management framework that enables it to continuously identify, assess, mitigate and monitor risks that affect the Group. Responsibility for managing risks lies initially with the business unit concerned, working within the overall strategy outlined by RMC. The risks are monitored and reviewed by each business unit as well as at the Group level. Twice yearly, GIA coordinates the risk identification and assessment process, and the identified risks are highlighted to RMC, along with the status of actions taken to manage these risks.

(f) SC

The members of SC composed of Dato' Seri Robert Tan Chung Meng, Tan Boon Seng and Tan Boon Lee. SC is responsible for regulating and approving securities transactions and registrations, and for implementing, allocating and administering share issuance scheme and SBB.

Corporate Governance Statement
(continued)

V. ANNUAL REVIEW OF BOARD COMPETENCY

This section of the report sets out the details of the activities carried out by NC during FY2016 and to the date of this statement:

(a) Board Composition and Diversity

In respect of the assessment for FY2016, NC had reviewed the Board structure, size and composition appropriate to the efficient governance and management of IGB. Considerations that factor into the assessment process included, among others, the nature and scope of the Group's operations, the current Board's skillset and the number of Directors needed to discharge the duties of the Board and BC.

NC (with the Board's concurrence) was satisfied that the Board as presently constituted was of optimal size and diversity of skills, experience, talent and knowledge of the Group's business operations and activities to facilitate effective decision making in the management and direction of the Group.

(b) Director Time Commitments

Each Board member is expected to commit sufficient time to carry out his role as Director and/or member of BC responsibly. While it is impossible to be specific about the actual or maximum time commitments, Directors are expected to devote such time as is necessary to attend meetings of the Board, BC, AGM, training and education.

As part of its review, NC also considers whether a Director with other listed issuer board representations and/or other principal commitments is able to and has been adequately carrying out his duties as Director of IGB. NC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination.

In respect of FY2016, NC has reviewed and satisfied that notwithstanding their multiple Board appointments, all Directors have been able to devote sufficient time and attention to the affairs of IGB to adequately discharge their duties as Directors. Their commitment towards fulfilling their duties and responsibilities was affirmed by their full attendance and participation at Board and BC meetings, AGM and Directors' training during FY2016.

Each member of the Board holds not more than 5 listed issuer seats.

(c) Board Appointment and Re-election

Appointments to the Board are the responsibility of the full Board on the recommendation of NC. There are formal, considered and transparent procedures for appointment of new Directors which is made on merit against objective criteria and with due regard for the benefits of diversity on the Board. There have been changes to the Board since last AGM, with the retirement of Pauline Tan Suat Ming and the appointment of Daniel Yong Chen-I as ED, as well as the appointment of Tan Jian Hong Aaron as the alternate Director to Tony Tan Choon Keat.

IGB's AoA requires all Directors to submit themselves for re-election at least once every 3 years in compliance with MMLR (3-year term). AoA also stipulates that one-third of Directors shall retire and stand for re-election at every AGM (1/3-rotation rule). AoA also provides that a new Director must submit himself or herself for re-election at the AGM immediately following his or her appointment.

Pursuant to the 3-year term and 1/3-rotation rule, Tan Boon Seng, Tan Boon Lee and Tan Lei Cheng will retire and submit themselves for re-election at 53rd AGM. Daniel Yong Chen-I who was appointed to the Board on 24 May 2016 will also stand for re-election. Their biographies are disclosed in this Annual Report under the heading Profile of Directors.

NC had at its meeting in February 2017 assessed the individual Director's role, contribution and performance, and concluded that they possessed strong knowledge and understanding of their roles in governing the Group and its strategic needs which would be of benefit to the Board, and for the Group's continued progress and growth. NC (with the Board's concurrence without participation by the related Directors) had recommended that the 4 retiring Directors be nominated for re-election at the 53rd AGM.

Corporate Governance Statement
(continued)

(d) Board, BC and Individual Director Performance

NC reviews and evaluates the Board performance and that of its BC and individual Directors on an annual basis against both measurable and quantitative indicators, thus ensuring IGB is under the oversight and guidance of an accountable and competent Board. The review allows each Director to individually express his or her personal assessment of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insight into the functioning of the Board, while identifying areas that might need strengthening and development. To provide feedback to aid in these assessments, each Director is required to complete a self-assessment checklist. The checklist covers topics which include, among others, the responsibilities of the Board in relation to strategies and direction, accountability and oversight, risk management, performance management, compliance and corporate governance. Other areas being assessed include Board structure, Board decision-making and meeting processes. The members and chairmen of each BC are also required to complete an assessment checklist on the effectiveness of BC on which they serve, in terms of composition and governance, meeting administration and conduct, and skills and competencies. Upon completion of the evaluation process, NC chairman briefs the Board on the overall results of the evaluation conducted and improvements recommended where appropriate.

In respect of the assessment for FY2016, NC has conducted the process. In its assessment, NC took into consideration the individual Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the annual assessment of the effectiveness of the individual Director, and the intrinsic independent values demonstrated by INEDs, and concluded that the Board as a whole and its BC have performed well with the individual's creditability to add value to the Board and BC deliberations and exercise objective judgement in decision-making processes, and each Director has given sufficient time and attention to the affairs of IGB. No material issues or areas of concern were identified in these reviews.

The Board had considered NC's views, and concurred that each Director has continued to perform effectively and demonstrated commitments to his role, including commitment of time to the Board and, where relevant BC responsibilities. The Board was also satisfied that it and its BC have an appropriate balance of backgrounds, skills, experience and knowledge of the Group to discharge their duties effectively.

(e) Independence Assessment

IGB measures the independence of its INEDs based on the criteria prescribed under MMLR in which an INED should be independent of management and free from any business or relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of IGB.

The independence of each INED is assessed annually, with each INED required to complete an independence checklist drawn up based on the criteria for independence as defined in MMLR and other governance standards as appropriate. Thereafter, NC reviews the completed checklists, assesses the independence of INEDs and presents its assessment to the Board for final determination.

NC had conducted its annual review FY2016 on the individual INED's level of contribution to the Board and the level of independence demonstrated by each of the INEDs, and affirmed that they remained objective and independent, evidenced by their ability to demonstrate the values and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of the interests of IGB, and they had and would continue to provide the necessary checks and balances to the Board in discharging their responsibilities in an independent manner with integrity and competency notwithstanding that they have served as INEDs for more than 9 years.

Based on the views and recommendation of NC, the Board (without participation by related INEDs) agreed and satisfied that Tan Sri Abu Talib bin Othman, Tan Kai Seng and Yeoh Chong Swee demonstrated complete independence in character and judgement both as Board members and their designated roles in the respective BC, and their good understanding of the Group's businesses with their wealth of knowledge, skillsets and experience would continue to provide invaluable contribution to the Board. In view thereof, the Board has deemed it appropriate that they continue to act as INEDs, and aligned with good governance practices, the Board would seek approval from shareholders at the forthcoming 53rd AGM to support the Board's decision to retain the 3 INEDs for the existing year. Each of the 3 INEDs has provided an annual confirmation of his independence to the Board. Their biographies are disclosed in this Annual Report under the heading Profile of Directors.

Corporate Governance Statement
(continued)

VI. REMUNERATION POLICIES AND PROCEDURES

The remuneration of Board members is set to attract and retain individuals of the caliber required to serve on the Board. Executive Board's remuneration is structured on the basis of linking rewards to corporate and individual performance. Performance is measured against specific targets set from the Group's annual budget and plans. Executive Board receives a normal remuneration package for their regular duties appropriate to their roles as well as salaries and/or fees for acting as employee director of the Group's subsidiaries. NED's remuneration reflects the Director's level of responsibilities and participation in the Board and BC. NEDs' remuneration is reviewed annually to ensure that IGB can attract individuals with the requisite experience, capability and commitment, and reviews take into account the structure and level of fees payable by peer groups of similar scale and complexity. With the exception of Executive Board, each member of the Board receives annual fee and meeting allowance for participation in each Board or BC meeting. The Board as a whole resolves on the fees for NEDs with individual Directors abstaining from decisions in respect of their individual remuneration.

Evaluation of the remuneration of Directors is performed once a year, and this process had been conducted by RC as mentioned hereinabove under RC section, and whereupon recommendations had been submitted and endorsed by the Board.

The following tables outline the aggregated data on Directors remuneration at IGB-level, and Group-level in FY2016, distinguishing between Executive Board and NEDs, categorised into appropriate components:

	RM'000					
IGB	Salaries[a] and EPF contributions	Fees	Meeting Allowances[c]	Other Emoluments[d]	Benefits-in-kind[e]	Total Remuneration
Executive Board	4,927	-	-	8,325	98	13,350
NEDs	-	270	124	84	-	478
Total	4,927	270[b]	124	8,409	98	13,828

	RM'000					
Group	Salaries[a] and EPF contributions	Fees	Meeting Allowances[c]	Other Emoluments[d]	Benefits-in-kind[e]	Total Remuneration
Executive Board	10,045	20	-	11,515	111	21,691
NEDs	-	320	142	84	-	546
Total	10,045	340[f]	142	11,599	111	22,237

The following table outlines the number of Directors and their remuneration from the Group categorised in the various bands:

	Number of Directors	
Range of Remuneration	Executive Board	NEDs
RM50,000 to RM100,000		3
RM100,000 to RM150,000		1
RM150,000 to RM200,000		1
RM650,000 to RM700,000	1	
RM1,450,000 to RM1,500,000	1	
RM1,800,000 to RM1,850,000	1	
RM17,750,000 to RM17,800,000	1	

Notes

[a] Base salaries based on scope, criticality and complexity of each role
[b] Fees FY2016 totaling RM270,000 - Board Chairman (RM70,000) and NEDs (each RM50,000)
[c] RM3,000 for the Chair, and RM2,500 for each member, on a per meeting basis
[d] Include allowances, bonuses, incentives and/or retirement benefits
[e] Include cars, drivers, club memberships and mobile communication devices
[f] Fees FY2016 from IGB and subsidiaries

The Board is of the view that the transparency and accountability aspects of the governance on Directors' remuneration are appropriately served by the band disclosure while still complying with the provisions of disclosures of Directors' remuneration under MMLR.

Corporate Governance Statement
(continued)

VII. ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Board is committed to providing a balanced and understandable assessment of IGB's financial position, performance and prospects in all disclosures made to stakeholders and regulatory bodies. The Board is assisted by AC to oversee the financial reporting process and the quality of the financial reporting of IGB. AC reviews the integrity of IGB's quarterly and year-end results, focusing on, inter alia, quality, accuracy and adequacy of financial disclosure; changes in or implementation of accounting policies and practices; key audit matters; significant and unusual events; on-going concern assumption; and compliance with applicable accounting policies, standards and regulatory requirements, before recommending for the Board approval and public release.

For FY2016, the Board and AC have received assurance from GMD and Group CFO that the financial records have been properly maintained, and the Audited Financial Statements FY2016 (AFS 2016) of IGB complied with the appropriate financial reporting standards and regulatory requirements, and fairly present the results of the operations, cash flow and financial position of IGB. On this basis, the Board confirms that to the best of its knowledge, nothing had come to its attention which would render IGB's AFS 2016 false or misleading. Directors' responsibility in respect of the preparation of IGB's AFS 2016 is set out in this Annual Report under the heading Statement by Directors.

(b) Risk Management and Internal Control

The Board has the ultimate responsibility for the governance of the Group's risk management and internal controls which includes the establishment of an appropriate control environment and framework, and the review of their adequacy, integrity and effectiveness. While acknowledging their responsibility for maintaining sound risk management and internal control systems to safeguard shareholder interests and the Group's assets, Directors are aware that the Group's system of risk management and internal control are designed to manage rather than eliminate the risk threatening the achievement of business objectives, and therefore can only provide reasonable but not absolute assurance against material misstatement of financial and management information records, or against financial losses or fraud.

In carrying out this central responsibility, the Board oversees the Group's system of internal control and risk management with the support from RMC, AC, GIA, EA as well as the assurance plan developed by management on the effectiveness of internal controls and adequacy of risk management of the Group.

IGB has in place an adequately resourced GIA department. GIA is an independent function of the Group. Head of GIA reports directly to AC on audit matters and to GMD on administrative matters. The principal role of GIA is to independently review the risk exposures and control processes implemented by the Group, conduct assignments which encompass auditing and reviewing of critical areas, report on the effectiveness and efficiency of the operations and internal control, and highlight the significant findings in respect of non-compliance within the Group to AC. GIA activities are guided by International Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA, and incorporated these Standards into its audit practices. GIA adopts a risk-based methodology in drawing up its annual GIA plan covering development projects and entities across all levels of operations within the Group, which is reviewed and endorsed by AC. GIA also engages in regular communication with KSM and various departments within the organisation in relation to its GIA activities and efforts for continuous improvement in operations and systems. During FY2016, GIA issued multiple reports covering all significant operational and financial units of the Group, and monitored the status of management action plans resulting from audit findings to ensure completion and reports progress each quarter to AC. As regards risk management and fraud, GIA is responsible only for the facilitation and assists management by assessing the adequacy and effectiveness of the developed or revised systems and procedures. A quality assurance review on GIA function was performed by IIA Malaysia in 2015 and the assessment affirmed that GIA activity conformed to the Standards. The next review would be due in year 2020.

Each year, in consultation with RMC, AC and GIA, the Board assesses the adequacy and effectiveness of the Group's risk management and internal controls. The review covered all material controls, including financial, operational, compliance and IT controls as well as risk management functions. For FY2016, the Board is satisfied that based on the results of GIA reviews and the assessment of RMC and AC thereon including discussions with EA on the results of their audits, the Group's risk management and internal control systems operated effectively and adequately. Where specific internal controls were ineffective, compensating controls ensured that the Group's assets were safeguarded, proper accounting records maintained and resources utilised efficiently. None of the weaknesses or issues identified during the review for FY2016 has resulted in non-compliance with any relevant policies or procedures, MMLR or recommended industry practices that would require disclosure in this Annual Report.

An overview of the state of internal control within the Group, which includes the risk management and key internal control processes is set out in this Annual Report under the heading Statement on Risk Management and Internal Control which has been reviewed by EA.

Corporate Governance Statement
(continued)

(c) Relationship with EA

The Group's EA is PwC, who is remunerated mainly from its audit services provided to the Group. The Board maintains, via AC, an active, transparent and professional relationship with EA. EA reports their findings to AC as part of the audit process on the statutory financial statements of the Group. Key features underlying the relationships of AC with EA are disclosed in this Annual Report under the heading Audit Committee Report.

The statement on EA's responsibilities on IGB's AFS 2016 is set out in this Annual Report under the heading Independent Auditors' Report. An analysis of fees paid to EA, including a breakdown of fees for non-audit services, is disclosed in Notes to the Financial Statements of this Annual Report.

AC is tasked with the annual assessment process on the performance and quality of EA and their independence, objectivity and professionalism. AC had evaluated the suitability, effectiveness and independence of PwC using a questionnaire-based internal review, as well as obtained input from IGB's personnel who had constant contact with PwC team throughout the year. AC was satisfied with PwC's technical competency in terms of their skills, execution of audit plan, reporting and overall performance, and recommended for the endorsement of the Board on the re-appointment of PwC as EA for FY2017 whereupon the Board had endorsed AC's recommendation.

PwC has provided a confirmation of, their independence to AC that they were and had been independent throughout the conduct of the audit engagement in accordance with the provisions of the By-Laws on Professional Independence of MIA and their firm's requirements for the audit of AFS 2016. The policies governing the circumstances under which contracts for the provision of non-audit services could be entered into and procedures that have to be followed by EA has also been submitted to AC.

It is PwC's policy in compliance with By-Laws of the MIA to rotate audit engagement partners on listed issuers at least every 5 years. A new audit engagement partner was appointed for the Group during FY2016.

VIII. RELATED PARTY TRANSACTIONS (RPT)

An internal compliance framework exists to ensure the Group meets its obligations under MMLR, including obligations relating to RPT and RRPT. The Board, through AC, reviews and monitors all RPT and conflict of interest situations, if any, on a quarterly basis. If a member of the Board and/or AC has an interest in a transaction, the Director concerned is to abstain from participating in the review and recommendation process in relation to that transaction.

The Group has in place adequate procedures and processes to ensure that RPT and RRPT are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies. Executive Board and heads of business and function units have been kept informed of the disclosure procedures for RPT and RRPT, who would ensure that transactions with related parties would be entered into after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, when compared to prevailing market prices and rates, industry norms and standards, as well as general practices, adopted by service providers of similar capacities and capabilities generally available in the open market. RPT and RRPT are reviewed and authorised by Executive Board and/or KSM, whereby purchases of goods and services above RM100,000 require the approval of Tender Committee under the Group's authority matrix, provided always that such personnel has no interest in the transaction and the transaction has been approved pursuant to RRPT mandate obtained at an AGM. IGB maintains a register to record all RPT and RRPT which are entered into by the Group. All RPT and RRPT are reviewed by AC on a quarterly basis to ensure compliance with internal control procedures and with the provisions of MMLR. The review includes the examination of nature of transaction and if necessary, its supporting documents and/or such other data deemed necessary by AC. GIA audits and reports on the appropriateness and effectiveness of processes for management of RPT and RPT on an annual basis.

Shareholder approval in respect of RRPT mandate is obtained at AGM of IGB on a yearly basis. The procurement of mandate for the Group to enter into RRPT is intended to meet the ordinary and usual course of business needs of the Group at the best possible terms so as to achieve synergistic benefits within the Group. As the RRPT are likely to occur with some degree of frequency and may be constrained by time-sensitivity and confidentiality, it would be impractical for IGB to seek shareholder approval on a case by case basis before entering into such RRPT. By obtaining RRPT mandate on an annual basis would substantially reduce the expenses associated with the convening of general meetings and improve administrative efficiency, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution at the AGM to be convened for the purpose.

At its 52nd AGM in 2016, IGB obtained a general mandate for the Group to enter into RRPT. Based on the actual amount utilised from the date of 52nd AGM up to the date of this statement, none of the actual aggregate value of RRPT has exceeded the estimated aggregate value by 10% under the mandate.

Corporate Governance Statement
(continued)

The following table set forth the RRPT entered into by the Group during FY2016, pursuant to the mandate:

Related Parties	Nature of RRPT Mandate	Interested Related Parties	Mandated Value (RM'000)	Transacted Value in FY2016 (RM'000)
Goldis group of companies	▪ Provision/receipt of information technology products and services ▪ Lease/rental of properties/premises and provision of related facilities	Dato' Seri Robert Tan Chung Meng (RTCM)[a] Tan Boon Seng (TBS)[b] Tan Lei Cheng (TLC)[c] Tan Boon Lee (TBL)[d] Daniel Yong Chen-I (DYCI)[e] Tony Tan Choon Keat (TTCK)[f] Dato' Tan Chin Nam (DTCN)[g] Pauline Tan Suat Ming (PTSM)[h] Elizabeth Tan Hui Ning (ETHN)[i] Gabrielle Tan Hui Chween (GTHC)[j] Tan Yee Seng (TYS)[k] Goldis[l] Tan Chin Nam Sendirian Berhad (TCNSB)[m] Tan Kim Yeow Sendirian Berhad (TKYSB)[n] WSTSB[o]	1,500	873
IGB REIT	▪ Lease/rental of properties/premises and provision of related facilities ▪ Receipt of chilled water and liquefied petroleum gas ▪ Provision of information technology products and services ▪ Provision of upgrading, repair and maintenance works ▪ Provision of tenant's sales verification and special review ▪ Management of real estate investment trust		80,000	55,194
Wah Seong (Malaya) Trading Co. Sdn Bhd (WSTSB) group of companies	▪ Lease/rental of properties/premises and provision of related facilities ▪ Provision of management and consultancy services ▪ Purchase of building materials, audio equipment, electrical equipment/ appliances and related products/services ▪ Receipt of installation and maintenance of light boxes, panels, signage and related materials/goods and advertising services		8,000	9,436
WSCB group of companies	▪ Lease/rental of properties/premises and provision of related facilities		1,500	1,059
Subsidiaries of IGB ● Cititel Hotel Management Sdn Bhd ● Tan & Tan Realty Sdn Bhd	▪ Provision/receipt of management, consultancy and support services		10,000	8,236

Notes:

[a] RTCM is a Director of IGB Group, IGBRM, Goldis, WSCB Group, WSTSB Group and TKYSB Group; a major shareholder of IGB; a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and TKYSB; the father of ETHN and GTHC; and a brother of PTSM and TTCK.
[b] TBS is a Director of IGB and WSTSB Group; a substantial shareholder of Goldis; a son of DTCN; the father of TYS; and a brother of TLC and TBL.
[c] TLC is a Director of IGB Group, IGBRM, Goldis Group, TCNSB and WSTSB; a daughter of DTCN; and a sister of TBS and TBL.
[d] TBL is a Director of IGB Group, IGBRM, Goldis Group, WSTSB Group and TCNSB; a son of DTCN; and a brother of TBS and TLC.
[e] DYCI is a Director of IGB Group, IGBRM and Goldis; and a son of PTSM.
[f] TTCK is a Director of IGB and TKYSB Group; a major shareholder of IGB; a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and TKYSB; and a brother of RTCM and PTSM.
[g] DTCN is a Director of WSTSB Group; and the father of TBS, TLC and TBL.
[h] PTSM is a major shareholder of IGB; a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and TKYSB; a director of WSTSB Group and TKYSB Group; the mother to DYCI; and a sister of RTCM and TTCK.
[i] ETHN is a Director of IGB Group and IGBRM; a daughter of RTCM; and a sister of GTHC.
[j] GTHC is a Director of IGB Group; a daughter of RTCM; and a sister of ETHN.
[k] TYS is alternate to TBS on the Board of IGB; a Director of IGB Group and IGBRM; and the son of TBS.
[l] Goldis is a major shareholder of IGB; a major unitholder of IGB REIT; and a person connected to RTCM, TBS, PTSM, TTCK, TKYSB, TCNSB and WSTSB.
[m] TCNSB is a major shareholder of IGB; a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and WSTSB; and a person connected to DTCN, TBS, TLC, TBL and TYS.
[n] TKYSB is a major shareholder of IGB; a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB and WSTSB; and a person connected to RTCM, PTSM, TTCK, ETHN and GTHN.
[o] WSTSB is a major shareholder of IGB; a major unitholder of IGB REIT; a substantial shareholder of Goldis, WSCB, TTR and CHM; and a person connected to RTCM, PTSM, TTCK, TCNSB and TKYSB.

Corporate Governance Statement
(continued)

IX. CORPORATE DISCLOSURE AND ENGAGEMENT WITH SHAREHOLDERS

IGB is committed to a proactive and continuous dialogue with shareholders and investors including appropriate disclosure and transparency of information to ensure that they can make informed assessment of the Group's value and prospects. In this respect, IGB has an established Corporate Disclosure Policy (CDP) that clearly outline the procedures and disclosure practices for the consistent, transparent, regular and timely public disclosure and dissemination of material information about the Group. The CDP Working Group composed of GMD, Executive Assistant to GMD, Group CFO, GCLA and CS is responsible for assessing the materiality of information or any other potentially material information, and determining whether the information is required to be disclosed to Bursa Securities or whether a trading halt is necessary and should be sought from Bursa Securities.

All corporate communications with media/public and disclosures made to Bursa Securities are in accordance with CDP. All information i.e. annual reports, shareholder circulars, quarterly and annual results, notices of meetings, announcements and press releases reported to the market via the regulatory information service appears as soon as practicable on the corporate website to promote accessibility of information to all market participants.

AGM provides the principal forum for dialogue and interaction between the Board and shareholders. In every AGM, the Board encourages shareholders to participate in the proceedings and ensures that ample time is allocated during AGM for shareholders to ask questions about the Group's performance, resolutions being proposed, corporate strategy and developments among others, or observations and feedback to the Board. All Directors attended the 52nd AGM in 2016 except Pauline Tan Suat Ming who had since retired from the Board at the conclusion of the meeting. The proceedings were commenced with a presentation brief of last year's results as well as project highlights of the Group. Responses to questions submitted in advance by the Minority Shareholder Watchdog Group were shared with shareholders and displayed on the projection screen in the meeting hall. Board Chairman, GMD, Group CFO and EA, subject to the line of questions and relevance, had attended questions raised and provided clarification as required by shareholders. A press conference was held immediately after AGM where GMD and key members of management provided updates to the media representatives of the resolutions passed and addressed questions on matters relating to the Group. The outcome of AGM was announced to Bursa Securities on the same meeting day. Minutes of 52nd AGM were also posted on IGB's website.

IGB has a dedicated investor relations (IR) team. The role is performed by Head of GCLA (with assistance from Group CFO and KSM, where required). IR conducts regular dialogues, briefings and meetings with fund managers, financial analysts and media as well as presentations to institutional investors to provide updates, strategies and new developments about the Group based on permissible disclosures. These meetings focus either on recently announced financial results, recent corporate activity or the longer-term strategy of the Group. Information that is price-sensitive or that may be regarded as undisclosed material information about the Group is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

Whilst IGB aims to provide sufficient information to shareholders and investors about the Group's activities, it also recognises that shareholders and investors may have specific queries and require additional information. Any enquiries on IR-related matters may be directed to this email address: corporate-enquiry@igbcorp.com. To better serve stakeholders of IGB, a feedback page on the website provides an avenue for stakeholders to suggest improvements via email address: feedback@igbcorp.com.

X. EXECUTIVE SHARE OPTION SCHEME (ESOS or SCHEME)

IGB ESOS was approved by shareholders on 22 May 2015. The Scheme was implemented on 25 May 2015 and would be in force for a period of 5 years ending on 25 May 2020. A total of 24,731,000 share options were offered for subscription by Directors (8,250,000) and executives (16,481,000) of the Group at the subscription price of RM2.88 with the vesting period commencing from 1 July 2015 to 25 May 2020. A total of 100 members of Directors and executives had accepted 24,580,000 share options, and none of them have exercised the share options as of the date of this statement. There were no share options granted under the Scheme during FY2016.

IGB has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than Directors, who have been granted options to subscribe for less than 500,000 ordinary shares of RM0.50 each.

Details of share options granted to Directors are set out in this Annual Report under the heading Directors' Report.

XI. SBB

The shareholders had at 52nd AGM in 2016 approved SBB mandate enabling IGB to purchase and/or hold at any point of time not more than 10% of its total number of issued shares. The current authorisation expires at this year's AGM, and a similar resolution will be proposed at 53rd AGM.

During FY2016, IGB purchased a total of 2,000 of its shares from the open market at an average cost of RM2.50 per share following the execution of declaration of solvency. Total treasury shares accumulated as at 31 December 2016 was 29,901,600. None of the treasury shares were resold or cancelled as at the date of this statement.

Corporate Governance Statement
(continued)

XII. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Group (not being contracts entered into in the ordinary course of business), involving Directors and major shareholders during FY2016, except for material contracts in respect of RPT and RRPT which have been declared.

XIII. SUSTAINABILITY OF BUSINESS

The Board is cognisant of the importance of business sustainability, and in conducting the Group's business, the impact on EES is taken into consideration. The Group has in place internal policies and guidelines to address corporate sustainability.

The Group's corporate sustainability directions and activities are disclosed in this Annual Report under the heading Sustainability Statement.

XIV. SOCIAL RESPONSIBILITY

The Board takes a particular interest in the Group's role as a responsible and caring member of the community. To this end, the Group has engaged in various initiatives as disclosed in this Annual Report under the heading Corporate Social Responsibility.

Audit Committee Report

AC, formed on 12 April 1994, is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the management of risk and system of internal controls, the governance processes, and the audit process of the Group as well as the Group's process for monitoring compliance with laws and regulatory requirements.

AC has authority to investigate any matter within its ToR which can be viewed on IGB's website, full access to and co-operation from management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

AC is pleased to present its report on the activities carried out during FY2016 and to the date of this report in conducting its affairs and discharging its responsibilities. This report has been made in accordance with resolution and the authority of the Board dated 21 February 2017.

I. COMPOSITION

AC comprises 4 members, all of whom are NEDs, 3 (including AC Chairman) being INEDs. AC Chairman is Tan Kai Seng and the members are Tan Sri Abu Talib bin Othman, Yeoh Chong Swee and Tony Tan Choon Keat. All AC members have accounting or related financial management expertise or experience.

The annual review of the composition and performance of AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the annual BC Assessment. Based on the evaluation for FY2016, the Board was satisfied that AC has continued to show strong performance over the years, and AC members, as indicated in their profiles, have sound judgement, objectivity, independent attitude, management experience, integrity, knowledge of the industry, and financially literate. With balanced diversity of skills and experience, they have discharged their functions, duties and responsibilities, supporting the Board in ensuring that the Group uphold appropriate corporate governance standard. The Board has agreed to maintain the composition of AC.

II. MEETINGS AND ATTENDANCE

AC meetings for 2016 were pre-arranged in May 2015 and communicated to the members early to ensure their time commitments. The schedule of business considered by AC covered the key areas within its remit and is supported by information provided by management, external and internal auditors.

4 meetings were held during FY2016 which were attended by all members. GMD attended all meetings as requested by AC to facilitate direct communication and to seek clarification on audit issues as well as to solicit information in relation to the operations of the Group. In addition, Group CFO, Head of GIA, Senior Group General Manager (Finance & Administration), CS and EA (twice a year to discuss their audit plan and audit findings on IGB's yearly financial statements) were permanent invitees to AC meetings to present their respective reports. AC also had 2 private sessions with EA to enquire about management's co-operation with EA and their sharing of information as well as discuss the results of the audit and any other observations they may have during the audit process and regarding risk management issues, without the presence of management. AC Chairman also permitted Head of GIA and EA to contact him at any time that they became aware of incidents or matters in the course of their audits or reviews that needed his attention or that of AC or the Board. Matters of significant concern raised by GIA and EA noted by AC requiring the Board's notice, direction and approval were highlighted and reported by AC Chairman at Board meetings. Minutes of AC meetings were included in Directors' materials for meetings.

III. DISCHARGING OF FUNCTIONS AND DUTIES

During FY2016 and to the date of this report, AC has met its responsibilities in discharging its functions and duties in accordance with its ToR as follows:

(a) Financial Reporting

(i) Evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with generally accepted accounting practice and overall accounting standards, as well as any related changes discussed and resolved any significant or unusual accounting issues. Introduced measures that, in AC's opinion, would enhance the credibility and objectivity of financial statements and reports prepared about the affairs of the Group.

(ii) Reviewed IGB's unaudited results for the financial quarters of Q4FY2015, Q1FY2016, Q2FY2016 and Q3FY2016, which were announced via the regulatory information service immediately after the Board's approvals, respectively on 23 February 2016, 24 May 2016, 25 August 2016 and 22 November 2016, and the consolidated Audited Financial Statements for year ended 31 December 2015 (AFS 2015) which was submitted via the regulatory information service on 28 April 2016. AC concluded that the quarterly financial results and AFS 2015 complied with appropriate FRS and regulatory requirements.

(iii) Reviewed IGB's total dividend payout for FY2016 of 10 sen per ordinary share, which was paid to shareholders on 23 September 2016 (5 sen) and 17 March 2017 (5 sen) after the Board approvals.

Audit Committee Report
(continued)

(iv) Noted significant changes and amendments to the regulations, FRS and other regulatory requirements that could affect the financial reporting of the Group.

Subsequent to FY2016, AC had at its meeting on 21 February 2017, considered and reviewed the financial reporting checklist FY2016 completed by Group CFO, and assessed by GMD, and obtained their assurance, in making its recommendation to the Board, that adequate processes and controls were in place for an effective and efficient process in the preparation of the consolidated AFS 2016 and, in all material respects, the AFS 2016 complied with the applicable FRS as well as disclosure provisions of MMLR, and fairly present the results of the operations, cash flow and financial position of the Group.

(b) External Audit

The Group's EA is PwC. A new audit engagement partner was appointed during FY2016.

(i) Reviewed EA's report on the conduct of AFS 2015 audit, the findings on significant accounting and reporting issues together with the findings on the internal control system as well as overview of issues found during the interim audit.

(ii) Reviewed EA's audit plan 2016, encompassing the proposed work blueprint, nature and scope for the year's audit and other examination including the evaluation of internal control systems and risk management processes, to the extent performed as part of the external audit.

(iii) Considered whether the extent of reliance on GIA by EA was appropriate and whether there were any significant gaps between the internal and external audits.

(iv) Obtained assurance from EA that their independence has not been impaired.

(v) Reviewed, in consultation with management, the terms of engagement of PwC for the statutory audit FY2016 of the Group in respect of cost, scope and performance, upon confirmation of their independence and objectivity including non-audit services related to tax consultancy and compliance review.

(vi) Conducted bi-annual private sessions with EA without the presence of management on 23 February 2016 and 22 November 2016 to discuss any issue or reservation arising from their audit. No major concerns were highlighted by EA and they had received full cooperation from management.

Subsequent to FY2016, AC carried out the following duties at its meeting on 21 February 2017:

(i) Reviewed the results of the annual audit report AFS 2016 on the audit findings together with recommendations and management's response as set out in the management representation letter issued to EA.

(ii) Reviewed and deliberated on matters relating to internal control highlighted by EA in the course of their statutory audit of AFS 2016.

(iii) Evaluated EA's performance and effectiveness, quality of communication and interaction and its independence and objectivity, on the basis of AC meetings and a questionnaire-based internal review. Based on the assessment for FY2016, AC was satisfied with EA's technical competency in terms of their skills, execution of audit plan, reporting and overall performance, and the reasonableness of their audit fees. Requisite assurance was sought and provided by EA that internal governance processes within PwC demonstrate and support the firm's independence. With that, AC had recommended for the endorsement of the Board on the reappointment of PwC as EA for FY2017. The Board had at its meeting in February 2017 approved AC's recommendation for shareholder approval to be sought at the upcoming 53rd AGM on the reappointment of PwC as EA of IGB for FY2017.

(c) GIA

The main role of GIA function is to provide AC with independent and objective reports on the adequacy and effectiveness of the internal controls, risks and governance framework of the Group. Head of GIA reports to AC on its activities based on the approved annual audit plan. The following is a summary of GIA's work reviewed and/or approved by AC during FY2016 and to the date of this report:

(i) Reviewed GIA's reports on the effectiveness and adequacy of internal controls, risk management, operational, compliance and governance processes of the Group including management's responses thereto and the implementation of management's action plans on outstanding issues and recommendations were being properly addressed and corrected on a timely basis. A total of 42 audit reports (including follow-up audits) were issued by GIA for the assignments conducted on the Group based on the 2016 GIA Plan, and most findings were rated satisfactory while some required improvements relating to controls weaknesses, compliance shortcoming, and documentation anomalies whereby all gaps had since been addressed.

Audit Committee Report
(continued)

(ii) Reviewed and approved GIA Plan for FY2017 to ensure adequate scope and coverage of the key risk areas and processes of the operational, compliance and internal controls of the Group. In planning for the audit of the Group, a risk based auditing approach taking into account the Standards developed by IIA and global best practices, was adopted. The approach emphasised on effective planning and scoping of audits to suit the size and activities of functional areas, and to concentrate audit resources on areas that expose the Group to the greater degree of risk. All high risk activities in each auditable area are audited annually.

(iii) Approved the revised GIA Charter to include the core principles for the professional practice of internal auditing as stated in the International Professional Practices Framework for internal auditing, and to reflect GIA's roles in facilitating the risk management reporting process, handling of feedback processes, and participating in the sustainability committee on the reporting of sustainability matters for the Group.

Subsequent to FY2016, AC had at its meeting on 21 February 2017 reviewed the performance, competency and resources of GIA function to ensure that, collectively, GIA has the required expertise and professionalism to discharge its duties independently with impartiality. Based on GIA checklist FY2016 completed by Head of GIA, and on the basis of GIA quarterly reports submitted to AC, AC was satisfied that GIA team was adequately resourced to perform its functions, and in general, has added value by improving, sustaining and strengthening the internal control environment of the Group.

A quality assurance review on GIA function was performed by IIA Malaysia in 2015 and the assessment affirmed that GIA activity conformed to the Standards. The next review would be due in year 2020.

The cost incurred for GIA function in FY2016 was RM1.06 million.

Further details of GIA activities are set out in this Annual Report under the heading Statement on Risk Management and Internal Control.

(d) Risks and Control Environment

(i) The Board has assigned oversight of the Group's risk management function to RMC. AC also assists the Board in examining the adequacy and effectiveness of the Group's risk management framework and the appropriateness of management's responses to key risk areas and recommendations for improvements to be implemented. Based on the periodic reports of RMC and the annual risk identification survey as well as half-yearly key risk indicator reports presented by GIA which shed insights on the areas of risks, likelihood, impact and management action on the Group's operating business and functional units, AC was thus able to keep under review the adequacy and effectiveness of the Group's risk management system along with their risk portfolio, risk levels and risk mitigation strategies.

(ii) Monitored GIA assessment of the design, implementation and effectiveness of the control environment of the Group including financial, operational, compliance and management information systems. Based on the controls and regulation checklist FY2016 completed by the relevant divisional heads, as well as information and explanations given by management and discussion with EA on the results of their audit, AC was generally satisfied with the adequacy and integrity of the internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines. No significant irregularity or deficiency in internal controls came to the attention of AC during FY2016.

(e) RPT

Reviewed the quarterly RPT and RRPT reports, tracked against their mandated thresholds, and ensured proper disclosures were made in accordance with MMLR. AC was satisfied that all transactions were in the best interest of the Group, whereby the terms concluded were fair, reasonable and based on commercial viability, and were therefore not deemed to be detrimental to the interests of minority shareholders, and the monitoring procedures to regulate such transactions were appropriate and sufficient.

Subsequent to FY2016, AC had at its meeting on 21 February 2017, reviewed the draft proposal in relation to the annual renewal of RRPT mandate to be sought at 53rd AGM, and having considered, among others, the nature of RRPT to be made were intended to meet the ordinary and usual course of business needs of the Group and likely to occur with some degree of frequency and such transactions to be undertaken at arm's length and on normal commercial terms consistent with the Group's usual practices and policies, as well as the procedures and processes established to regulate RRPT, was satisfied that adequate processes and controls were in place for an effective and efficient process in the monitoring, tracking and identifying RRPT in a timely and orderly manner.

Audit Committee Report
(continued)

(f) Annual Reporting

Reviewed the extent of the Group's compliance with the requirements of MMLR for the purpose of preparing Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in Annual Report 2015 and recommended their adoption by the Board. AC had at its meeting on 21 February 2017 reviewed Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in Annual Report 2016, and whereupon recommendations were submitted and approved by the Board.

IV. AC TRAINING

During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to efficiently discharge their duties as Directors as well as to keep themselves abreast with the changes and updates on technical competencies in their respective fields of expertise. Details of the seminars, training programmes and conferences that they attended during FY2016 are set out in Corporate Governance Statement under the heading Training and Education of this Annual Report.

Statement on Risk Management and Internal Control

RESPONSIBILITY

The Board has overall responsibility for the Group's risk management and internal control system, and for reviewing its adequacy and effectiveness. The review covers financial, operational and compliance controls, and risk management procedures of the Group. However, such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material errors, misstatement, losses or fraud. The Statement of Risk Management and Internal Control does not cover associates and joint ventures as the internal control systems of these companies are managed by the respective management teams.

RISK MANAGEMENT

The Board has established a risk management framework which includes the roles and responsibilities of each management level in the risk management process, sets out the risk appetite and risk tolerances based on measureable parameters for critical risks, and outlines the risk policies and limits consistent with the risk appetite and risk tolerance of the Group. The risk management framework including the risk appetite and tolerance that the Group is willing to accept in pursuit of its objectives, is communicated to management.

Risk management in the Group involves an on-going process for identifying, evaluating, managing and reviewing any changes in the significant risks faced by the business in the Group in its achievement of objectives and strategies. The risk management process involved the business and functional units of the Group in identifying significant risks impacting the achievement of business objectives of the Group on an annual basis. It also involved the assessment of the impact and likelihood of such risks and of the effectiveness of controls in place to manage them. The process included the enhancement of the system of internal controls when there are changes to business environment or regulatory guidelines. This process has been embedded in all aspects of the Group's activities and 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 risks and internal controls by identifying and assessing the risks faced in its operations. They are also responsible for the design, operation and monitoring of suitable internal controls to mitigate and control these risks. All employees are accountable for operating within these policies. The management has also identified key risk indicators for their respective business divisions and monitoring is done to ensure that significant changes in risk levels are identified in a timely manner and actions are taken appropriately to address the risks. Emerging risks are also identified and reported to RMC and included in the monitoring process to ensure that steps are taken to manage the risks in a timely manner.

The GIA function provides further independent assurance on the adequacy and effectiveness of the risk management and internal control system as part of their audit reviews. All reports relating to the risk management process are brought to the attention of the Board through RMC and AC.

KEY INTERNAL CONTROL PROCESSES

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues. It has delegated to management the implementation of the system of internal control in the operation of the business units in the Group.

The main elements in the system of internal control framework included:

- An organisational structure with formally defined lines of responsibility and delegation of authority for all business and functional departments within the Group;
- Structured limits of authority, which provides a framework of authority and accountability within the Group, and which facilitates timely corporate decision making at the appropriate levels in the Group;
- Preparation of annual operating budgets and capital expenditure plans by the business and functional departments which are reviewed and approved by GMD and the Board;
- Assessment of quarterly performance of the Group against approved budgets and reporting of significant variances to the Board;
- Establishment of standard operating policies and procedures to ensure compliance with internal controls and the relevant laws and regulations and which are reviewed regularly and approved by the management;
- Regular reporting of accounting and legal developments and significant issues to the Board; and
- Implementation of proper guidelines for hiring and termination of staff, formal training programmes for staff, annual performance appraisals and other procedures in place to ensure that staff are competent and adequately trained in carrying out their responsibilities.

The GIA function evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate. The work of GIA function is focused on areas of priority as identified by risk analysis and in accordance with an annual GIA Plan approved each year by AC. The head of this function reports directly to AC. AC determines the scope of GIA function which includes all companies and joint ventures in the Group except for associates. AC receives reports on the function's work and findings and is updated regularly on issues that required further follow-up and rectification by management.

Statement on Risk Management and Internal Control
(continued)

The Board, through AC, has reviewed the effectiveness of the Group's system of risk management and internal control. There were no significant internal control aspects that would have resulted in any material losses, contingencies, or uncertainties that would require disclosure in this Annual Report.

The Board has received assurances from GMD and Group CFO that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

As required by Paragraph 15.23 of MMLR, PwC have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by MIA. RPG 5 (Revised) does not require EA to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

IGB Corporation Berhad (5745-A)

Reports and Financial Statements

31 December 2016

Directors' Report

for the financial year ended 31 December 2016

The Directors are pleased to present their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

Principal activities and corporate information

The principal activities of the Company are those of investment holding and property development. The principal activities of the Group mainly consist of property development, property investment and management, owner and operator of malls, hotel operations, construction, education, investment holding and management of real estate investment trust.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The address of the principal place of business and registered office of the Company is as follows:

Level 32, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Financial results

	Group RM'000	Company RM'000
Profit for the financial year	**455,053**	**201,007**
Attributable to:		
Equity holders of the Company	**297,993**	**201,007**
Non-controlling interests	**157,060**	**-**
	455,053	**201,007**

Dividends

The amount of dividends paid, declared or proposed since the end of the previous financial year were as follows:

		RM'000
(a)	In respect of the financial year ended 31 December 2015:	
	2nd Interim single-tier dividend of 10% or 5.0 sen per ordinary share paid on 18 March 2016	66,745
(b)	In respect of the financial year ended 31 December 2016:	
	1st Interim single-tier dividend of 10% or 5.0 sen per ordinary share paid on 23 September 2016	66,745
(c)	In respect of the financial year ended 31 December 2016:	
	2nd Interim single-tier dividend of 10% or 5.0 sen per ordinary share paid on 17 March 2017	66,745

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2016.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Directors' Report
for the financial year ended 31 December 2016
(continued)

Treasury shares

Shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 24 May 2016, approved the Company's plan to repurchase its own shares (up to a maximum of 10% of the issued and paid up capital of the Company). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 2,000 of its own shares. The average price paid for the shares repurchased was RM2.50 per share.

The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares and/or cancel the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at 31 December 2016, the number of treasury shares held was 29,901,600 (31.12.2015: 29,899,600) ordinary shares of RM0.50 each.

Executives Share Option Scheme ("ESOS")

On 2 June 2015, the Company offered 24,731,000 option shares or 1.85% of the total issued and paid-up share capital (excluding treasury shares), for subscription by the Eligible Directors and Executives of the Group at the subscription price of RM2.88 per share based on the 5-day volume weighted average market price ie. 26 May to 1 June 2015, and exercisable during period commencing from 1 July 2015 to 25 May 2020.

The salient features and other terms of the ESOS are disclosed in Note 15.

Significant Post Balance Sheet Events

On 15 August 2016, an announcement was made to Bursa Securities on the signing of a Sale and Purchase Agreement by Great Union Properties Sdn Bhd, a wholly owned subsidiary of the Company to dispose Renaissance Kuala Lumpur Hotel for a cash consideration of RM765.0 million. The disposal was completed on 20 January 2017.

On 23 February 2017, an announcement was made to Bursa Securities on the proposed acquisition by Goldis Berhad ("Goldis") of the entire equity interest in the Company not already owned by Goldis, by way of a members' scheme of arrangement pursuant to Section 366 of the Companies Act, 2016 between the Company and all the shareholders of the Company, other than Goldis ("Proposed Scheme"). On 30 March 2017, an announcement was made to Bursa Securities that the Company had on 30 March 2017 written to Goldis requesting an extension of time up to 5.00 p.m. on 28 April 2017 to evaluate the Proposed Scheme. The request was agreed by Goldis on even date.

Directors

The Directors in office since the date of the last Report are:

Tan Sri Abu Talib bin Othman
Dato' Seri Robert Tan Chung Meng
Tan Boon Seng
Tan Boon Lee
Tan Lei Cheng
Tony Tan Choon Keat
Tan Kai Seng
Yeoh Chong Swee
Daniel Yong Chen-I *(ceased as alternate director and appointed as Director on 24.05.2016)*
Chua Seng Yong *(alternate to Dato' Seri Robert Tan Chung Meng)*
Tan Yee Seng *(alternate to Tan Boon Seng)*
Tan Jian Hong, Aaron *(alternate to Tony Tan Choon Keat; appointed on 29.11.2016)*
Pauline Tan Suat Ming *(retired 24.05.2016)*

The following Directors, all of whom are due to retire at the forthcoming 53rd Annual General Meeting ("AGM") and being eligible, had offered themselves for re-election/re-appointment:

(a) Article 86 of the Company's Articles of Association ("Articles") requires every Director to submit himself for re-election at least once every three years and reflects the provision of paragraph 7.26 of the Main Market Listing Requirements ("MMLR") of Bursa Securities.

Tan Boon Seng, Tan Boon Lee and Tan Lei Cheng, all of whom having been re-elected in 2014, are obliged to retire from office. Their retirement pursuant to Article 86 will also satisfy the obligation under Article 85 of the Articles which requires one-third of Directors to retire from office by rotation each year.

Daniel Yong Chen-I, who was appointed to the Board on 24 May 2016 is oblige to retire from office pursuant to Article 89 of the Articles which requires that the term of office of an elected Director must end at the conclusion of the AGM following the Director's election.

Directors' Report

for the financial year ended 31 December 2016
(continued)

Directors (continued)

(b) Section 129(2) of the Companies Act, 1965 ("the Act") requires a Director who is aged 70 years and above to retire annually, and if he is standing for re-appointment, passing of a resolution by at least three-fourths of shareholders or proxies present at AGM is required.

The re-appointments of Tan Sri Abu Talib bin Othman and Yeoh Chong Swee are pursuant to Section 129(6) of the Act and Recommendation 3.3 of the MCCG to continue to act as Independent Non-executive Directors until the Company's AGM in 2017.

Directors' interests

The following Directors of the Company who held office at the end of the financial year had interests in shares, units and/or options in the Company, its ultimate holding company and its subsidiary as follows:

In the Company	**Number of ordinary shares of RM0.50 each**			
	1 January 2016	**Addition**	**Disposal**	**31 December 2016**
Tan Sri Abu Talib bin Othman				
Direct	1,398,850	-	-	**1,398,850**
Dato' Seri Robert Tan Chung Meng				
Direct	1,000,000	-	-	**1,000,000**
Indirect	980,291,803	-	-	**980,291,803**
Tan Boon Lee				
Direct	1,690,000	-	-	**1,690,000**
Tony Tan Choon Keat				
Indirect	980,291,803	-	-	**980,291,803**
Tan Kai Seng				
Direct	93,677	-	-	**93,677**
Yeoh Chong Swee				
Indirect	79,035	-	-	**79,035**
Chua Seng Yong				
Direct	100,006	-	-	**100,006**

In the Company	**Number of Options over unissued ordinary shares of RM0.50 each**		
	1 January 2016	**Exercised**	**31 December 2016**
Directors			
Tan Sri Abu Talib bin Othman	750,000	-	**750,000**
Dato' Seri Robert Tan Chung Meng	2,000,000	-	**2,000,000**
Tan Boon Seng	1,500,000	-	**1,500,000**
Tan Boon Lee	1,500,000	-	**1,500,000**
Tan Lei Cheng	500,000	-	**500,000**
Tony Tan Choon Keat	500,000	-	**500,000**
Tan Kai Seng	500,000	-	**500,000**
Yeoh Chong Swee	500,000	-	**500,000**
Chua Seng Yong	750,000	-	**750,000**
Daniel Yong Chen-I	500,000	-	**500,000**
Tan Yee Seng	500,000	-	**500,000**

Directors' Report
for the financial year ended 31 December 2016
(continued)

Directors' interests (continued)

Pursuant to an Order under Section 169A(1) of the Companies Act, 1965 dated 15 November 2016 obtained from the Companies Commission of Malaysia, the Directors are required to disclose the Eligible Executives who have been offered 500,000 option shares and above as follows:

In the Company	Number of Options over unissued ordinary shares of RM0.50 each		
	1 January 2016	**Exercised**	**31 December 2016**
Eligible Executives			
Chai Lai Sim	750,000	-	**750,000**
Teh Boon Ghee	500,000	-	**500,000**
Antony Patrick Barragry Anuar Phauzi Bin Abdullah	500,000	-	**500,000**
Elizabeth Tan Hui Ning	500,000	-	**500,000**
Gabrielle Tan Hui Chween	500,000	-	**500,000**
Dato' Lim Hock Kheng	500,000	-	**500,000**

In Goldis Berhad (ultimate holding company)	Number of ordinary shares of RM1.00 each			
	1 January 2016	**Addition**	**Disposal**	**31 December 2016**
Dato' Seri Robert Tan Chung Meng				
Direct	1,483,509	-	-	**1,483,509**
Indirect	183,780,976	9,496,800	-	**193,277,776**
Tan Boon Seng				
Direct	1,400,824	-	(1,400,824)	**-**
Indirect	79,480,042	-	(19,412,300)	**60,067,742**
Tan Boon Lee				
Direct	4,157,380	-	-	**4,157,380**
Tan Lei Cheng				
Direct	8,899,651	-	-	**8,899,651**
Indirect	3,862,176	-	-	**3,862,176**
Tony Tan Choon Keat				
Indirect	183,780,976	9,496,800	-	**193,277,776**
Tan Kai Seng				
Direct	19,891	-	-	**19,891**
Daniel Yong Chen-I				
Indirect	-	803,297	-	**803,297**
Chua Seng Yong				
Direct	922	-	-	**922**
Tan Yee Seng				
Direct	53,045	-	-	**53,045**

Directors' Report
for the financial year ended 31 December 2016
(continued)

Directors' interests (continued)

In Goldis Berhad (ultimate holding company)	**Number of Redeemable Convertible Cumulative Preference Shares of RM0.01 each**			
	1 January 2016	**Addition**	**Disposal**	**31 December 2016**
Dato' Seri Robert Tan Chung Meng				
Direct	1,112,631	-	-	**1,112,631**
Indirect	142,988,143	-	-	**142,988,143**
Tan Boon Seng				
Direct	1,050,618	-	(1,050,618)	**-**
Indirect	72,151,330	18,500	-	**72,169,830**
Tan Boon Lee				
Direct	3,118,035	-	-	**3,118,035**
Tan Lei Cheng				
Direct	6,674,738	-	-	**6,674,738**
Indirect	2,915,613	-	-	**2,915,613**
Tony Tan Choon Keat				
Indirect	142,988,143	-	-	**142,988,143**
Daniel Yong Chen-I				
Indirect	-	602,472	-	**602,472**
Tan Yee Seng				
Direct	39,783	-	-	**39,783**

In IGB Real Estate Investment Trust ("IGB REIT") (subsidiary)	**Number of units of RM1.00 each**			
	1 January 2016/ Appointment Date	**Addition**	**Disposal**	**31 December 2016**
Tan Sri Abu Talib bin Othman				
Direct	1,111,908	-	-	**1,111,908**
Dato' Seri Robert Tan Chung Meng				
Direct	9,289,081	-	-	**9,289,081**
Indirect	1,837,118,859	21,685,021	-	**1,858,803,880**
Tan Boon Seng				
Indirect	5,519,604	-	(5,506,272)	**13,332**
Tan Boon Lee				
Direct	1,989,725	-	(384,700)	**1,605,025**
Tan Lei Cheng				
Direct	1,853,742	-	-	**1,853,742**
Indirect	345,722	-	-	**345,722**
Tony Tan Choon Keat				
Direct	1,000,000	-	-	**1,000,000**
Indirect	1,837,118,859	21,685,021	-	**1,858,803,880**
Tan Kai Seng				
Direct	1,393	-	-	**1,393**
Yeoh Chong Swee				
Indirect	14,322	-	-	**14,322**
Daniel Yong Chen-I				
Direct	622,132	-	-	**622,132**
Indirect	-	1,080,898	-	**1,080,898**
Tan Yee Seng				
Direct	307,200	-	(307,200)	**-**
Tan Jian Hong, Aaron				
Direct	15,000	-	-	**15,000**

Directors' Report

for the financial year ended 31 December 2016
(continued)

Directors' interests (continued)

By virtue of Dato' Seri Robert Tan Chung Meng and Tony Tan Choon Keat holding more than 15% interests in the shares of the Company, they are deemed to have interests in the shares of the subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, none of the Directors in office at the end of the financial year held any interest in the shares of the Company or related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits shown under Directors' remuneration as disclosed in Note 7) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 39.

Except as disclosed above, neither during nor at the end of the financial year was the Company a party to any arrangement whose object or objects was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Statutory information on the financial statements

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets other than debts which were unlikely to realise in the ordinary course of business including the values as shown in the accounting records of the Group and of the Company had been written down to an amount that the current assets might be expected so to realise.

At the date of this Report, the Directors were not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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.

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, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this Report, there did not exist:

(a) 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 liability of any other person; or

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

At the date of this Report, the Directors were not aware of any circumstances not otherwise dealt with in this Report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) 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; and

(b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

Directors' Report

for the financial year ended 31 December 2016
(continued)

Ultimate holding company

The Directors regard Goldis Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Securities, as the ultimate holding company.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office. The Directors had endorsed the recommendation of the Audit Committee for PricewaterhouseCoopers to be reappointed as auditors.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 April 2017.

Dato' Seri Robert Tan Chung Meng
Group Managing Director

Tan Kai Seng
Director

Income Statements
for the financial year ended 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	5	**1,150,308**	1,167,082	**283,315**	391,095
Cost of sales		**(534,857)**	(573,380)	**(31,788)**	(43,335)
Gross profit		**615,451**	593,702	**251,527**	347,760
Other operating income		**175,969**	47,713	**4,952**	21,970
Administrative expenses		**(213,333)**	(187,945)	**(40,489)**	(43,178)
Other operating expenses		**(12,317)**	(10,803)	**(19)**	(1,879)
Profit from operations	6	**565,770**	442,667	**215,971**	324,673
Finance costs	8	**(78,629)**	(91,886)	**(16,823)**	(14,994)
Finance income	8	**25,594**	35,806	**36,562**	34,217
Share of results of associates		**22,743**	41,196	**-**	-
Share of results of joint ventures		**(505)**	(743)	**-**	-
Profit before tax		**534,973**	427,040	**235,710**	343,896
Tax expense	9	**(79,920)**	(92,455)	**(34,703)**	(36,734)
Profit for the financial year		**455,053**	334,585	**201,007**	307,162
Attributable to:					
Equity holders of the Company		**297,993**	216,903	**201,007**	307,162
Non-controlling interests		**157,060**	117,682	**-**	-
Profit for the financial year		**455,053**	334,585	**201,007**	307,162
Earnings per ordinary share attributable to equity holders of the Company (sen)					
- Basic and diluted	10	**22.32**	16.25		

Statements of Comprehensive Income

for the financial year ended 31 December 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the financial year	**455,053**	334,585	**201,007**	307,162
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	**(30,714)**	68,198	**-**	-
Non-controlling interests	**5,569**	719	**-**	-
Items that may be subsequently reclassified to profit or loss	**(25,145)**	68,917	**-**	-
Total comprehensive income for the financial year	**429,908**	403,502	**201,007**	307,162
Attributable to:				
Equity holders of the Company	**267,279**	285,101	**201,007**	307,162
Non-controlling interests	**162,629**	118,401	**-**	-
Total comprehensive income for the financial year	**429,908**	403,502	**201,007**	307,162

Statements of Financial Position
as at 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital and reserves attributable to equity holders of the Company					
Share capital	12	**682,399**	682,399	**682,399**	682,399
Share premium	13	**112,641**	112,641	**112,641**	112,641
Treasury shares	14	**(81,093)**	(81,088)	**(81,093)**	(81,088)
		713,947	713,952	**713,947**	713,952
Other reserves	16	**128,961**	159,675	**73,790**	73,790
Retained earnings		**3,659,850**	3,511,513	**4,492,438**	4,424,921
		4,502,758	4,385,140	**5,280,175**	5,212,663
Non-controlling interests		**91,389**	65,551	**-**	-
Total equity		**4,594,147**	4,450,691	**5,280,175**	5,212,663
Non-current assets					
Property, plant and equipment	17	**1,433,504**	2,178,748	**1,022**	1,392
Investment properties	18	**2,673,799**	2,452,033	**-**	-
Inventories	19	**265,364**	270,876	**-**	-
Long-term prepaid lease	20	**422**	4,065	**-**	-
Investments in subsidiaries	21	**-**	-	**4,835,077**	4,542,136
Investments in associates	22	**467,248**	516,551	**37,735**	37,735
Investments in joint ventures	23	**385,360**	431,937	**-**	-
Amounts owing by subsidiaries	30	**-**	-	**100,746**	33,349
Deferred tax assets	24	**12,796**	1,548	**-**	-
Goodwill	25	**-**	19,164	**-**	-
		5,238,493	5,874,922	**4,974,580**	4,614,612
Current assets					
Inventories	19	**525,763**	485,665	**40,361**	52,574
Financial assets at fair value through profit or loss	27	**7,626**	9,889	**277**	317
Receivables and contract assets	29	**195,594**	198,055	**17,079**	62,122
Amounts owing by subsidiaries	30	**-**	-	**265,846**	236,766
Amounts owing by associates	31	**41,480**	28,397	**670**	670
Amounts owing by joint ventures	31	**25,472**	18,389	**-**	-
Tax recoverable		**21,333**	4,030	**-**	-
Cash held under Housing Development Accounts	32	**87,700**	23,931	**61,356**	1,346
Cash and bank balances	26	**934,710**	1,065,654	**248,181**	604,176
		1,839,678	1,834,010	**633,770**	957,971
Asset classified as held-for-sale	28	**708,025**	35,190	**-**	-
		2,547,703	1,869,200	**633,770**	957,971

Statements of Financial Position

as at 31 December 2016
(continued)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Less: Current liabilities					
Payables and contract liabilities	33	**703,861**	479,120	**19,993**	26,906
Amounts owing to subsidiaries	30	**-**	-	**101,132**	73,244
Amounts owing to associates	31	**4**	1,717	**-**	-
Borrowings	34	**485,671**	920,169	**101,765**	101,721
Current tax payable		**106,881**	98,592	**5,048**	7,812
		1,296,417	1,499,598	**227,938**	209,683
Net current assets		**1,251,286**	369,602	**405,832**	748,288
Less: Non-current liabilities					
Payables and contract liabilities	33	**80,155**	80,077	**-**	-
Borrowings	34	**1,644,136**	1,531,364	**100,000**	150,000
Deferred tax liabilities	24	**171,341**	182,392	**237**	237
		1,895,632	1,793,833	**100,237**	150,237
		4,594,147	4,450,691	**5,280,175**	5,212,663

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2016

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares							
		Number of shares	Nominal value	Number of shares	Nominal value	Share premium	Other reserves (Note 16)	Retained earnings	Total	Non-controlling interests	Total equity
Group	**Note**	**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2016		**1,364,798**	**682,399**	**(29,900)**	**(81,088)**	**112,641**	**159,675**	**3,511,513**	**4,385,140**	**65,551**	**4,450,691**
Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**-**	**(30,714)**	**297,993**	**267,279**	**162,629**	**429,908**
Transactions with equity holders:											
Dividends on ordinary shares	11	**-**	**-**	**-**	**-**	**-**	**-**	**(133,490)**	**(133,490)**	**-**	**(133,490)**
Dividends paid to non-controlling interests of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(150,463)**	**(150,463)**
Share buy back	14	**-**	**-**	**(2)**	**(5)**	**-**	**-**	**-**	**(5)**	**-**	**(5)**
Changes in ownership interests in subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**-**	**(16,166)**	**(16,166)**	**13,672**	**(2,494)**
Total transactions with equity holders		**-**	**-**	**(2)**	**(5)**	**-**	**-**	**(149,656)**	**(149,661)**	**(136,791)**	**(286,452)**
At 31 December 2016		**1,364,798**	**682,399**	**(29,902)**	**(81,093)**	**112,641**	**128,961**	**3,659,850**	**4,502,758**	**91,389**	**4,594,147**

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2016
(continued)

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares							
		Number of shares	Nominal value	Number of shares	Nominal value	Share premium	Other reserves (Note 16)	Retained earnings	Total	Non-controlling interests	Total equity
Group	**Note**	**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2015		1,364,798	682,399	(29,900)	(81,088)	112,641	80,436	3,511,016	4,305,404	85,191	4,390,595
Total comprehensive income for the financial year		-	-	-	-	-	68,198	216,903	285,101	118,401	403,502
Transactions with equity holders:											
Dividends on ordinary shares	11	-	-	-	-	-	-	(200,235)	(200,235)	-	(200,235)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(146,351)	(146,351)
Executives Share Option Scheme		-	-	-	-	-	11,041	-	11,041	-	11,041
Issuance of ordinary shares to non-controlling interests in a subsidiary		-	-	-	-	-	-	-	-	225	225
Changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	-	-	-	(16,171)	(16,171)	8,085	(8,086)
Total transactions with equity holders		-	-	-	-	-	11,041	(216,406)	(205,365)	(138,041)	(343,406)
At 31 December 2015		1,364,798	682,399	(29,900)	(81,088)	112,641	159,675	3,511,513	4,385,140	65,551	4,450,691

Company Statement of Changes in Equity
for the financial year ended 31 December 2016

		Issued and fully paid ordinary shares of RM0.50 each		Treasury shares					
		Number of shares	Nominal value	Number of shares	Nominal value	Share premium	Other Reserves (Note 16)	Retained earnings	Total equity
Company	**Note**	**'000**	**RM'000**	**'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2016		**1,364,798**	**682,399**	**(29,900)**	**(81,088)**	**112,641**	**73,790**	**4,424,921**	**5,212,663**
Total comprehensive income for the financial year		-	-	-	-	-	-	**201,007**	**201,007**
Transactions with equity holders:									
Dividends on ordinary shares	11	-	-	-	-	-	-	**(133,490)**	**(133,490)**
Share buy back	14	-	-	**(2)**	**(5)**	-	-	-	**(5)**
Total transactions with equity holders		-	-	**(2)**	**(5)**	-	-	**(133,490)**	**(133,495)**
At 31 December 2016		**1,364,798**	**682,399**	**(29,902)**	**(81,093)**	**112,641**	**73,790**	**4,492,438**	**5,280,175**
At 1 January 2015		1,364,798	682,399	(29,900)	(81,088)	112,641	62,749	4,317,994	5,094,695
Total comprehensive income for the financial year		-	-	-	-	-	-	307,162	307,162
Transactions with equity holders:									
Executives Share Option Scheme		-	-	-	-	-	11,041	-	11,041
Dividends on ordinary shares	11	-	-	-	-	-	-	(200,235)	(200,235)
Total transactions with equity holders		-	-	-	-	-	11,041	(200,235)	(189,194)
At 31 December 2015		1,364,798	682,399	(29,900)	(81,088)	112,641	73,790	4,424,921	5,212,663

Statements of Cash Flows

for the financial year ended 31 December 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating activities				
Cash receipts from customers	**1,280,641**	1,236,431	**113,884**	95,259
Cash paid to contractors, suppliers and employees	**(513,373)**	(665,986)	**(104,447)**	(149,840)
Cash flows from/(used in) operations	**767,268**	570,445	**9,437**	(54,581)
Interest paid	**(90,670)**	(99,346)	**(16,779)**	(14,491)
Income taxes paid	**(111,309)**	(117,116)	**(37,467)**	(40,061)
Income tax refunded	**74**	1,259	**-**	-
Dividends received from subsidiaries	**-**	-	**170,307**	255,604
Net cash generated from operating activities	**565,363**	355,242	**125,498**	146,471
Investing activities				
Proceeds from redemption of preference shares in subsidiaries	**-**	-	**26,100**	32,025
Proceeds from redemption of preference shares in associates	**6,500**	5,500	**-**	-
Interest received	**27,764**	37,168	**38,783**	34,528
Additions in property, plant and equipment	**(64,327)**	(142,238)	**(352)**	(369)
Additions in investment properties	**(253,530)**	(170,964)	**-**	-
Proceeds from sale of land held for property development	**498**	7,655	**-**	-
Additions in land held for property development	**(6,739)**	(10,762)	**-**	-
Proceeds from sale of property, plant and equipment	**201,968**	157	**5**	-
Disposal of unit trust	**2,263**	2,043	**-**	-
Proceeds from disposal of an associate	**546**	-	**-**	-
Capital repayment from an associate	**1,240**	-	**-**	-
Subscription of additional shares in associates	**(1,168)**	(675)	**-**	-
Capital repayment to non-controlling interests of a subsidiary	**(2,494)**	(770)	**-**	-
Subscription of additional shares in subsidiaries	**-**	-	**-**	(48,735)
Dividends received from associates	**1,891**	13,762	**-**	-
Repayment of advances from associates	**-**	25,668	**-**	-
Advances provided to subsidiaries	**-**	-	**(653,846)**	(219,743)
Repayments received on advances provided to subsidiaries	**-**	-	**252,583**	71,282
Advances to associates and joint ventures	**(9,731)**	(12,487)	**-**	-
Deposits release by/(pledged) with licensed banks	**534,088**	(53,669)	**534,088**	(53,669)
Net cash generated from/(used in) investing activities	**438,769**	(299,612)	**197,361**	(184,681)

Statements of Cash Flows
for the financial year ended 31 December 2016
(continued)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Financing activities					
Repayments of borrowings		**(576,758)**	(7,000)	**(50,000)**	-
Proceeds from borrowings		**316,000**	241,500	**-**	50,000
Purchase of treasury shares		**(5)**	-	**(5)**	-
Cash arising from dilution of equity in a subsidiary		**-**	225	**-**	-
Advances received from subsidiaries		**-**	-	**176,649**	260,250
Repayments of advances received from subsidiaries		**-**	-	**(77,930)**	(156,100)
Dividends paid		**(133,490)**	(200,235)	**(133,490)**	(200,235)
Dividends paid to non-controlling interests of subsidiaries		**(140,817)**	(149,526)	**-**	-
Deposits held with trustee		**(8,793)**	(1,095)	**-**	-
Net cash used in financing activities		**(543,863)**	(116,131)	**(84,776)**	(46,085)
Net increase/(decrease) in cash and cash equivalents during the financial year		**460,269**	(60,501)	**238,083**	(84,295)
Cash and cash equivalents at 1 January		**526,306**	593,572	**71,434**	155,352
Foreign currencies exchange differences on opening balances		**(2,149)**	(6,765)	**20**	377
Cash and cash equivalents at 31 December	45	**984,426**	526,306	**309,537**	71,434

<u>The principal non-cash transactions of the Company are</u>:

1) Redemption of Redeemable Preference Shares in subsidiaries of RM22,095,000 was set off against amount owing to subsidiaries.

2) Dividends declared by subsidiaries of RM46,100,000 was set off against amounts owing to subsidiaries.

3) The principal non-cash transaction of the Company in financial year 2015 was the subscription of preference shares in subsidiaries amounting to RM190,742,000 against amounts due from subsidiaries.

Notes to the Financial Statements

for the financial year ended 31 December 2016

1. General information

The principal activities of the Company during the financial year are those of investment holding and property development. The principal activities of the Group mainly consist of property development, property investment and management, owner and operator of malls, hotel operations, construction, education, investment holding and management of real estate investment trust.

The Group regards Goldis Berhad, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the ultimate holding company.

2. Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in dealing with items that are considered material in relation to the financial statements.

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 ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965, in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(a) Standards, amendments and improvements to published standards and interpretations to existing standards that are effective and are applicable to the Group and the Company

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2016:

- Amendments to MFRS 10, 12 & 128 'Investment entities – applying the consolidation exception'
- Amendments to MFRS 11 'Joint arrangements' – Accounting for acquisition of interests in joint operations
- Amendments to MFRS 101 'Presentation of financial statements' – Disclosure initiative
- Amendments to MFRS 116/MFRS138 'Property, plant and equipment and intangible assets' – Clarification of acceptable methods of depreciation and amortisation
- Amendments to MFRS 127 ' Equity method in separate financial statements'
- Annual Improvements to MFRSs 2012-2014 Cycle

The adoption of these amendments did not have any material impact on the current or any prior year financial statements of the Group and of the Company and are not likely to affect future periods.

(b) Standards, amendments and improvements to published standards and interpretations to existing standards that are early adopted by the Group and the Company

There are no new accounting standards, amendments and improvements to published standards and interpretations that are early adopted by the Group and the Company except for MFRS 15 'Revenue from contract with customers' which was adopted by the Group and the Company in the financial year ended 31 December 2014.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Standards, amendments and improvements to published standards and interpretations to existing standards that are applicable to the Group and the Company but are not yet effective

The new standards, amendments and improvements to published standards and interpretations that are mandatory for the Group's and the Company's financial year beginning after 1 January 2016 or later periods, and the Group and the Company have not early adopted, are as follows:

(i) Financial year beginning on or after 1 January 2017

- Amendments to MFRS 107 'Statement of cash flows – Disclosure initiative' introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 ' Income Taxes – Recognition of deferred tax assets for unrealised losses' clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

(ii) Financial year beginning on or after 1 January 2018

- MFRS 9 'Financial Instruments' will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. The complete version of MFRS 9 was issued in November 2014.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ('OCI'). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the income statement, unless this creates an accounting mismatch.

  There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

(iii) Financial year beginning on or after 1 January 2019

- MFRS 16 'Leases' will supersede MFRS 117 'Leases' and the related interpretations.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, plant and equipment' and the lease liability is accreted over time with interest expenses recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company are in the process of assessing the impact of the above standards, amendments and improvements to published standards on the financial statements and are not anticipated to have any significant impact on the financial position of the Group and of the Company in the year of initial application.

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (see Note 2.5 on goodwill).

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(c) Disposal of subsidiaries

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

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of joint ventures' in the income statement.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

(e) Associates

Associates are all entities over which the Group has significant influence, but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified acquisition.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(e) Associates (continued)

When the Group increases its stake in an existing investment and the investment becomes an associate for the first time, goodwill is calculated at each stage of the acquisition. The Group does not revalue its previously owned share of net assets to fair value. Any existing available-for-sale reserve is reversed in other comprehensive income, restating the investment to cost. For an investment designated at fair value through profit or loss, the reversal resulting from the restatement to cost is made against retained earnings. A share of profits (after dividends) together with a share of any equity movements relating to the previously held interest are accounted for in other comprehensive income.

The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional stake is purchased. The previously held interest is not re-measured.

The Group determines at each reporting date whether there is any objective evidence that the investment is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss adjacent to 'share of results of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the income statement.

(f) Investment in subsidiaries, joint ventures and associates

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

The amounts due from subsidiaries, joint ventures and associates of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries, joint ventures and associates.

2.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see Note 2.14 on borrowings and borrowing costs).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the income statements during the financial years in which they are incurred.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease is amortised in equal instalments over the period of the respective leases. Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

	%
Leasehold land	1
Buildings, including hotel properties	1-4
Plant and machinery	10-20
Motor vehicles	20
Office furniture, fittings and equipment	10-33 1/3

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group carries out assessment on residual values and useful lives of assets on an annual basis. There was no adjustment arising from the assessment performed in the financial year.

Depreciation on assets under construction commences when the assets are ready for their intended use.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2.6 on impairment of non-financial assets).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in income statements.

2.4 Investment properties

Investment properties, comprising principally land, development rights and buildings are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by the Group. Building fittings that are attached to the buildings are also classified as investment properties. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see Note 2.14 on borrowings and borrowing costs).

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2.6 on impairment of non-financial assets). Freehold land is not depreciated as it has an infinite life. Assets under construction and land held for future development are depreciated when the assets are ready for their intended use. Investment properties are depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

	Years
Retail mall property	33 - 99
Commercial property - Leasehold property	10 - 99
Commercial property - Freehold property	10 - 50

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

Investment property is derecognised either when 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. Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the income statements.

2.5 Goodwill

Goodwill or negative goodwill represents the excess or deficit of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.5 Goodwill (continued)

Goodwill on acquisitions of subsidiaries is included in the statement of financial position as intangible assets whereas negative goodwill is recognised immediately in the income statements.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost to sell. Any impairment losses on goodwill is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment (see Note 2.6 on impairment of non-financial assets).

Goodwill on acquisition of jointly controlled entities and associates is included in investments in jointly controlled entities and investments in associates. Such goodwill is tested for impairment as part of the overall balance.

2.6 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statements unless it reverses a previous revaluation, in which case it is charged to revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statements. Reversals of impairment loss is recognised immediately in income statements and shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

2.7 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) is charged to the income statements on the straight line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the income statements when incurred. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

(b) Finance lease

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of the finance cost is charged to the income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.7 Leases (continued)

***(b) Finance lease* (continued)**

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in the income statements over the lease term on the same basis as the lease expense.

2.8 Inventories

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

(a) Completed properties

The cost of completed properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building costs and other costs of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(b) Hotel operating supplies

Cost is determined using the first-in, first-out method and comprises food and beverage, printing and stationeries and guestroom supplies.

Net realisable value is the estimated selling price in the ordinary course of business less the applicable variable selling expenses.

(c) Land held for property development

The cost of land held for property development is stated at the lower of historical cost and net realisable value. The cost of land held for property development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

(d) Property development costs

Cost is determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. The asset is subsequently recognised as an expense in income statements when or as the control of the asset is transferred to the customer.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.9 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to income statements systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligation to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted property, an impairment loss is recognised to income statements.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within 'receivables and contract assets'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

2.10 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see Note 2.20 (c) on impairment of financial assets).

2.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.12 Share capital

(a) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument (see Note 2.14 on borrowings and borrowing costs and Note 2.22 on compound financial instruments).

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against share premium account.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.12 Share capital (continued)

(c) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(d) Purchase of own shares

Where any Company within the Group purchases the Company's equity instruments as a result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued or disposed. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

(e) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.13 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in the income statements over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility of which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.14 Borrowings and borrowing costs (continued)

***(a) Borrowings* (continued)**

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in the income statements.

(b) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets of the Group includes inventories and investment properties that take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are recognised in the income statements in the financial year in which they are incurred.

2.15 Current and deferred income tax

Tax expense for the financial year comprises current and deferred income tax. The income tax expense or credit for the financial year is the tax payable on the current financial year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, the deferred income tax is not recognised.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised in the income statements, except when it arises from a transaction which is recognised directly in the equity or other comprehensive income, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.16 Employee benefits

(a) Short-term employee benefits

Wages, salaries, bonuses, paid annual leave and sick leave and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the financial year in which the employees render the related service are recognised in respect of employees' services up to the end of the financial year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the statements of financial position.

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The defined contribution plan of the Group relates to the contribution to the Group by various defined contribution plans in accordance with local conditions and practices in the countries in which it operates the national defined contribution plan.

The Group's contributions to defined contribution plans are charged to the income statements in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting period are discounted to present value.

(d) Share-based payments

Employee options

The Group operates a number of equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.16 Employee benefits (continued)

(d) Share-based payments **(continued)**

Employee options (continued)

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

2.17 Contingent assets and contingent liabilities

The Group does not recognise contingent assets and liabilities but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.18 Revenue recognition

(a) Revenue from contracts with customers

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and its customer has approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Recognition and measurement

At the inception of each contract with customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices. A good or service is distinct if:

- the customer can either benefit from the good or service on its own or together with other readily available resources; and
- the good or service is separately identifiable from other promises in the contract (e.g. the good or service is not integrated with, or significantly modify, or highly interrelated with, other goods or services promised in the contract).

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting a distinct bundle of goods or services.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

***(a) Revenue from contracts with customers* (continued)**

Recognition and measurement (continued)

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group determines whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances a customer-controlled asset; or
- the Group's performance does not create an asset with alternative use and the Group has a right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Specific revenue recognition criteria for each of the Group's activities are as described below:

(i) <u>Hotel room rental and food and beverages revenue</u>

Room rental revenue is accrued on a daily basis on customer-occupied rooms. Revenue from the sales of food and beverage is recognised when the customer receives and consumes, and the Group has a present right to payment for, the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts.

(ii) <u>Revenue from property development and construction contract</u>

Revenue from property development and construction contract is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

***(a) Revenue from contracts with customers* (continued)**

Recognition and measurement (continued)

Specific revenue recognition criteria for each of the Group's activities are as described below: (continued)

(iii) Utilities revenue

Revenue from electricity sales are recognised upon supply and distribution of electricity to the customer and the customer receives and consumes the electrical energy.

(iv) Rendering of services

Service and management fees are recognised in the accounting period in which the services are rendered and the customer receives and consumes the benefits provided by the Group, and the Group has a present right to payment for, the services.

Other rent related and car park income is recognised upon services being rendered.

(b) Lease income on operating leases

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset.

Lease income on operating leases is recognised over the non-cancellable term of the lease on a straight line basis. Lease income is shown net of rebates and discounts. Lease income includes base rent turnover or percentage rent, service and promotional charges from tenants. Base rent is recognised on a straight line basis over the lease. Initial direct cost incurred by the Group in negotiating and arranging an operating lease is recognised as an asset and amortised over the non-cancellable lease term on the same basis as the lease income.

(c) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period of maturity, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

(d) Investment income

Investment income relates to dividend income which is recognised when the right to receive payment is established.

2.19 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statements within 'other operating income or expense'.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.19 Foreign currencies (continued)

(b) Transactions and balances **(continued)**

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statements, and other changes in the carrying amount are recognised in other comprehensive income.

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

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement or separate income statement presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to the income statement, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to the income statement.

Inter company loans, where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments

(a) Financial assets

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

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

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

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, ie are held for trading. Derivatives are also categorised as held for trading unless they are designated as hedges. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

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

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting date.

Subsequent to initial recognition, available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment loss (see Note 2.20 (c) on impairment of financial assets and Note 2.19 (b) on foreign exchange gains and losses on monetary assets). The exchange differences on monetary assets are recognised in the income statement, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in the income statement. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in the income statement. Dividend income on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

(b) Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

The Group classifies its financial liabilities in the following categories: other financial liabilities and financial guarantee contracts. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

(i) Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the other financial liabilities are derecognised, and through the amortisation process.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expired.

(ii) Financial guarantee contracts

The Group has issued corporate guarantee to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Group to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liabilities are initially recognised at their fair values plus transaction costs and subsequently at the higher of the amount determined in accordance with MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation, where appropriate, in the Group's statement of financial position.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless it is probable that the Group will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Group's statement of financial position.

(c) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

(c) Impairment of financial assets (continued)

Assets carried at amortised cost **(continued)**

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of loss has been determined.

Assets classified as available-for-sale

For debt securities, the Group uses the criteria of impairment loss applicable for 'asset carried at amortised cost' above. If in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity securities classified as available-for-sale, in addition to the criteria for assets carried at amortised cost above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indication that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative losses that have been recognised directly in equity is removed from equity and recognised in the income statement. The amount of cumulative loss that is reclassified to the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Impairment losses recognised in consolidated income statement on equity instruments classified as available-for-sale are not reversed through the consolidated income statement.

Investment in unquoted equity instruments which are classified as available-for-sale and whose fair value cannot be reliably measured are measured at cost. These investments are assessed for impairment at each reporting date.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.20 Financial instruments (continued)

(d) Financial instruments recognised in the statements of financial position

The particular recognition method adopted for financial instruments recognised in the statements of financial position is disclosed in the individual accounting policy statements associated with each item.

(e) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the reporting date.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for each type of the financial liabilities of the Group.

The fair values for financial assets (less any estimated credit adjustments) and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors that makes strategic decisions.

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

2.22 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to equity share capital at the option of the holder, and the number of equity shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity compound is recognised initially at the difference between the fair value of the compound financial instruments as a whole and the fair value of the liability component. Any directly attributable contribution costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity. The equity instrument component is subject to deferred tax liability which is charged directly to equity.

Upon conversion of the compound instrument into equity shares, the amount credited to ordinary share capital and share premium is the aggregate of the carrying amounts of the liability components classified within liability and equity component at the time of conversion. No gain or loss is recognised.

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

2. Summary of significant accounting policies (continued)

2.23 Net investment hedge

The Group is exposed to foreign currency fluctuation risks arising from transactions denominated in foreign currencies and as part of the Group's risk management strategy, the Group has entered into a net investment hedge on its investment in a foreign operation.

The Group documents at the inception of the transaction the relationship between the hedge instrument and hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedge transaction is highly effective in offsetting changes in foreign currency fluctuations of the hedged item.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of or sold.

2.24 Asset classified as held-for-sale

Non-current asset are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

3. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and cash flow interest rate risk), credit risk and liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

(a) Market risk

(i) Foreign currency exchange risk

The Group and the Company is exposed to foreign currency risk as a result of advances to subsidiaries, advances to associates, advances to joint ventures and bank balances denominated in Great Britain Pound ("GBP") and Australian Dollar ("AUD"). Management regularly monitors the foreign exchange currency fluctuations.

As defined by MFRS 7 'Financial Instruments: Disclosure', currency risks arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency.

As at 31 December 2016, the Group's and the Company's GBP and AUD denominated net monetary assets are as tabled below.

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

3. Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(i) Foreign currency exchange risk (continued)

The effects to the Group's and the Company's profit before tax, had these GBP and AUD denominated net monetary assets strengthened by 10% (31.12.2015: 2%) against RM, are as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net monetary assets denominated in				
- GBP	**51,962**	25,625	**-**	-
- AUD	**14,408**	11,873	**12,423**	11,779
Increase in profit before tax if the currency had strengthened by 10% (2015 : 2%)				
- GBP	**5,196**	512	**-**	-
- AUD	**1,441**	238	**1,242**	236
Net exposure	**6,637**	750	**1,242**	236

A 10% (31.12.2015: 2%) weakening of RM against the above currencies at 31 December 2016 would have an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Except as disclosed above, other foreign currency exchange risks exposures are not material and did not have any significant impact on the financial statements of the Group and of the Company at 31 December 2016, hence sensitivity analysis is not presented.

(ii) Cash flow interest rate risk

The Group's and the Company's cash flow interest rate risk arises from a floating rate term loan, medium term loan and revolving credits.

The information on maturity dates and effective interest rates of these borrowings is disclosed in Note 34.

The Group's and the Company's interest rate exposure is co-related with changes in cost of funds ("COF") of the lenders. The impact on the Group's and the Company's profit after tax arising from changes in COF of the lenders by 25 (2015: 25) basis points arising from the Group's and the Company's floating rate revolving credits with all other variables being held constant, would be as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Impact to profit after tax due to interest rate (increase)/decrease:				
- increase by 25 (2015: 25) basis points	**(793)**	(1,929)	**(95)**	(94)
- decrease by 25 (2015: 25) basis points	**793**	1,929	**95**	94

(b) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group and the Company control these risks by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's and the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's and the Company's management reporting procedures. The Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

3. Financial risk management objectives and policies (continued)

(b) Credit risk (continued)

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group and the Company. Management will continuously monitor closely the trade receivables which are past due.

Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and the Company's trade receivables.

Credit risk arising from property development

The Group and the Company do not have any significant credit risk from their property development activities as their products are predominantly rendered and sold to a large number of property purchasers using financing from reputable end-financiers.

Credit risks with respect to trade receivables are limited as the legal title to the properties sold remain with the Group until the purchase consideration is fully paid.

Credit risk arising from property investment – office towers and malls

Credit risk with respect to rental receivables is limited due to the nature of business which is predominantly rental receivables in advance. Furthermore, the tenants have placed security deposits with the Group and the Company which acts as collateral if receivables due from the tenant are not settled or in case of breaches of contract. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and the Company's trade receivables.

Credit risk arising from amounts due from associates

Credit risk with respect to amounts due from associates are assessed to be low due to the nature of the associates' hotel operations that remain profitable, generate positive cash flows and has seen an appreciation of the hotel properties.

Credit risk arising from amounts due from joint ventures

Credit risk with respect to amounts due from joint ventures are assessed to be low due to the nature of their property development and property investment activities as the legal title to the properties is transferred only when the consideration is fully received for property development and forecast rental income receivable on completion of the investment property.

Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks and financial institutions. The deposits are placed with credit-worthy financial institutions with high credit rating. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statement of financial position, except as follows:

	Company	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Corporate guarantees provided to banks on subsidiaries' facilities	**356,000**	350,000

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk except for amounts due from subsidiaries. The credit risks with respect to amounts due from subsidiaries are assessed to be low.

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the subsidiaries. Management is of the view that the financial guarantee contracts are unlikely to be called by the subsidiaries' banks.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

3. Financial risk management objectives and policies (continued)

(c) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

At 31 December 2016, the Group and the Company held cash and cash equivalents of RM984,426,000 (2015: RM526,306,000) and RM309,537,000 (2015: RM71,434,000) respectively that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Note	Less than 1 year RM'000	Between 1 year and 2 years RM'000	Between 2 years and 3 years RM'000	Over 3 years RM'000	Total RM'000
Group						
At 31.12.2016						
Borrowings	34	**566,013**	**184,173**	**1,305,703**	**329,725**	**2,385,614**
Payables	33	**677,336**	**40,769**	**31,040**	**8,346**	**757,491**
Amounts owing to associates	31	**4**	**-**	**-**	**-**	**4**
At 31.12.2015						
Borrowings	34	995,675	151,403	175,864	1,383,082	2,706,024
Payables	33	450,498	48,167	26,229	5,681	530,575
Amounts owing to associates	31	1,717	-	-	-	1,717
Company						
At 31.12.2016						
Borrowings	34	**108,897**	**102,276**	**-**	**-**	**211,173**
Payables	33	**19,826**	**-**	**-**	**-**	**19,826**
Amounts owing to subsidiaries	30	**101,132**	**-**	**-**	**-**	**101,132**
Financial guarantee liabilities	3(b)	**356,000**	**-**	**-**	**-**	**356,000**
At 31.12.2015						
Borrowings	34	111,715	57,069	102,276	-	271,060
Payables	33	16,750	-	-	-	16,750
Amounts owing to subsidiaries	30	73,244	-	-	-	73,244
Financial guarantee liabilities	3(b)	350,000	-	-	-	350,000

Notes to the Financial Statements

for the financial year ended 31 December 2016
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3. Financial risk management objectives and policies (continued)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Management monitors capital on the basis of the gearing ratio. The Group and the Company are also required by certain banks to maintain a debt to equity ratio not exceeding 50%. The Group's and the Company's strategy is to maintain a debt to equity ratio not exceeding 50%.

The debt to equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (excluding payables and contract liabilities) less cash and bank balances including cash held under Housing Development Accounts. Total equity is as shown in the statement of financial position.

The gearing ratios were as follows:

	Group	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Total borrowings (Note 34)	**2,129,807**	2,451,533
Less: cash and bank balances (including cash held under Housing Development Accounts) (Note 45)	**(1,022,410)**	(1,089,585)
Net debt	**1,107,397**	1,361,948
Total equity	**4,594,147**	4,450,691
Gearing ratio	**24%**	31%

The Company's cash and bank balances (including cash held under Housing Development Accounts) (Note 45) exceed total borrowings (Note 34) as at the financial year end and hence calculation of gearing ratio is not applicable.

(e) Fair values

The carrying amounts of financial assets and liabilities such as deposit, cash and bank balances, current receivables and payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's and the Company's assets that are measured at fair value:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Level 1				
Financial assets at fair value through profit or loss	**7,626**	9,889	**277**	317

Financial assets at fair value through profit or loss are investments in securities which has quoted market price.

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for the financial year ended 31 December 2016
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4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Recognition of property development revenue and costs

The Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on direct measurements of the value transferred by the Group to the customer and the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:

- the completeness and accuracy of the budgets;
- the extent of the costs incurred.

Substantial changes in cost estimates can in future periods have, a significant effect on the Group's profitability. In making the above judgement, the Group relies on past experience and work of specialists.

There is no estimation required in determining the transaction prices as revenue from property development are based on contracted prices.

(b) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions can significantly affect the results of the Group's test for impairment of assets.

5. Revenue

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Lease income:				
- retail malls	**368,025**	338,174	**-**	-
- office buildings	**125,466**	140,862	**5,798**	5,799
- rent related	**116,058**	114,279	**363**	255
Contract with customers:				
- hotel room revenue	**293,888**	267,960	**-**	-
- sale of food and beverages	**83,351**	85,418	**-**	-
- property development revenue				
- sale of properties	**83,909**	142,433	**60,747**	58,810
- others	**3,428**	1,894	**-**	-
- utilities	**52,393**	54,882	**-**	-
- rendering of services	**23,790**	21,180	**-**	-
Investment income	**-**	-	**216,407**	326,231
	1,150,308	1,167,082	**283,315**	391,095

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

6. Profit from operations

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit from operations is stated after charging:				
Auditors' remuneration (statutory audit fees):				
- PricewaterhouseCoopers Malaysia	**1,001**	971	**245**	183
- Firm other than member firm of PricewaterhouseCoopers International Limited	**163**	159	**-**	-
Tax and other non-audit service:				
- PricewaterhouseCoopers Malaysia	**429**	432	**52**	60
- Firm other than member firm of PricewaterhouseCoopers International Limited	**48**	56	**-**	-
Property development costs and cost of completed units sold	**49,647**	97,580	**28,467**	40,357
Depreciation:				
- property, plant and equipment (Note 17)	**85,163**	92,066	**717**	1,379
- investment properties (Note 18)	**51,998**	51,806	**-**	-
Amortisation of long-term prepaid lease (Note 20)	**92**	289	**-**	-
Hire of plant and equipment	**698**	701	**-**	-
Operating lease rental	**926**	1,353	**-**	-
Rental of buildings	**185**	205	**3,803**	4,002
Staff costs (includes Directors' remuneration as disclosed in Note 7)				
- Salaries*	**183,520**	151,844	**34,355**	30,054
- Defined contribution plan*	**18,546**	16,030	**3,719**	3,317
Executives Share Option Scheme	**-**	11,041	**-**	7,890
Foreign exchange loss - unrealised	**7,278**	1,974	**-**	1,838
Foreign exchange loss - realised	**36**	3,726	**-**	-
Write-off of property, plant and equipment	**2,944**	311	**-**	-
Loss on disposal of property, plant and equipment	**15**	29	**-**	-
Provision for impairment:				
- trade and other receivables (Note 29A)	**407**	383	**-**	-
- investments in associates (Note 22)	**-**	1,084	**-**	-
Quit rent and assessment	**30,793**	28,460	**13**	19
Utilities	**112,326**	115,467	**408**	335
and crediting:				
Foreign exchange gain - realised	**5,510**	282	**-**	282
Foreign exchange gain - unrealised	**3,050**	21,862	**399**	168
Reversal of impairment loss:				
- trade and other receivables (Note 29A)	**-**	3,148	**-**	-
- investment in subsidiaries	**-**	-	**841**	-
- amounts owing by subsidiaries	**-**	-	**-**	183
- property, plant and equipment (Note 17)	**-**	7,875	**-**	-
Gain on redemption of redeemable preference shares	**-**	-	**2,295**	1,525
Gain on disposal of property, plant and equipment	**140,150**	17	**-**	-
Advertisement and promotional income	**3,308**	2,592	**-**	-
Exhibition business	**2,115**	1,581	**-**	-
Leasing of storage	**2,317**	2,199	**-**	-
Gain on voluntary liquidation of subsidiary	**-**	-	**1**	19,091

* During the financial year, salaries and defined contribution plan for the Group of RM4,210,000 (2015: RM3,732,000) and RM486,000 (2015: RM341,000) respectively were capitalised into inventory in progress and investment property in progress.

Notes to the Financial Statements

for the financial year ended 31 December 2016
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7. Directors' remuneration

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees	**340**	320	**270**	320
Salaries, bonus and allowances				
- Directors of the Company	**19,559**	14,874	**12,073**	9,592
Defined contribution plan	**2,227**	1,777	**1,387**	1,118
Benefits-in-kind	**111**	124	**98**	124
Executives share option scheme	**-**	3,712	**-**	3,712
	22,237	20,807	**13,828**	14,866

The Directors' remuneration has been included in staff costs as disclosed in Note 6.

8. Finance income and costs

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
Term loans and revolving credits	**78,429**	91,646	**13,252**	13,664
Amounts owing to subsidiaries	**-**	-	**3,571**	1,330
Other financing costs	**200**	240	**-**	-
Total finance costs	**78,629**	91,886	**16,823**	14,994
Interest income on:				
Deposits with licensed banks	**23,890**	32,420	**11,387**	20,040
Late payment from tenants	**772**	513	**-**	-
Advances to subsidiaries	**-**	-	**25,161**	14,167
Others	**932**	2,873	**14**	10
Total finance income	**25,594**	35,806	**36,562**	34,217
Net finance costs/(income)	**53,035**	56,080	**(19,739)**	(19,223)

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

9. Tax expense

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current tax:					
Malaysian tax		**83,535**	96,748	**34,703**	36,734
Foreign tax		**18,684**	3,545	**-**	-
		102,219	100,293	**34,703**	36,734
Deferred tax	24	**(22,299)**	(7,838)	**-**	-
		79,920	92,455	**34,703**	36,734
Current tax:					
Current financial year		**105,584**	102,966	**32,953**	38,291
(Over)/Under accrual in prior financial year		**(3,365)**	(2,673)	**1,750**	(1,557)
		102,219	100,293	**34,703**	36,734
Deferred tax:					
Origination and reversal of temporary differences	24	**(22,299)**	(7,838)	**-**	-
		79,920	92,455	**34,703**	36,734

The reconciliation between the average effective tax rate and the Malaysian income tax rate is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	%	%	**%**	%
Malaysian income tax rate	**24**	25	**24**	25
Tax effects of:				
Different tax rates in other countries	**(4)**	-*	**-**	-
Share of results of associates	**(1)**	(3)	**-**	-
Expenses not deductible for tax purposes	**5**	8	**-***	1
Current year tax losses and deductible temporary difference not recognised	**1**	1	**-**	-
Income not subject to tax	**(7)**	(8)	**(10)**	(14)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowance	**(2)**	-	**-**	-
(Over)/Under accrual in prior financial year	**(1)**	(1)	**1**	(1)
Average effective tax rate	**15**	22	**15**	11

* The tax effects of these reconciling items are less than 1%.

Pursuant to Section 61A of Malaysia Income Tax Act, 1967 ("Act"), income of IGB REIT will be exempted from tax provided that at least 90% of its taxable income (as defined in the Act) is distributed to the investors in the basis period of IGB REIT for that year of assessment within two (2) months after the close of financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two (2) months after the close of IGB REIT's financial year which forms the basis period for a year of assessment, then IGB REIT will be subject to income tax at the prevailing rate on its total income. Income which has been taxed at the IGB REIT level will have tax credits attached when subsequently distributed to unit holders.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

10. Earnings per ordinary share

Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 14).

	Group	
	2016	**2015**
Profit attributable to the equity holders of the Company (RM'000)	**297,993**	216,903
Weighted average number of ordinary shares in issue ('000)	**1,334,896**	1,334,898
Basic earnings per share (sen)	**22.32**	16.25

Diluted earnings per ordinary share

The Group's ESOS (Note 15) has the potential to increase the weighted average number of shares. However, as at 31.12.2016 the exercise price of RM2.88 per new ordinary share is above the fair value quoted market price, hence the ESOS shares are anti-dilutive. Therefore, diluted earnings per share equals to basic earnings per share.

11. Dividends

Dividends declared and paid since the end of the previous financial year were as follows:

	Group and Company			
	2016		**2015**	
	Gross dividend per share	**Amount of dividend**	**Gross dividend per share**	**Amount of dividend**
	Sen	**RM'000**	**Sen**	**RM'000**
Ordinary shares:				
Paid interim single-tier dividend of 10.0% for financial year ended 31 December 2016	**5.0**	**66,745**	-	-
Paid interim single-tier dividend of 10.0% for financial year ended 31 December 2015	**5.0**	**66,745**	-	-
Paid interim single-tier dividend of 10.0% for financial year ended 31 December 2015	**-**	**-**	5.0	66,745
Paid interim single-tier dividend of 20.0% for financial year ended 31 December 2014	**-**	**-**	10.0	133,490
Dividend recognised as distribution to ordinary equity holders	**10.0**	**133,490**	15.0	200,235

On 21 February 2017, the Directors declared a second interim single-tier dividend of 10.0% in respect of the financial year ended 31 December 2016 which was paid on 17 March 2017 to every member who was entitled to receive the dividend as at 4.00 pm on 7 March 2017.

On 25 August 2016, the Directors declared an interim single-tier dividend of 10.0% in respect of the financial year ended 31 December 2016 which was paid on 23 September 2016 to every member who was entitled to receive the dividend as at 4.00 pm on 9 September 2016.

On 23 February 2016, the Directors declared a second interim single-tier dividend of 10.0% in respect of the financial year ended 31 December 2015 which was paid on 18 March 2016 to every member who was entitled to receive the dividend as at 4.00 pm on 9 March 2016.

On 18 August 2015, the Directors declared an interim single-tier dividend of 10.0% in respect of the financial year ended 31 December 2015 which was paid on 18 September 2015 to every member who was entitled to receive the dividend as at 4.00 pm on 2 September 2015.

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11. Dividends (continued)

On 16 February 2015, the Directors declared an interim single-tier dividend of 20.0% in respect of the financial year ended 31 December 2014 which was paid on 27 March 2015 to every member who was entitled to receive the dividend as at 4.00 pm on 12 March 2015.

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2016.

12. Share capital

	Group and Company	
	2016	**2015**
	RM'000	**RM'000**
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January/31 December	**1,000,000**	1,000,000
Issued and fully paid		
At 1 January/31 December	**682,399**	682,399
1% Irredeemable Convertible Preference Shares of RM1.00 each:		
Authorised		
At 1 January/31 December	**200,000**	200,000

13. Share premium

	Group and Company	
	2016	**2015**
	RM'000	**RM'000**
Relating to ordinary shares:		
At 1 January/31 December	**112,641**	112,641

14. Treasury shares

Shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 24 May 2016, approved the Company's plan to repurchase its own shares (up to a maximum of 10% of the issued and paid up capital of the Company). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 2,000 of its own shares. The average price paid for the shares repurchased was RM2.50 per share.

	Number of shares	Total cost RM	Purchase price per share RM	Average cost per share RM
2016				
At 1 January	**29,899,600**	**81,087,665**		**2.71**
Repurchased in 2016:				
May	1,000	2,466	2.47	2.47
November	1,000	2,536	2.54	2.54
Total repurchased in 2016	**2,000**	**5,002**		**2.50**
At 31 December	**29,901,600**	**81,092,667**		**2.71**

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for the financial year ended 31 December 2016
(continued)

14. Treasury shares (continued)

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and carried at purchase cost. The Company has the right to distribute these shares as dividends to reward shareholders and/or resell the shares and/or cancel the shares. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at 31 December 2016, a total of 29,901,600 (31.12.2015: 29,899,600) ordinary shares of RM0.50 each were held as treasury shares. The cost of these treasury shares amounted to RM81,092,667 (2015: RM81,087,665) giving an average price of RM2.71 (2015: RM2.71) per share.

As at 31 December 2016, the number of outstanding shares in issue after setting off treasury shares against equity was 1,334,896,740 (31.12.2015: 1,334,898,740).

15. Executives Share Option Scheme ("ESOS")

The Company implemented an ESOS which came into effect on 26 May 2015 for a period of 5 years to 25 May 2020. The ESOS is governed by the By-Laws which were approved by the shareholders at an Extraordinary General Meeting held on 22 May 2015. The main features of the ESOS are as follows:

(a) The eligible persons are Directors or executives of the Group who have been confirmed and served as a Director or who has been in the employment within the Group for at least 1 year before the offer date. The selection of eligible persons shall be at the discretion of the Options Committee.

(b) The aggregate number of new IGB shares that may be offered and allotted to any eligible person shall be determined at the discretion of the Options Committee subject to the following:

(i) the aggregate number of IGB shares allocated shall not exceed the maximum number of IGB shares available from the ESOS Scheme; and

(ii) the number of IGB shares allocated is subject to the maximum allowable allotment of new IGB shares.

(c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 5% of the total issued and paid up share capital (excluding treasury share) of the Company at any point of time during the tenure of the ESOS.

(d) No option shall be granted pursuant to the ESOS on or after the 5th anniversary of the date on which the ESOS became effective.

(e) The exercise price of RM2.88 for each new ordinary share is calculated based on the weighted average market price quotation of the shares for the five (5) market days immediately preceding the date on which the options are granted.

(f) The options granted under ESOS are not assignable.

(g) The new shares issued upon the exercise of an option will be subject to all the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Securities and shall rank pari passu in all respects with the then existing issued ordinary shares of the Company, save that they will not entitle the holders thereof to receive any rights or bonus issue or dividends or distributions when the entitlement date precedes the date of the issue of such new shares.

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for the financial year ended 31 December 2016
(continued)

15. Executives Share Option Scheme ("ESOS") (continued)

The fair value as at the grant date of share options granted during the previous financial year was determined using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used were as follows:

	Group and Company 2015
Dividend yield (%)	3.0%
Expected volatility (%)	18.0%
Risk-free interest rate (%)	3.59%
Expected life of option (years)	0 to 5 years
Share price at date of grant (RM)	2.88
Exercise price of option (RM)	2.88
Fair value of option at date of grant (RM)	0.45

The expected average life of options is based on historical information, which may not necessarily be indicative of the future exercise pattern that may occur. The expected volatility reflects the assumptions based on the historical volatility on the assumptions that this is indicative of future trends which may also not necessarily be the actual outcome.

No new options were granted during the current financial year.

Movements in the number of share options outstanding and the exercise price are as follows:

	Group and Company	
	Exercise price per share option (RM)	**Number of options**
2016		
At 1 January/31 December	**2.88**	**24,580,000**
2015		
At 1 January	-	-
Granted	2.88	24,580,000
At 31 December	2.88	24,580,000

As at 31 December 2016, all 24,580,000 options are exercisable.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

16. Other reserves

	Exchange fluctuation reserve RM'000	Capital redemption reserve RM'000	ESOS reserve RM'000	Total RM'000
Group				
2016				
At 1 January	**85,885**	**62,749**	**11,041**	**159,675**
Currency translation differences	**(30,714)**	**-**	**-**	**(30,714)**
At 31 December	**55,171**	**62,749**	**11,041**	**128,961**
Company				
2016				
At 1 January/31 December	**-**	**62,749**	**11,041**	**73,790**

	Exchange fluctuation reserve RM'000	Capital redemption reserve RM'000	ESOS reserve RM'000	Total RM'000
Group				
2015				
At 1 January	17,687	62,749	-	80,436
ESOS	-	-	11,041	11,041
Currency translation differences	68,198	-	-	68,198
At 31 December	85,885	62,749	11,041	159,675
Company				
2015				
At 1 January	-	62,749	-	62,749
ESOS	-	-	11,041	11,041
At 31 December	-	62,749	11,041	73,790

a) Exchange fluctuation reserve

In the previous financial year, the Group had designated a net investment hedge for borrowings amounting to GBP57.1 million or Ringgit Malaysia equivalent of RM365 million which were used to fund an investment in a joint venture. The borrowings were fully repaid in the current financial year and the net investment hedge was discontinued.

b) Capital redemption reserve

The capital redemption reserve arose from the cancellation of treasury shares.

c) ESOS reserve

The ESOS reserve comprises the cumulative value of services received for the issue of share options by the Company. The fair value, measured at grant date, of the share options granted to the employee is recognised as an employee expenses in profit or loss and a corresponding increase in equity over the period that the employee becomes unconditionally entitled to the option. Any excess of the initial capital contribution initially recognised in equity is treated as a capital distribution and would be transferred to retained earnings.

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17. Property, plant and equipment

Group 2016	Note	Freehold land RM'000	Leasehold land RM'000	Hotel properties (Note 17A) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At cost		59,608	1,558	2,359,864	96,708	20,384	8,420	61,934	29,440	2,637,916
At 1 January										
Additions		-	-	13,756	115	594	288	6,232	43,342	64,327
Transferred to asset held-for-sale	28	-	-	(728,708)	-	-	(1,026)	-	(41,668)	(771,402)
Write-offs		-	-	(347)	-	-	(152)	(237)	(2,733)	(3,469)
Disposals		-	-	(84,083)	-	-	(609)	(108)	(255)	(85,055)
Reclassification		-	-	-	-	3,040	-	1,876	(4,916)	-
Currency translation differences		-	-	2,558	-	-	(36)	-	-	2,522
At 31 December		59,608	1,558	1,563,040	96,823	24,018	6,885	69,697	23,210	1,844,839
Accumulated depreciation										
At 1 January		-	300	407,313	3,329	7,495	6,719	34,012	-	459,168
Charge for the financial year	6	-	16	72,536	1,779	1,231	578	9,023	-	85,163
Transferred to asset held-for-sale	28	-	-	(81,612)	-	-	(929)	-	-	(82,541)
Write-offs		-	-	(281)	-	-	(152)	(92)	-	(525)
Disposals		-	-	(47,158)	-	-	(298)	(32)	-	(47,488)
Reclassification		-	-	(5,368)	-	5,443	(75)	-	-	-
Currency translation differences		-	-	(2,424)	-	-	(18)	-	-	(2,442)
At 31 December		-	316	343,006	5,108	14,169	5,825	42,911	-	411,335
Net book value										
At 31 December		59,608	1,242	1,220,034	91,715	9,849	1,060	26,786	23,210	1,433,504

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

17. Property, plant and equipment (continued)

Group 2015	Note	Freehold land RM'000	Leasehold land RM'000	Hotel properties (Note 17A) RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At cost										
At 1 January		59,608	1,558	2,023,208	102,601	20,427	8,029	45,206	312,779	2,573,416
Additions		-	-	118,799	5,892	57	340	4,351	15,179	144,618
Transferred to investment properties	18	-	-	-	-	-	-	-	(11,340)	(11,340)
Transferred to inventory: property development costs	19(b)	-	-	(45,243)	-	-	-	-	-	(45,243)
Transferred to asset held-for-sale	28	-	-	(56,968)	-	-	-	-	-	(56,968)
Write-offs		-	-	(421)	-	(100)	(86)	(417)	-	(1,024)
Disposals		-	-	(162)	-	-	-	(228)	-	(390)
Reclassification		-	-	294,571	(11,785)	-	-	13,022	(295,808)	-
Currency translation differences		-	-	26,080	-	-	137	-	8,630	34,847
At 31 December		59,608	1,558	2,359,864	96,708	20,384	8,420	61,934	29,440	2,637,916
Accumulated depreciation										
At 1 January		-	285	339,392	1,625	6,331	5,976	24,893	-	378,502
Charge for the financial year	6	-	15	79,003	1,704	1,164	750	9,430	-	92,066
Transferred to inventory: property development costs	19(b)	-	-	(458)	-	-	-	-	-	(458)
Transferred to asset held-for-sale	28	-	-	(18,748)	-	-	-	-	-	(18,748)
Write-offs		-	-	(420)	-	-	(79)	(214)	-	(713)
Disposals		-	-	(124)	-	-	-	(97)	-	(221)
Currency translation differences		-	-	8,668	-	-	72	-	-	8,740
At 31 December		-	300	407,313	3,329	7,495	6,719	34,012	-	459,168
Accumulated impairment losses										
At 1 January		-	-	10,905	-	-	-	-	-	10,905
Transferred to asset held-for-sale	28	-	-	(3,030)	-	-	-	-	-	(3,030)
Reversal of impairment	6	-	-	(7,875)	-	-	-	-	-	(7,875)
At 31 December		-	-	-	-	-	-	-	-	-
Net book value										
At 31 December		59,608	1,258	1,952,551	93,379	12,889	1,701	27,922	29,440	2,178,748

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

17. Property, plant and equipment (continued)

17A. Hotel properties

Group **2016**	**Freehold land** **RM'000**	**Hotel buildings** **RM'000**	**Plant and machinery** **RM'000**	**Office furniture, fittings and equipment** **RM'000**	**Total** **RM'000**
At cost	**317,746**	**1,587,260**	**153,796**	**301,062**	**2,359,864**
At 1 January					
Additions	**-**	**3,940**	**2,242**	**7,574**	**13,756**
Transferred to asset held-for-sale	**(160,000)**	**(523,456)**	**-**	**(45,252)**	**(728,708)**
Write-offs	**-**	**-**	**(4)**	**(343)**	**(347)**
Disposals	**-**	**(44,747)**	**(29,477)**	**(9,859)**	**(84,083)**
Currency translation differences	**1,744**	**2,353**	**(1,103)**	**(436)**	**2,558**
At 31 December	**159,490**	**1,025,350**	**125,454**	**252,746**	**1,563,040**
Accumulated depreciation					
At 1 January	**-**	**133,160**	**63,797**	**210,356**	**407,313**
Charge for the financial year	**-**	**28,740**	**14,011**	**29,785**	**72,536**
Transferred to asset held-for-sale	**-**	**(52,435)**	**-**	**(29,177)**	**(81,612)**
Write-offs	**-**	**-**	**-**	**(281)**	**(281)**
Disposals	**-**	**(22,932)**	**(16,242)**	**(7,984)**	**(47,158)**
Reclassification	**-**	**(5,443)**	**-**	**75**	**(5,368)**
Currency translation differences	**-**	**(1,111)**	**(877)**	**(436)**	**(2,424)**
At 31 December	**-**	**79,979**	**60,689**	**202,338**	**343,006**
Net book value					
At 31 December	**159,490**	**945,371**	**64,765**	**50,408**	**1,220,034**

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

17. Property, plant and equipment (continued)

17A. Hotel properties (continued)

Group	Note	Freehold land	Hotel buildings	Plant and machinery	Office furniture, fittings and equipment	Total
2015		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost						
At 1 January		368,601	1,318,942	53,223	282,442	2,023,208
Additions		-	51,722	45,813	21,264	118,799
Transferred to inventory - property development costs	19(b)	(39,773)	(5,470)	-	-	(45,243)
Transferred to asset held-for-sale	28	(16,000)	(29,298)	-	(11,670)	(56,968)
Write-offs		-	-	-	(421)	(421)
Disposals		-	-	(3)	(159)	(162)
Reclassification		-	237,751	49,119	7,701	294,571
Currency translation differences		4,918	13,613	5,644	1,905	26,080
At 31 December		317,746	1,587,260	153,796	301,062	2,359,864
Accumulated depreciation						
At 1 January		-	114,734	37,597	187,061	339,392
Charge for the financial year		-	32,820	12,484	33,699	79,003
Transferred to inventory - property development costs	19(b)	-	(458)	-	-	(458)
Transferred to asset held-for-sale	28	-	(7,404)	-	(11,344)	(18,748)
Write-offs		-	-	-	(420)	(420)
Disposals		-	-	(1)	(123)	(124)
Reclassification		-	(10,792)	10,792	-	-
Currency translation differences		-	4,260	2,925	1,483	8,668
At 31 December		-	133,160	63,797	210,356	407,313
Accumulated impairment losses						
At 1 January		-	10,905	-	-	10,905
Transferred to asset held-for-sale	28	-	(3,030)	-	-	(3,030)
Reversal of impairment		-	(7,875)	-	-	(7,875)
At 31 December		-	-	-	-	-
Net book value						
At 31 December		317,746	1,454,100	89,999	90,706	1,952,551

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

17. Property, plant and equipment (continued)

Company	Note	Plant and machinery	Motor vehicles	Office furniture, fittings and equipment	Total
2016		**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
At 1 January		**5,206**	**1,871**	**10,608**	**17,685**
Additions		**-**	**4**	**348**	**352**
Disposal		**-**	**-**	**(12)**	**(12)**
At 31 December		**5,206**	**1,875**	**10,944**	**18,025**
Accumulated depreciation					
At 1 January		**5,206**	**1,653**	**9,434**	**16,293**
Charge for the financial year	6	**-**	**93**	**624**	**717**
Disposal		**-**	**-**	**(7)**	**(7)**
At 31 December		**5,206**	**1,746**	**10,051**	**17,003**
Net book value					
At 31 December		**-**	**129**	**893**	**1,022**
2015					
At cost					
At 1 January		5,206	1,871	10,239	17,316
Additions		-	-	369	369
At 31 December		5,206	1,871	10,608	17,685
Accumulated depreciation					
At 1 January		5,206	1,559	8,149	14,914
Charge for the financial year	6	-	94	1,285	1,379
At 31 December		5,206	1,653	9,434	16,293
Net book value					
At 31 December		-	218	1,174	1,392

	Group	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Net book value of assets pledged as security for borrowings (Note 34):	**17,000**	683,627
Interest cost capitalised within property, plant and equipment:	**-**	2,380

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

18. Investment properties

Group	Note	Land held for future development RM'000	Property investment-retail RM'000	Property investment-commercial RM'000	Capital work-in-progress RM'000	Total RM'000
2016						
At cost						
At 1 January		**-**	**1,402,379**	**771,402**	**952,543**	**3,126,324**
Additions		**-**	**-**	**590**	**273,174**	**273,764**
Reclassification		**111,706**	**-**	**-**	**(111,706)**	**-**
At 31 December		**111,706**	**1,402,379**	**771,992**	**1,114,011**	**3,400,088**
Accumulated depreciation						
At 1 January		**-**	**458,533**	**215,758**	**-**	**674,291**
Charge for the financial year	6	**-**	**28,593**	**23,405**	**-**	**51,998**
At 31 December		**-**	**487,126**	**239,163**	**-**	**726,289**
Net book value						
At 31 December		**111,706**	**915,253**	**532,829**	**1,114,011**	**2,673,799**
2015						
At cost						
At 1 January			1,377,725	767,353	799,363	2,944,441
Additions			103	501	177,731	178,335
Transferred from property, plant and equipment	17		-	11,340	-	11,340
Reclassification			24,551	-	(24,551)	-
Reversal of over-accruals			-	(7,792)	-	(7,792)
At 31 December			1,402,379	771,402	952,543	3,126,324
Accumulated depreciation						
At 1 January			430,136	192,349	-	622,485
Charge for the financial year	6		28,397	23,409	-	51,806
At 31 December			458,533	215,758	-	674,291
Net book value						
At 31 December			943,846	555,644	952,543	2,452,033

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

18. Investment properties (continued)

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM213,214,000 (31.12.2015: RM197,052 ,000).

Included in direct operating expenses of the Group's investment properties were the following expenses:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Depreciation of investment properties (Note 6)	**51,998**	51,806
Quit rent and assessment	**22,329**	20,993
Repairs and maintenance	**22,490**	21,347
Staff costs	**41,160**	38,523
Utilities	**48,163**	47,891

	Group			
	31.12.2016	**31.12.2015**	**Level**	**Valuation technique**
	RM'000	**RM'000**		
Fair value:				
Retail malls	**4,890,000**	4,890,000	3	Income approach
Commercial properties	**1,885,997**	1,768,818	3	Income approach
Total	**6,775,997**	6,658,818		

The fair value of the investment properties above were estimated based on either valuations by independent qualified valuers or management's estimates.

The fair value of the investment properties above excludes investment properties that are under construction as the fair value of these properties are not expected to be reliably measurable until construction completes.

The fair value of the investment properties is determined based on income approach using Level 3 inputs in the fair value hierarchy of MFRS 13 'Fair Value Measurement'. The fair value of the investment properties is derived from an estimate of the market rental which the investment properties can reasonably be let for. Outgoings such as quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement expense and other general expenses are deducted from the annual rental income and thereafter, the net annual rental income is capitalised at an appropriate current market yield to arrive at its fair value.

The Level 3 inputs (unobservable inputs) include:

Term rental	-	the expected rental that the investment properties are expected to achieve and is derived from the current passing rental, including revision upon renewal of tenancies during the year;
Reversionary rental	-	the expected rental that the investment properties are expected to achieve upon expiry of term rental;
Car park income	-	refers to rental on car park bays
Other income	-	comprises percentage rent, advertising income and others;
Outgoings	-	comprises quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement expense and other general expenses;
Capitalisation rate	-	based on actual location, size and condition of the investment properties and taking into account market data at the valuation date based on the valuers' knowledge of the factors specific to the investment properties;
Allowance for void	-	refers to allowance provided for vacancy periods, marketing and rent free periods.

Investment properties with net book value RM991,228,000 (31.12.2015: RM393,292,000) have been charged as security for borrowings as disclosed in Note 34.

Included in the Group's investment properties additions during the financial year were interest expense capitalised amounting to RM20,234,000 (31.12.2015: RM10,315,000).

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

19. Inventories

	Note	Group 31.12.2016 RM'000	Group 31.12.2015 RM'000
Non-current			
Land held for property development	19(a)	**265,364**	270,876
Current			
Property development costs	19(b)	**445,672**	397,382
Completed properties	19(c)	**78,469**	86,176
Hotel operating supplies	19(d)	**1,622**	2,107
		525,763	485,665

	Note	Company 31.12.2016 RM'000	Company 31.12.2015 RM'000
Current			
Property development costs	19(b)	-	16,436
Completed properties	19(c)	**40,361**	36,138
		40,361	52,574

(a) Land held for property development

Group 2016	Note	At cost RM'000	At net realisable value RM'000	Total RM'000
At 1 January				
Land cost		**85,961**	**92,752**	**178,713**
Development costs		**16,880**	**75,283**	**92,163**
		102,841	**168,035**	**270,876**
Costs incurred during the financial year:				
Development costs		**2,813**	**3,926**	**6,739**
Disposal during the financial year:				
Land costs		**-**	**(225)**	**(225)**
Development costs		**-**	**(162)**	**(162)**
Transfer to property development costs:	19(b)			
Land costs		**(10,468)**	**-**	**(10,468)**
Development costs		**(1,396)**	**-**	**(1,396)**
		(9,051)	**3,539**	**(5,512)**
At 31 December		**93,790**	**171,574**	**265,364**
Land cost		**75,493**	**92,527**	**168,020**
Development costs		**18,297**	**79,047**	**97,344**
At 31 December		**93,790**	**171,574**	**265,364**

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

19. Inventories (continued)

(a) Land held for property development (continued)

Group 2015	At cost RM'000	At net realisable value RM'000	Total RM'000
At 1 January			
Land cost	76,940	97,013	173,953
Development costs	15,324	78,017	93,341
	92,264	175,030	267,294
Costs incurred during the financial year:			
Land costs	9,021	-	9,021
Development costs	1,556	185	1,741
Disposal during the financial year:			
Land costs	-	(4,261)	(4,261)
Development costs	-	(2,919)	(2,919)
	10,577	(6,995)	3,582
At 31 December	102,841	168,035	270,876
Land cost	85,961	92,752	178,713
Development costs	16,880	75,283	92,163
At 31 December	102,841	168,035	270,876

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

19. Inventories (continued)

(b) Property development costs

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At Cost					
At 1 January					
Land and development costs		**495,210**	595,590	**87,267**	41,631
Accumulated costs charged to income statements		**(97,828)**	(283,301)	**(70,831)**	(30,474)
		397,382	312,289	**16,436**	11,157
Less:					
Completed development properties:					
Land and development costs		**(128,324)**	(276,956)	**(97,801)**	-
Accumulated costs charged to income statements		**128,324**	276,956	**97,801**	-
		-	-	**-**	-
Transferred to inventories					
- completed properties	19(c)	**(5,720)**	(14,354)	**(5,720)**	-
Add:					
Costs incurred during the financial year:					
Land and development costs		**78,366**	146,145	**16,254**	45,636
Transferred from property, plant and equipment:					
Land	17	**-**	44,785	**-**	-
Transferred from land held for property development:					
Land and development costs	19(a)	**11,864**	-	**-**	-
Costs recognised to income statement in current financial year		**(36,220)**	(91,483)	**(26,970)**	(40,357)
At 31 December		**445,672**	397,382	**-**	16,436

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

19. Inventories (continued)

(b) Property development costs (continued)

	Note	Group 31.12.2016 RM'000	Group 31.12.2015 RM'000	Company 31.12.2016 RM'000	Company 31.12.2015 RM'000
Property development costs are analysed as follows:					
At cost:					
Land and development costs		**451,396**	495,210	**-**	87,267
Accumulated costs charged to income statements		**(5,724)**	(97,828)	**-**	(70,831)
		445,672	397,382	**-**	16,436
Land and development costs at cost charged as security for borrowings	34(a) & 34(c)	**177,493**	150,899	**-**	-
Interest cost capitalised as property development cost		**8,198**	6,925	**-**	-
Costs to obtain or fulfil contract recognised as an expense in the income statements in current financial year		**584**	1,971	**467**	870

(c) Completed properties

As at 31.12.2016 and 31.12.2015, all completed properties for the Group and the Company are stated at cost.

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
At 1 January		**86,176**	77,919	**36,138**	36,138
Transferred from inventory - property development cost	19(b)	**5,720**	14,354	**5,720**	-
Disposals during the financial year	6	**(13,427)**	(6,097)	**(1,497)**	-
At 31 December		**78,469**	86,176	**40,361**	36,138

(d) Hotel operating supplies

As at 31.12.2016 and 31.12.2015, all hotel operating supplies for the Group are stated at cost.

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for the financial year ended 31 December 2016
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20. Long-term prepaid lease

	Note	Group 2016 RM'000	Group 2015 RM'000
At cost			
At 1 January		**9,005**	7,453
Disposal		**(7,821)**	-
Foreign exchange difference		**(526)**	1,552
At 31 December		**658**	9,005
Accumulated amortisation			
At 1 January		**4,940**	3,808
Current year amortisation	6	**92**	289
Disposal		**(4,497)**	-
Foreign exchange difference		**(299)**	843
At 31 December		**236**	4,940
Net book value			
At 31 December		**422**	4,065

21. Investments in subsidiaries

	Company 31.12.2016 RM'000	Company 31.12.2015 RM'000
At cost:		
Quoted shares	**2,375,056**	2,375,056
Unquoted shares	**2,127,149**	2,173,049
Amount owing by a subsidiary	**338,000**	-
	4,840,205	4,548,105
Less: Accumulated impairment losses	**(5,128)**	(5,969)
At 31 December	**4,835,077**	4,542,136
Market value of quoted shares	**2,791,125**	2,323,048

Details of subsidiaries are set out in Note 42.

The amount owing by a subsidiary of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investment in subsidiary.

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

As at 31 December 2016, the total non-controlling interests of the Group was RM91,389,000 (31.12.2015: RM65,551,000), of which RM91,082,000 (31.12.2015: RM91,127,000) and RM(124,283,000) (31.12.2015: RM(112,563,000)) were attributed to Southkey Megamall Sdn Bhd and IGB REIT respectively, two subsidiaries that have material non-controlling interests. The non-controlling interests of the other subsidiaries of RM124,590,000 (31.12.2015: RM86,987,000) were individually immaterial.

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

21. Investments in subsidiaries (continued)

Set out below are the summarised financial information of Southkey Megamall Sdn Bhd and IGB REIT, two subsidiaries that have material non-controlling interests and are based on amounts before intercompany eliminations with the Company.

	Southkey Megamall Sdn Bhd	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	**30.00**	30.00
Summarised statement of comprehensive income:		
Net (loss)/profit for the financial year	**(151)**	83
Total comprehensive (loss)/income for the financial year	**(151)**	83
Total comprehensive (loss)/income attributable to non-controlling interests	**(45)**	25
Dividends paid to non-controlling entities	**-**	-
Summarised statement of financial position:		
Current assets	**78,298**	727
Current liabilities	**(88,658)**	(138,723)
Total net current liabilities	**(10,360)**	(137,996)
Non-current assets	**607,927**	441,753
Non-current liabilities	**(293,960)**	-
Total net non-current assets	**313,967**	441,753
Net assets	**303,607**	303,757
Attributable to		
- owners of the Company	**212,525**	212,630
- non-controlling interests	**91,082**	91,127
	303,607	303,757
Summarised statement of cash flows:		
Net cash flows from/(used in) operating activities	**25,619**	(5,224)
Net cash flows used in investing activities	**(172,700)**	(76,830)
Net cash flows from financing activities	**216,319**	81,992
Net increase/(decrease) in cash and cash equivalents during the financial year	**69,238**	(62)
Cash and cash equivalents at 1 January	**23**	85
Cash and cash equivalents at 31 December	**69,261**	23

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

21. Investments in subsidiaries (continued)

Set out below are the summarised financial information of Southkey Megamall Sdn Bhd and IGB REIT, two subsidiaries that have material non-controlling interests and are based on amounts before intercompany eliminations with the Company. (continued)

	IGB REIT	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Proportion of ordinary shares and voting rights held by non-controlling interests (%)	**47.71**	48.00
Summarised statement of comprehensive income:		
Net profit for the financial year	**245,269**	236,482
Total comprehensive income for the financial year	**245,269**	236,482
Total comprehensive income attributable to non-controlling interests	**117,018**	113,511
Dividends paid to non-controlling entities	**145,183**	136,682
Summarised statement of financial position:		
Current assets	**294,895**	308,831
Current liabilities	**(241,126)**	(274,115)
Total net current assets	**53,769**	34,716
Non-current assets	**959,366**	989,946
Non-current liabilities	**(1,273,631)**	(1,259,169)
Total net non-current liabilities	**(314,265)**	(269,223)
Net liabilities	**(260,496)**	(234,507)
Attributable to		
- owners of the Company	**(136,213)**	(121,944)
- non-controlling interests	**(124,283)**	(112,563)
	(260,496)	(234,507)
Summarised statement of cash flows:		
Net cash flows from operating activities	**357,283**	353,001
Net cash flows from investing activities	**7,077**	4,600
Net cash flows used in financing activities	**(337,803)**	(343,946)
Net increase in cash and cash equivalents during the financial year	**26,557**	13,655
Cash and cash equivalents at 1 January	**217,456**	203,801
Cash and cash equivalents at 31 December	**244,013**	217,456

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for the financial year ended 31 December 2016
(continued)

22. Investments in associates

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
At cost :				
Unquoted shares in Malaysia	**75,919**	83,885	**11,702**	11,702
Unquoted shares outside Malaysia	**25,905**	25,977	**-**	-
Amount owing by an associate	**30,092**	30,092	**30,092**	30,092
	131,916	139,954	**41,794**	41,794
Group's share of post-acquisition results and reserves	**344,190**	385,455	**-**	-
	476,106	525,409	**41,794**	41,794
Less: Accumulated impairment losses	**(8,858)**	(8,858)	**(4,059)**	(4,059)
At 31 December	**467,248**	516,551	**37,735**	37,735

The amount owing by an associate of which the Group and the Company do not expect repayment in the foreseeable future are considered as part of the Group's and the Company's investment in the associates.

Set out below are associates of the Group as at 31 December 2016, which, in the opinion of the Directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. In the opinion of the Directors, all the other associates are individually immaterial to the Group.

			Group's effective interest (%)	
Name of company	**Principal activities**	**Place of incorporation**	**2016**	**2015**
Ravencroft Investments Incorporated	Investment holding	British Virgin Islands	**49.47**	49.47
New Commercial Investments Limited	Investment holding	British Virgin Islands	**49.55**	49.55

Details of associates are set out in Note 43.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

22. Investments in associates (continued)

	Ravencroft Investments Incorporated 2016 RM'000	New Commercial Investments Limited 2016 RM'000
Summarised statement of comprehensive income		
Revenue	48,780	17,476
Administrative expense	(39,942)	(1,857)
Interest income	3,328	742
Interest expense	(4,404)	(2,190)
Profit before taxation	7,762	14,171
Income tax expense	(6,377)	(1,312)
Net profit for the financial year	1,385	12,859
Summarised statement of financial position		
Cash and cash equivalents	215,770	6,318
Other current assets (excluding cash and cash equivalents)	181,136	94,529
Total current assets	396,906	100,847
Other current liabilities (including trade and other payables and provision)	(250,843)	(76,570)
Total current liabilities	(250,843)	(76,570)
Non-current assets	217,500	108,856
Financial liabilities (excluding trade and other payables and provision)	(89,771)	(25,385)
Total non-current liabilities	(89,771)	(25,385)
Net assets	273,792	107,748

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for the financial year ended 31 December 2016
(continued)

22. Investments in associates (continued)

	Ravencroft Investments Incorporated 2015 RM'000	New Commercial Investments Limited 2015 RM'000
Summarised statement of comprehensive income		
Revenue	48,504	11,011
Administrative expense	(35,447)	(1,963)
Interest income	2,064	288
Interest expense	(4,868)	(2,563)
Profit before taxation	10,253	6,773
Income tax expense	(7,805)	(994)
Net profit for the financial year	2,448	5,779
Summarised statement of financial position		
Cash and cash equivalents	199,635	11,394
Other current assets (excluding cash and cash equivalents)	212,959	99,742
Total current assets	412,594	111,136
Other current liabilities (including trade and other payables and provision)	(254,491)	(87,634)
Total current liabilities	(254,491)	(87,634)
Non-current assets	293,896	112,564
Financial liabilities (excluding trade and other payables and provision)	(103,676)	(29,318)
Total non-current liabilities	(103,676)	(29,318)
Net assets	348,323	106,748

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate is set out below:

	Ravencroft Investments Incorporated		New Commercial Investments Limited	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Net assets as at 1 January	**348,323**	292,323	**106,748**	88,678
Foreign exchange differences	**(75,916)**	53,552	**(11,859)**	12,291
Net profit for the financial year	**1,385**	2,448	**12,859**	5,779
Net assets as at 31 December	**273,792**	348,323	**107,748**	106,748
Interest in associates (%)	**49.47**	49.47	**49.55**	49.55
Share of net assets	**135,445**	172,315	**53,389**	52,894
Add: Consolidation adjustment	**51,572**	51,572	**7,361**	7,361
Carrying amount of interest in associates	**187,017**	223,887	**60,750**	60,255

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for the financial year ended 31 December 2016
(continued)

22. Investments in associates (continued)

Reconciliation of summarised financial information (continued)

Set out below are the financial information of all individually immaterial associates on an aggregate basis:

	Group	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
Carrying amounts of interest in associates	**219,481**	232,409
Share of associate's profit/total comprehensive income	**15,686**	37,122

There are no contingent liabilities relating to the Group's interest in associates.

23. Investments in joint ventures

	Group	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
At cost		
Unquoted shares outside Malaysia	**65,649**	65,649
Amount owing a by joint venture	**314,917**	363,393
	380,566	429,042
Group's share of post-acquisition results and reserves	**4,794**	2,895
At 31 December	**385,360**	431,937

The amount owing by a joint venture of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investment in the joint ventures.

Set out below are joint ventures of the Group as at 31 December 2016. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2016	Group's effective interest (%) 2015
Black Pearl Limited	Property investment	Guernsey	**50.0**	50.0
Crystal Property Asia Company Ltd.	Property development and construction	Thailand	**49.0**	49.0

Details of joint ventures are set out in Note 44.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

23. Investments in joint ventures (continued)

	Black Pearl Limited 2016 RM'000	Crystal Property Asia Company Limited 2016 RM'000
Summarised statement of comprehensive income		
Administrative expense	**(984)**	**(26)**
Loss before taxation	**(984)**	**(26)**
Income tax expense	**-**	**-**
Net loss for the financial year	**(984)**	**(26)**
Summarised statement of financial position		
Cash and cash equivalents	**2,034**	**130**
Other current assets (excluding cash and cash equivalents)	**46,891**	**-**
Total current assets	**48,925**	**130**
Other current liabilities (including trade and other payables and provision)	**(6,571)**	**(305)**
Total current liabilities	**(6,571)**	**(305)**
Financial liabilities (excluding trade and other payables and provision)	**(681,065)**	**-**
Total non-current liability	**(681,065)**	**-**
Non-current assets	**629,835**	**152,993**
Net (liabilities)/assets	**(8,876)**	**152,818**

	Black Pearl Limited 2015 RM'000	Crystal Property Asia Company Limited 2015 RM'000
Summarised statement of comprehensive income		
Administrative expense	(1,460)	(25)
Loss before taxation	(1,460)	(25)
Income tax expense	-	-
Net loss for the financial year	(1,460)	(25)
Summarised statement of financial position		
Cash and cash equivalents	1,178	124
Other current assets (excluding cash and cash equivalents)	23,983	-
Total current assets	25,161	124
Other current liabilities (including trade and other payables and provision)	(32,023)	(265)
Total current liabilities	(32,023)	(265)
Financial liabilities (excluding trade and other payables and provision)	(727,397)	-
Total non-current liability	(727,397)	-
Non-current assets	727,392	147,035
Net (liabilities)/assets	(6,867)	146,894

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

23. Investments in joint ventures (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures is set out below:

	Black Pearl Limited	Crystal Property Asia Company Limited	Total
	2016	2016	2016
	RM'000	RM'000	RM'000
Net (liabilities)/assets as at 1 January	(6,867)	146,894	140,027
Foreign exchange differences	(1,025)	5,950	4,925
Net loss for the financial year	(984)	(26)	(1,010)
Net (liabilities)/assets as at 31 December	(8,876)	152,818	143,942
Interest in joint ventures (%)	50.0	49.0	-
Share of net (liabilities)/assets	(4,438)	74,881	70,443
Amounts owing to corporate shareholders	314,917	-	314,917
Carrying amount of interest in joint ventures	310,479	74,881	385,360

	Black Pearl Limited	Crystal Property Asia Company Limited	Total
	2015	2015	2015
	RM'000	RM'000	RM'000
Net (liabilities)/assets as at 1 January	(6,457)	133,805	127,348
Foreign exchange differences	1,050	13,114	14,164
Net loss for the financial year	(1,460)	(25)	(1,485)
Net (liabilities)/assets as at 31 December	(6,867)	146,894	140,027
Interest in joint ventures (%)	50.0	49.0	-
Share of net (liabilities)/assets	(3,434)	71,978	68,544
Amounts owing to corporate shareholders	363,393	-	363,393
Carrying amount of interest in joint ventures	359,959	71,978	431,937

There are no contingent liabilities relating to the Group's interest in joint ventures.

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(continued)

24. Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subject to income tax				
Deferred tax assets:				
Property, plant & equipment	**1,718**	-	**-**	-
Unutilised tax losses and unabsorbed capital allowance	**9,335**	-	**-**	-
Others	**1,743**	1,548	**-**	-
Deferred tax assets	**12,796**	1,548	**-**	-
Deferred tax liabilities:				
Property, plant and equipment and investment properties	**(165,016)**	(176,304)	**-**	-
Inventories - property development costs	**(3,335)**	(3,098)	**(237)**	(237)
Inventories - land held for property development	**(2,990)**	(2,990)	**-**	-
Deferred tax liabilities	**(171,341)**	(182,392)	**(237)**	(237)
At 31 December	**(158,545)**	(180,844)	**(237)**	(237)

		Group		Company	
	Note	**31.12.2016**	**31.12.2015**	**31.12.2016**	**31.12.2015**
		RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January		**(180,844)**	(188,682)	**(237)**	(237)
(Charged)/Credited to statements of comprehensive income:	9				
Property, plant and equipment and investment properties		**(3,759)**	4,608	**-**	-
Inventories - property development costs		**(237)**	981	**-**	-
Unutilised tax losses and unabsorbed capital allowance		**27,958**	(61)	**-**	-
Others		**(1,663)**	2,310	**-**	-
		22,299	7,838	**-**	-
At 31 December		**(158,545)**	(180,844)	**(237)**	(237)

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

24. Deferred taxation (continued)

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subject to income tax				
Deferred tax assets (before offsetting):				
Property, plant & equipment	**1,718**	-	**-**	-
Unutilised tax losses and unabsorbed capital allowance	**41,402**	13,444	**-**	-
Others	**1,743**	3,406	**-**	-
	44,863	16,850	**-**	-
Offsetting	**(32,067)**	(15,302)	**-**	-
Deferred tax assets (after offsetting)	**12,796**	1,548	**-**	-
Deferred tax liabilities (before offsetting):				
Property, plant and equipment and investment properties	**(197,083)**	(191,606)	**-**	-
Inventories - property development costs	**(3,335)**	(3,098)	**(237)**	(237)
Inventories - land held for property development	**(2,990)**	(2,990)	**-**	-
Deferred tax liabilities	**(203,408)**	(197,694)	**(237)**	(237)
Offsetting	**32,067**	15,302	**-**	-
Deferred tax liabilities (after offsetting)	**(171,341)**	(182,392)	**(237)**	(237)

Deferred tax assets are recognised for tax losses carried forward to the extend the realisation of related tax benefits through future taxable profit is probable.

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax assets are recognised in the statements of financial position were as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deductible temporary differences	**80,644**	109,777	**11,442**	11,258
Unutilised tax losses	**115,192**	97,637	**-**	-
	195,836	207,414	**11,442**	11,258
Deferred tax assets not recognised at	**24%**	24%	**24%**	24%
	47,001	49,779	**2,746**	2,702

No deferred tax assets has been recognised in respect of the above deductible temporary differences and unused tax losses as it is not probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

25. Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the Group's cash-generating units ('CGUs') that are expected to benefit from that business combination.

A summary of the goodwill allocation to the Group's CGUs is shown as follows:

	Group	
	31.12.2016	**31.12.2015**
	RM'000	**RM'000**
At 1 January	**19,164**	19,164
Transfer to asset classified as held-for-sale (Note 28)	**(19,164)**	-
	-	19,164

Goodwill recognised arose from the acquisition of 50,000,000 ordinary shares of RM1.00 each representing 50% equity interest in Great Union Properties Sdn. Bhd ("GUP") during the financial year ended 31 December 2012.

26. Cash and bank balances

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**741,086**	902,374	**246,145**	599,196
Cash in hand	**1,626**	1,635	**8**	8
Bank balances	**191,998**	161,645	**2,028**	4,972
	934,710	1,065,654	**248,181**	604,176
Less: Restricted cash	**(37,984)**	(563,279)	**-**	(534,088)
	896,726	502,375	**248,181**	70,088

The Group's and the Company's deposits with licensed banks amounting to nil (31.12.2015: RM534,088,000) are pledged as security for revolving credit facilities granted to subsidiary companies (Note 34(c)).

Included in the Group's deposits placed with licensed banks is an amount of RM30,383,000 (31.12.2015: RM29,192,000) which is maintained as a Debt Service Reserve Account with a facility agent to cover a minimum of 6 months interest for a Syndicated Financing Facility granted to IGB REIT (Note 34(a)) and RM7,601,000 (31.12.2015: nil) granted to Southkey Megamall Sdn Bhd (Note 34(b)).

Deposits with licensed banks of the Group and the Company as at 31 December 2016 both have an average maturity period of 54 days (31.12.2015: 56 days) and 1 day (31.12.2015: 52 days) respectively.

Bank balances are deposits held at call with banks and earn no interest.

The weighted average effective interest rates of deposits with licensed banks as at 31 December were as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Deposits with licensed banks:				
Ringgit Malaysia	**3.13**	3.42	**3.00**	3.36
US Dollar	**0.91**	-	**-**	-

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for the financial year ended 31 December 2016
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27. Financial assets at fair value through profit or loss

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Quoted shares/unit trust				
– held for trading in Malaysia	**7,626**	9,889	**277**	317

Changes in fair values of financial assets at fair value through profit or loss are recorded in the income statements. The fair value of equity securities is based on their current quoted prices in an active market.

28. Asset classified as held-for-sale

The disposal of Cititel Express Kuala Lumpur by the Group's wholly-owned subsidiary, Central Review (M) Sdn Bhd was completed in May 2016.

On 15 August 2016, GUP entered into a conditional sale and purchase agreement for the disposal of Renaissance Kuala Lumpur Hotel for a cash consideration of RM765.0 million.

As at 31 December 2016, not all conditions precedent have been fulfilled, hence the hotel property and goodwill were reclassified to non-current asset classified as held-for-sale. The sale was subsequently completed on 20 January 2017. The movements during the financial year relating to non-current asset classified as held-for-sale are as follows:

		Group	
		2016	2015
	Note	RM'000	RM'000
At 1 January		**35,190**	-
Completion of disposal		**(35,190)**	-
Transferred from property, plant and equipment	17	**688,861**	35,190
Transferred from goodwill	25	**19,164**	-
At 31 December		**708,025**	35,190

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for the financial year ended 31 December 2016
(continued)

29. Receivables and contract assets

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(A) Trade and other receivables				
Trade receivables	**71,940**	101,769	**12,237**	30,750
Less: Provision for impairment	**(3,233)**	(2,974)	**-**	-
	68,707	98,795	**12,237**	30,750
Other receivables	**46,874**	29,891	**1,878**	4,189
Less: Provision for impairment	**(1,376)**	(1,358)	**(356)**	(356)
	45,498	28,533	**1,522**	3,833
Input tax	**13,705**	3,385	**-**	-
Sundry deposits	**20,292**	19,838	**2,216**	2,093
Prepayments	**35,953**	12,406	**71**	-
Accrued billing in relation to rental income	**9,314**	9,463	**-**	-
	193,469	172,420	**16,046**	36,676
(B) Contract assets in relation to:				
- property development	**2,125**	25,635	**1,033**	25,446
	195,594	198,055	**17,079**	62,122

As at 31 December 2016, included in trade receivables for the Group and the Company is an amount of RM30,641,000 (31.12.2015: RM28,143,000) and RM11,883,000 (31.12.2015: nil) respectively, being stakeholder sum for property development.

The remaining contractual billings to customers from property development activities for the Group and the Company amounted to RM34,237,000 (2015: RM73,000,000) and RM1,033,000 (2015: RM71,297,000) respectively will be billed progressively upon the fulfilment of contractual milestones not withstanding if control of the assets has not been transferred to the customers. The contractual billings period for property development ranges between 1 to 2 years.

29(A) Trade and other receivables

The past due but not impaired receivables relate to a number of customers for whom there is no recent history of default, have met the Group's credit approval policies and are monitored on an on-going basis.

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables past due but not impaired:				
Up to 3 months	**18,955**	14,591	**162**	-
Above 3 months	**1,775**	4,172	**163**	-
	20,730	18,763	**325**	-

As at 31 December 2016 and 31 December 2015, all amounts in other receivables are current.

As at 31 December 2016, trade and other receivables for the Group of RM4,609,000 (31.12.2015: RM4,332,000) and the Company of RM356,000 (31.12.2015: RM356,000) were impaired. The ageing of these receivables was as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Above 6 months	**4,609**	4,332	**356**	356

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(continued)

29. Receivables and contract assets (continued)

29(A) Trade and other receivables (continued)

Movements on the Group's and the Company's provision for impairment of trade and other receivables were as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**4,332**	8,297	**356**	356
Provision for impairment of receivables (Note 6)	**407**	383	**-**	-
Bad debts recovered	**(58)**	(158)	**-**	-
Receivables written off during the financial year as uncollectible	**(72)**	(1,042)	**-**	-
Unused amount reversed upon re-assessment of provision (Note 6)	**-**	(3,148)	**-**	-
At 31 December	**4,609**	4,332	**356**	356

The creation and reversal of provision for impairment and bad debts recovered have been included in the income statements. Amounts charged to the provision account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk as at 31 December 2016 and 31 December 2015 is the carrying value of each class of receivables mentioned above.

29(B) Contract assets

The contract assets and contract liabilities as at 31 December 2016 and 31 December 2015 were not impacted by significant changes in contract terms.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net carrying amount of contract assets and liabilities is analysed as follows:				
At 1 January				
- contract assets	**25,635**	116,587	**25,446**	4,049
- contract liabilities	**(10,033)**	(5,312)	**(10,033)**	(5,312)
	15,602	111,275	**15,413**	(1,263)
Property development and construction revenue recognised during the financial year	**83,909**	142,433	**60,747**	58,810
Less: Billings during the financial year	**(97,386)**	(238,106)	**(75,127)**	(42,134)
At 31 December	**2,125**	15,602	**1,033**	15,413
At 31 December				
- contract assets	**2,125**	25,635	**1,033**	25,446
- contract liabilities (Note 33)	**-**	(10,033)	**-**	(10,033)
	2,125	15,602	**1,033**	15,413

Revenue recognised in the current financial year ended 31 December 2016 for the Group and the Company that was included in the contract liability for property development as at 1 January 2016 is RM10,033,000 (1 January 2015: RM2,732,000).

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30. Amounts owing by/(to) subsidiaries

	Company	
	31.12.2016	31.12.2015
	RM'000	RM'000
Non-current		
Amounts owing by subsidiaries	**101,900**	33,349
Less: Provision for impairment	**(1,154)**	-
	100,746	33,349
Current		
Amounts owing by subsidiaries	**266,748**	238,822
Less: Provision for impairment	**(902)**	(2,056)
	265,846	236,766
Amounts owing to subsidiaries	**(101,132)**	(73,244)

The non-current amounts owing by subsidiaries represent advances which are unsecured and receivable between 1 - 2 years (2015: 1 – 2 years). The amounts owing by subsidiaries carries interest rate between 4.76% to 8% (2015: 4.30%).

The current amounts owing by subsidiaries represent advances which are unsecured and payable on demand. The amounts owing by subsidiaries are interest free (2015: interest free) except for an amount of RM257,427,000 (2015: RM228,397,000), which carries interest at a rate of between 2.89% to 8.0% (2015: 3.015% to 8.0%) per annum.

The amounts owing to subsidiaries carries interest at 3.42% (2015: 3.25%) per annum, are unsecured and are repayable on demand.

31. Amounts owing by/(to) associates and joint ventures

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Amounts owing by associates	**44,740**	31,657	**3,635**	3,635
Less: Provision for impairment	**(3,260)**	(3,260)	**(2,965)**	(2,965)
	41,480	28,397	**670**	670
Amounts owing by joint ventures	**25,472**	18,389	**-**	-
Amounts owing to associates	**(4)**	(1,717)	**-**	-

The amounts owing by associates and joint ventures represent advances which are unsecured, interest free (2015: interest free) and payable on demand except for an amount owing from associate of RM14,344,000 (2015: nil), which carries interest at a rate of 15.0% (2015: nil) per annum.

The amounts owing to associates are interest free (2015: interest free), unsecured and are repayable on demand.

32. Cash held under Housing Development Accounts

Bank balances held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Development (Control and Licensing) Amendment Act, 2002 held at call with banks and are denominated in Ringgit Malaysia.

The weighted average effective interest rates of bank balances under Housing Development Accounts for the Group and the Company during the financial year were 2% (31.12.2015: 2%) per annum.

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

33. Payables and contract liabilities

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Non-current				
(A) Trade and other payables				
Deposits received from tenants	**80,155**	80,077	**-**	-
Current				
(A) Trade and other payables				
Trade payables	**97,673**	72,574	**3,484**	4,061
Trade accruals	**76,261**	64,590	**5,252**	2,352
Output tax	**7,728**	4,705	**167**	123
Other accruals	**103,985**	114,999	**8,962**	7,191
Other payables	**126,343**	94,711	**241**	1,424
Deferred revenue	**18,797**	13,884	**-**	-
Deposits received from tenants	**115,074**	103,624	**1,887**	1,722
Deposits received from sale of a hotel property	**158,000**	-	**-**	-
	703,861	469,087	**19,993**	16,873
(B) Contract liabilities in relation to:				
- property development (Note 29(B))	**-**	10,033	**-**	10,033
Total current	**703,861**	479,120	**19,993**	26,906

Credit term of trade payables is 30 days (31.12.2015: 30 days). Included in trade payables of the Group and the Company is retention on contract sum of RM53,700,000 (31.12.2015: RM48,947,000) and RM3,484,000 (31.12.2015: RM4,061,000) respectively. The fair value of the non-current portion of deposits received from tenants at the reporting date approximates their carrying value as the impact of discounting is not significant.

34. Borrowings

		Group		Company	
	Note	31.12.2016	31.12.2015	31.12.2016	31.12.2015
		RM'000	RM'000	RM'000	RM'000
Secured:					
Term loans	34(a)	**1,416,852**	1,621,853	**151,203**	201,250
Medium Term Notes	34(b)	**293,960**	-	**-**	-
Revolving credits	34(c)	**27,871**	425,413	**-**	-
		1,738,683	2,047,266	**151,203**	201,250
Unsecured:					
Revolving credits	34(c)	**391,124**	404,267	**50,562**	50,471
Total borrowings		**2,129,807**	2,451,533	**201,765**	251,721

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

34. Borrowings (continued)

(a) Term loans

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured:				
Current	**66,676**	90,489	**51,203**	51,250
Non-current	**1,350,176**	1,531,364	**100,000**	150,000
Total term loans	**1,416,852**	1,621,853	**151,203**	201,250

Term loans obtained by the Group and the Company comprise of the following:

A. AmTrustee Berhad ("the Trustee"), on behalf of IGB REIT, as borrower, has obtained the Syndicated Financing Facilities ("SFF") comprising the following:

(a) A fixed rate term loan facility ("FRTL") of up to RM1,200 million; and
(b) A standby revolving credit facility of ("SBRC") of up to RM20 million.

The FRTL has a tenure of five (5) years from the date of first drawdown with an option to extend the same for a further two (2) years exercisable by the Trustee. For the first five (5) years, the FRTL bears a fixed interest rate of 4.4% (31.12.2015: 4.4%) per annum. In the event the FRTL is extended, the interest rates for the sixth and the seventh year shall be stepped up to 5.0% (31.12.2015: 5.0%) per annum.

The SBRC has tenure of seven (7) years and bears a floating interest rate of the aggregate effective costs of funds and a margin of 0.7% (31.12.2015: 0.7%) per annum.

The SFF are secured against, among others, the following:

(i) a first party assignment by the Trustee of its rights, title, interests and benefits in Mid Valley Megamall and under the sale and purchase agreement in relation to Mid Valley Megamall pursuant to the Acquisitions and all other documents evidencing the Trustee's interest in Mid Valley Megamall. In the event the subdivision of master title is completed and a separate strata title is issued for Mid Valley Megamall ("Megamall Strata Title"), a first party first legal charge shall be created by the Trustee on the Megamall Strata Title for the benefit of the syndicated lenders;

(ii) an undertaking from the Trustee and IGB REIT Management Sdn. Bhd. ("the Manager"):

(a) to deposit all cash flows generated from Mid Valley Megamall into the revenue account; and

(b) that it shall not declare or make any dividends or distributions out of the cash flow derived from Mid Valley Megamall to the unit holders if an event of default has occurred under the terms of the SFF, and is continuing and has not been waived;

(iii) a first party legal assignment and charge by the Trustee over all rights, interests, title and benefits relating to the following designated accounts:

(a) the revenue account into which the Trustee shall credit, among others, all income and insurance proceeds derived from or in relation to Mid Valley Megamall;

(b) the operating account which is to capture funds transferred from the revenue account for the purpose of managing the operating expenditure of Mid Valley Megamall; and

(c) the debt service reserve account which is to capture funds transferred from the revenue account for purposes of meeting the debt service requirement (Note 26); and

(iv) a first party legal assignment by the Trustee of all the proceeds under the tenancy/lease agreements all insurance policies in relation to Mid Valley Megamall;

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for the financial year ended 31 December 2016
(continued)

34. Borrowings (continued)

(a) Term loans (continued)

B. A subsidiary company has a term loan ("TL") of RM180 million with a tenure of five (5) years and bears a floating interest rate of the aggregate cost of funds and a margin of 1.35% (31.12.2015: 1.35%) per annum.

The TL is secured against the following:

(i) a first party charge over the hotel property of the subsidiary company (Note 17A); and

(ii) debenture over assets of the subsidiary;

The TL was fully repaid during the current financial year.

C. Another subsidiary company has a TL of RM50 million with a tenure of five (5) years and bears a floating interest rate of the aggregate cost of funds and a margin of 1.20% (31.12.2015: 1.20%) per annum.

The TL is secured against a lienholders' caveat over the development land included within inventory of property development costs of the subsidiary company (Note 19 (b)).

D. Term loan obtained by the Company comprise a FRTL of RM150 million (31.12.2015: RM200 million) with a tenure of ten (10) years from the date of first drawdown and bears a fixed interest rate of 5.85% (31.12.2015: 5.85%) per annum. During the current financial year an amount of RM50 million was repaid.

The FRTL is secured against the hotel property of a subsidiary (Note 17A).

34. Borrowings (continued)

(a) Term loans (continued)

The maturity profile of term loans was as follows:

	Fixed interest rate						Floating interest rate					
	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
At 31.12.2016												
Secured:												
Term loans	**66,526**	**100,000**	**1,209,176**	**-**	**-**	**-**	**150**	**5,000**	**36,000**	**-**	**-**	**1,416,852**
At 31.12.2015												
Secured:												
Term loans	75,271	50,000	100,000	1,196,364	-	-	15,218	30,000	10,000	145,000	-	1,621,853
Company												
At 31.12.2016												
Secured:												
Term loans	**51,203**	**100,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**151,203**
At 31.12.2015												
Secured:												
Term loans	51,250	50,000	100,000	-	-	-	-	-	-	-	-	201,250

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

34. Borrowings (continued)

(b) Medium Term Notes ("MTN")

In November 2016, Southkey Megamall Sdn Bhd ("SKM") entered into an agreement for an unrated eight (8) years MTN Programme of up to RM1.0 billion in nominal value. The MTN is non-tradeable and non-transferrable.

The weighted average effective interest rate of the MTN as at 31.12.2016 was 5.03% per annum. The proceeds from the issuance of the MTN shall be utilised to part finance the development and construction of Mid Valley Megamall, Southkey ("Property")/("Project").

On 20 December 2016, SKM issued RM300 million nominal value of MTN with maturity date on 20 December 2021. On 21 February 2017, SKM further issued RM200 million nominal value of MTN with the same maturity date.

The MTN is secured against, among others, the following:-

(i) First party first legal charge over the master title of the land where the Property is erected;
(ii) First party first legal charge over the strata titles of the Property;
(iii) First party first ranking debenture consisting of a fixed and floating charge over all the present and future assets of SKM;
(iv) Third party first ranking legal charge over 70% of the issued and paid-up ordinary share capital of SKM held by the Company;
(v) First party legal assignment over all present and future rights, titles, interests and benefits under all insurance policies in relation to the Project;
(vi) First party legal assignment over all rights, titles, interests and benefits under all performance bonds granted by contractors of the Project;
(vii) First party legal assignment over all rights, titles, interests and benefits under all construction contracts of the Project;
(viii) First party assignment and charge over all the designated accounts;
(ix) First party legal assignment over all rights, titles and interests under all management contracts;
(x) First party legal assignment over all rights, titles and interests under all lease agreements;
(xi) Power of attorney granted to security agent to manage and dispose of the Property upon declaration of a trigger event;
(xii) Letter of undertaking from the Company in relation to the required net property income is achieved upon commencement of operations; and
(xiii) First party legal assignment over all rights, titles and interests under the letter of undertaking from Southkey City Sdn Bhd who holds 30% of the issued and paid-up ordinary share capital in SKM.

The maturity profile of medium term notes was as follows:

	Floating interest rate					
	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 31.12.2016						
Secured:						
Medium Term Notes	**-**	**-**	**-**	**-**	**293,960**	**293,960**
At 31.12.2015						
Secured:						
Medium Term Notes	-	-	-	-	-	-

(c) Revolving credits

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Current:				
Secured	**27,871**	425,413	**-**	-
Unsecured	**391,124**	404,267	**50,562**	50,471
	418,995	829,680	**50,562**	50,471

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

34. Borrowings (continued)

(c) Revolving credits (continued)

In the current financial year, the revolving credits bear a floating interest rate and other than as disclosed in Note 34(a), are secured by way of:

(a) corporate guarantee by the Company to its subsidiaries;
(b) deposit of master title of a piece of property development cost (Note 19(b));

In the previous financial year, the secured revolving credit facility was secured against deposits pledged with licenced banks.

The carrying amounts and fair values of borrowings are as follows:

	31.12.2016		31.12.2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Group				
Term loans	**1,416,852**	**1,396,764**	1,621,853	1,529,348
Medium Term Notes	**293,960**	**293,960**	-	-
Revolving credits	**418,995**	**418,995**	829,680	829,680
	2,129,807	**2,109,719**	2,451,533	2,359,028
Company				
Term loans	**151,203**	**150,301**	201,250	199,599
Revolving credits	**50,562**	**50,562**	50,471	50,471
	201,765	**200,863**	251,721	250,070

The fair value of borrowings is estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profile and is within level 3 of the fair value hierarchy.

The carrying amounts of the Group's and Company's borrowings are denominated in the following currencies are as follows:

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Term loans				
RM	**1,416,852**	1,621,853	**151,203**	201,250
Medium Term Notes				
RM	**293,960**	-	**-**	-
Revolving credits				
RM	**354,235**	353,619	**50,562**	50,471
GBP	**-**	397,544	**-**	-
AUD	**64,760**	78,517	**-**	-
Total borrowings	**2,129,807**	2,451,533	**201,765**	251,721

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

34. Borrowings (continued)

(c) Revolving credits (continued)

The currency profile and weighted average effective interest rate of the borrowings by currencies are as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	% per annum	**% per annum**	**% per annum**	**% per annum**
Term loans				
RM	**4.64**	4.65	**5.85**	5.85
Medium Term Notes				
RM	**5.03**	-	**-**	-
Revolving credits				
RM	**4.31**	4.29	**4.79**	**4.91**
GBP	**-**	1.20	**-**	**-**
AUD	**3.23**	3.02	**-**	**-**

35. Segment reporting – Group – By business segments

Management has determined the operating segments based on the various reports prepared for the Board of Directors that are used to make strategic decisions.

The Group is organised into five main business segments:

- Property investment - retail - rental income and service charge from retail
- Property investment - commercial - rental income and service charge from office building
- Hotel - income from hotel operations
- Property development - development and sale of condominiums, bungalows, linked houses, shoplots and office suites and project and property management services
- Construction - civil and building construction

Other operations of the Group mainly comprise investment holding, sale of utilities and education services; none of which are of a significant size to be reported separately.

The revenue from the respective operating segments (property investment – retail, property investment – commercial, hotel, property development and construction) includes incidental revenue generated within the respective segments that have been reclassified by their nature for presentation within the revenue note.

The amounts provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

The allocated assets include all non-current and current assets except for tax recoverable, deferred tax assets and cash and bank balances held by the respective investment holding companies as they are managed centrally by the Group.

The allocated liabilities include all non-current and current liabilities except for provisions for tax, deferred tax liabilities and general borrowings as the Group manages these funds through a centralised function.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

35. Segment reporting – Group – By business segments (continued)

The segment information provided to the Board of Directors for the reportable segments for the financial year ended 31 December 2016 is as follows:

2016	Note	Property investment - retail RM'000	Property investment - commercial RM'000	Hotel RM'000	Property development RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue								
Total revenue		546,995	131,614	387,459	93,551	237,021	114,770	1,511,410
Intersegment revenue		(55,457)	(6,728)	(7,757)	-	(237,021)	(54,139)	(361,102)
External revenue	5	491,538	124,886	379,702	93,551	-	60,631	1,150,308
Results								
Segment results (external)		325,898	67,091	191,490	42,621	(2,872)	(9,949)	614,279
Unallocated corporate expenses								(48,509)
Profit from operations								565,770
Finance costs	8	(46,840)	(3,055)	(18,335)	(4,951)	(46)	(5,402)	(78,629)
Finance income	8	10,120	1,654	5,139	8,119	5	557	25,594
Share of results of associates		-	2,558	11,162	5,382	-	3,641	22,743
Share of results of joint ventures		-	-	(492)	(13)	-	-	(505)
Profit before tax								534,973
Tax expense	9	(46,476)	(16,915)	(10,843)	(2,909)	(888)	(1,889)	(79,920)
Profit for the financial year								455,053
Other information								
Segment assets		2,018,494	1,290,507	1,393,765	1,017,970	30,669	190,742	5,942,147
Associates	22	-	58,683	236,472	150,860	-	21,233	467,248
Joint ventures	23	-	-	310,480	74,880	-	-	385,360
Asset classified as held-for-sale	28	-	-	708,025	-	-	-	708,025
Unallocated assets								283,416
Total assets								7,786,196
Segment liabilities		1,780,359	165,681	448,981	81,986	91,495	143,560	2,712,062
Unallocated liabilities								479,987
Total liabilities								3,192,049
Capital expenditure:								
Property, plant and equipment	17	1,472	209	51,576	1,673	2,632	6,765	64,327
Investment properties	18	166,354	107,410	-	-	-	-	273,764
Depreciation/Amortisation:								
Property, plant and equipment	17	2,655	406	72,736	913	93	8,360	85,163
Investment properties	18	28,593	23,405	-	-	-	-	51,998
Long-term prepaid lease	20	-	-	92	-	-	-	92
Write-off of property plant and equipment		73	-	66	72	-	2,733	2,944

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

35. Segment reporting – Group – By business segments (continued)

The segment information provided to the Board of Directors for the reportable segments for the financial year ended 31 December 2015 is as follows:

2015	Note	Property investment - retail RM'000	Property investment - commercial RM'000	Hotel RM'000	Property development RM'000	Construction RM'000	Others RM'000	Group RM'000
Revenue								
Total revenue		513,489	139,525	365,562	155,586	245,484	109,131	1,528,777
Intersegment revenue		(45,429)	(11,849)	(7,509)	-	(245,484)	(51,424)	(361,695)
External revenue	5	468,060	127,676	358,053	155,586	-	57,707	1,167,082
Results								
Segment results (external)		319,162	70,274	77,505	39,645	357	(12,286)	494,657
Unallocated corporate expenses								(51,990)
Profit from operations								442,667
Finance costs	8	(63,703)	(3,922)	(15,140)	(5,016)	-	(4,105)	(91,886)
Finance income	8	7,745	1,755	1,691	23,807	74	734	35,806
Share of results of associates		-	17,683	6,997	16,359	-	157	41,196
Share of results of joint ventures		-	-	(730)	(13)	-	-	(743)
Profit before tax								427,040
Tax expense	9	(41,668)	(21,243)	(25,202)	(2,692)	180	(1,830)	(92,455)
Profit for the financial year								334,585
Other information								
Segment assets		1,779,942	1,177,252	1,978,871	958,283	116,061	178,764	6,189,173
Associates	22	-	23,322	285,092	188,962	-	19,175	516,551
Joint ventures	23	-	-	359,959	71,978	-	-	431,937
Unallocated assets								606,461
Total assets								7,744,122
Segment liabilities		1,426,049	561,417	459,204	87,472	85,938	140,644	2,760,724
Unallocated liabilities								532,707
Total liabilities								3,293,431
Capital expenditure:								
Property, plant and equipment	17	2,667	54	131,681	542	814	8,860	144,618
Investment properties	18	77,317	101,018	-	-	-	-	178,335
Depreciation/Amortisation:								
Property, plant and equipment	17	2,488	1,169	79,332	1,575	45	7,457	92,066
Investment properties	18	28,397	23,409	-	-	-	-	51,806
Long-term prepaid lease	20	-	-	289	-	-	-	289
Write-off of property plant and equipment		198	-	8	-	-	105	311
Reversal of impairment loss:								
Property, plant and equipment		-	-	7,875	-	-	-	7,875

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

36. Financial instruments by category

Group	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
31.12.2016				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	27	**7,626**	**-**	**7,626**
Trade and other receivables excluding input tax, prepayments and contract assets (including intercompany balances)		**-**	**210,763**	**210,763**
Cash held under Housing Development Accounts	32	**-**	**87,700**	**87,700**
Cash and bank balances	26	**-**	**934,710**	**934,710**
Total financial assets		**7,626**	**1,233,173**	**1,240,799**

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	34	**2,129,807**
Trade and other payables excluding contract liabilities, output tax and deferred revenue (including intercompany balances)		**757,495**
Total financial liabilities		**2,887,302**

Group	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
31.12.2015				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	27	9,889	-	9,889
Trade and other receivables excluding input tax, prepayments and contract assets (including intercompany balances)		-	203,415	203,415
Cash held under Housing Development Accounts	32	-	23,931	23,931
Cash and bank balances	26	-	1,065,654	1,065,654
Total financial assets		9,889	1,293,000	1,302,889

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	34	2,451,533
Trade and other payables excluding contract liabilities, output tax and deferred revenue (including intercompany balances)		532,292
Total financial liabilities		2,983,825

Notes to the Financial Statements

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36. Financial instruments by category (continued)

Company	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
31.12.2016				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	27	**277**	**-**	**277**
Trade and other receivables excluding input tax, prepayments and contract assets (including intercompany balances)		**-**	**383,237**	**383,237**
Cash held under Housing Development Accounts	32	**-**	**61,356**	**61,356**
Cash and bank balances	26	**-**	**248,181**	**248,181**
Total financial assets		**277**	**692,774**	**693,051**

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	34	**201,765**
Trade and other payables excluding contract liabilities, output tax and deferred revenue (including intercompany balances)		**120,958**
Total financial liabilities		**322,723**

Company	Note	Financial assets at fair value through profit or loss RM'000	Loans and receivables at amortised cost RM'000	Total RM'000
31.12.2015				
Assets as per statement of financial position:				
Financial assets at fair value through profit or loss	27	317	-	317
Trade and other receivables excluding input tax, prepayments and contract assets (including intercompany balances)		-	307,461	307,461
Cash held under Housing Development Accounts	32	-	1,346	1,346
Cash and bank balances	26	-	604,176	604,176
Total financial assets		317	912,983	913,300

	Note	Other financial liabilities at amortised cost RM'000
Liabilities as per statement of financial position:		
Borrowings	34	251,721
Trade and other payables excluding contract liabilities, output tax and deferred revenue (including intercompany balances)		89,994
Total financial liabilities		341,715

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for the financial year ended 31 December 2016
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37. Operating lease

The Group leases out its investment properties under operating leases. The future minimum lease receivable under non-cancellable lease are as follows:

	Group		Company	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Less than one (1) year	**475,671**	458,684	**4,704**	5,048
Between one (1) year and five (5) years	**558,897**	503,601	**3,707**	2,271
More than five (5) years	**243,236**	277,172	**-**	-
	1,277,804	1,239,457	**8,411**	7,319

38. Capital commitments

Capital expenditure not provided for in the financial statements was as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Authorised by Directors and contracted:		
Investment property	**820,084**	998,743
Property, plant and equipment	**-**	-
	820,084	998,743
Authorised by Directors but not contracted:		
Investment property	**199,289**	141,789
Property, plant and equipment	**8,723**	65,673
	208,012	207,462

39. Significant related party disclosures

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions negotiated amongst the parties.

(i) Group

Other related parties	Relationship
Cahaya Utara Sdn. Bhd.	An associate of Wah Seong (Malaya) Trading Co. Sdn. Bhd.
Strass Media Sdn. Bhd.	A subsidiary of Wah Seong (Malaya) Trading Co. Sdn. Bhd.
Wah Seong (Malaya) Trading Co Sdn. Bhd.	A company in which Dato' Seri Robert Tan Chung Meng and Tony Tan Choon Keat, Directors of the Company, have substantial financial interest.
Wasco Management Services Sdn. Bhd.	A wholly-owned subsidiary of Wah Seong Corporation Berhad, a company in which Dato' Seri Robert Tan Chung Meng and Tony Tan Choon Keat, Directors of the Company, have substantial financial interest.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

39. Significant related party disclosures (continued)

(i) Group (continued)

Significant related party transactions

	2016 RM'000	2015 RM'000
Light boxes rental, pedestrian bridge and office rental income:		
Strass Media Sdn. Bhd.	**1,242**	1,584
Management/marketing fee income:		
Cahaya Utara Sdn. Bhd.	**1,305**	1,202
Office rental income:		
Wasco Management Services Sdn. Bhd.	**1,006**	1,176
Purchase of information technology products and security equipment:		
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	**7,683**	-

Significant related party balances:

	31.12.2016 RM'000	31.12.2015 RM'000
Associates:		
New Commercial Investments Limited	**22,347**	25,796
Joint venture:		
Black Pearl Limited	**25,472**	18,389

(ii) Company

Significant related party transactions:

	2016 RM'000	2015 RM'000
Advances from subsidiaries	**176,649**	260,250
Advances to subsidiaries	**653,846**	219,743
Dividend income received from subsidiaries	**216,407**	326,231
Interest charged to subsidiaries	**25,161**	14,166
Redemption of redeemable preference shares in subsidiaries	**48,195**	32,025
Repayment of advances from subsidiaries	**252,583**	71,282
Repayment of advances to subsidiaries	**77,930**	156,100
Subscription of additional shares in subsidiaries	**-**	239,477

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

39. Significant related party disclosures (continued)

(ii) Company (continued)

Significant related party balances:

	31.12.2016 RM'000	31.12.2015 RM'000
Amounts owing from subsidiaries:		
Detik Harapan Sdn. Bhd.	**58,382**	33,566
Great Union Properties Sdn. Bhd.	**41,820**	367
IGB REIT Management Sdn. Bhd.	**43,518**	33,349
Mid Valley City Centrepoint North Sdn. Bhd.	**29,356**	32,826
Mid Valley City Centrepoint South Sdn. Bhd.	**4,966**	12,369
Mid Valley City Southpoint Sdn. Bhd.	**143,044**	28,729
Southkey Megamall Sdn. Bhd.	**19,125**	103,302
Tank Stream Holdings Pty Ltd	**12,423**	11,779
Amounts owing to subsidiaries:		
Atar Deras Sdn. Bhd.	**5,500**	7,500
Central Review (M) Sdn. Bhd.	**32,400**	-
Mid Valley City North Tower Sdn. Bhd.	**5,172**	4,205
Salient Glory City Sdn. Bhd.	**7,100**	-
Tan & Tan Developments Berhad	**5,155**	5,179

(iii) Remuneration of key management personnel compensation for the financial year was as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, bonus and allowance	**35,207**	32,080	**17,619**	14,833
Defined contribution plan	**4,049**	3,704	**2,002**	1,712
Executives share option scheme	**-**	7,988	**-**	6,370
Other short term benefits	**308**	345	**184**	217
	39,564	44,117	**19,805**	23,132

Key management comprises management personnel having authority and responsibility for planning, directing and controlling the activities of the Group and the Company.

40. Changes in Group structure

A. Incorporation of subsidiary during the financial year

On 10 November 2016, the Company announced to Bursa Securities that its wholly-owned subsidiary, Verokey Sdn Bhd, had on 7 November 2016 incorporated a private limited company in the United Kingdom under the name of Blackfriars Project Management Limited ("BPML") with a registered capital of £1 divided into one share. BPML is incorporated for the purposes of overseeing the management and construction of the Group's 18 Blackfriars London project.

The effects of the incorporation above are not material to the Group.

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

40. Changes in Group structure (continued)

B. Members' voluntary winding-up of existing subsidiaries during the financial year

On 3 November 2015, the Company announced to Bursa Securities that its dormant wholly-owned subsidiary, Dian Rezki Sdn Bhd ("Dian Rezki") which had been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965, held its Final General Meeting on 3 November 2015. Dian Rezki was dissolved on 3 February 2016.

On 18 November 2015, the Company announced to Bursa Securities that its dormant wholly-owned subsidiary, Intercontinental Aviation Services Sdn Bhd ("Intercontinental Aviation Services") which had been placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965, held its Final General Meeting on 18 November 2015. Intercontinental Aviation Services was dissolved on 18 February 2016.

On 19 May 2016, the Company announced to Bursa Securities that its dormant wholly-owned subsidiary, Pekeliling Property Sdn Bhd ("Pekeliling Property"), had held its Final General Meeting on 19 May 2016 in respect of the members' voluntary winding-up. Pekeliling Property was dissolved with effect from 19 August 2016 pursuant to Section 272(5) of the Companies Act 1965.

On 15 September 2016, the Company announced to Bursa Securities that its dormant wholly-owned subsidiary, IGB Management Services Sdn Bhd ("IGB Management Services"), had held its Final General Meeting on 15 September 2016 in respect of the members' voluntary winding-up. IGB Management Services was dissolved with effect from 15 December 2016 pursuant to Section 272(5) of the Companies Act 1965.

On 27 December 2016, the Company announced to Bursa Securities that the following three dormant wholly-owned subsidiaries was placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965: Amandamai Satu Sdn Bhd, KennyVale Sdn Bhd and X-Speed Sdn Bhd.

The effects of these were not material to the Group.

41. Significant Post Balance Sheet Events

On 15 August 2016, an announcement was made to Bursa Securities on the signing of a Sale and Purchase Agreement by Great Union Properties Sdn Bhd, a wholly owned subsidiary of the Company to dispose Renaissance Kuala Lumpur Hotel for a cash consideration of RM765.0 million. The disposal was completed on 20 January 2017.

On 23 February 2017, an announcement was made to Bursa Securities on the proposed acquisition by Goldis Berhad ("Goldis") of the entire equity interest in the Company not already owned by Goldis, by way of a members' scheme of arrangement pursuant to Section 366 of the Companies Act, 2016 between the Company and all the shareholders of the Company, other than Goldis ("Proposed Scheme"). On 30 March 2017, an announcement was made to Bursa Securities that the Company had on 30 March 2017 written to Goldis requesting an extension of time up to 5.00 p.m. on 28 April 2017 to evaluate the Proposed Scheme. The request was agreed by Goldis on even date.

42. Subsidiaries

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2016	2015
	Abad Flora Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Amandamai Dua Sdn. Bhd. [1]	Property Development	Malaysia	**100.0**	100.0
	Amandamai Satu Sdn. Bhd. [1] *(Under members' voluntary liquidation)*	Property Development	Malaysia	**100.0**	100.0
	Angkasa Gagah Sdn. Bhd. [1]	Property Development	Malaysia	**100.0**	100.0
	Arabayu Sepakat Sdn. Bhd. [1]	Property Investment and Property Development	Malaysia	**100.0**	100.0
*	Asian Equity Limited [2]	Investment Holding	British Virgin Islands	**55.0**	55.0
	Atar Deras Sdn. Bhd. [1]	Property Development	Malaysia	**100.0**	100.0
*	Auspicious Prospects Ltd. [3]	Investment Holding	Liberia	**100.0**	100.0
	Belimbing Hills Sdn. Bhd. [1]	Property Development	Malaysia	**100.0**	100.0
*	Beswell Limited [4]	Investment Holding	Hong Kong	**100.0**	100.0
	Bintang Buana Sdn. Bhd. [1]	Property Development	Malaysia	**90.0**	90.0
*	Blackfriars Project Management Limited. [5]	Management and Construction	United Kingdom	**100.0**	-

Notes to the Financial Statements
for the financial year ended 31 December 2016
(continued)

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2016	2015
	Central Review (M) Sdn. Bhd. [1]	Hotelier	Malaysia	**100.0**	100.0
	Cipta Klasik (M) Sdn. Bhd. [1]	Property Development	Malaysia	**70.0**	70.0
	Cititel Hotel Management Sdn. Bhd.	Hotel Management Services	Malaysia	**60.0**	60.0
	Corpool Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Danau Bidara (M) Sdn. Bhd. [1]	Property Investment	Malaysia	**100.0**	100.0
	Detik Harapan Sdn. Bhd.	Educational Institution	Malaysia	**60.0**	60.0
	Dian Rezki Sdn. Bhd. *(Members' voluntary liquidation completed in 2016)*	Dormant	Malaysia	**-**	100.0
	Dimensi Magnitud Sdn. Bhd.	Property Investment	Malaysia	**70.0**	70.0
	Distinctive Ace Sdn. Bhd. [6]	Property Investment and Property Development	Malaysia	**50.0 + 1 share**	50.0 + 1 share
	Earning Edge Sdn. Bhd. [7]	Investment Holding	Malaysia	**65.0**	65.0
	Eastwind Alliance Sdn. Bhd. [1]	Property Investment and Property Development	Malaysia	**100.0**	100.0
	Ensignia Construction Sdn. Bhd.	Building Construction	Malaysia	**100.0**	100.0
	Ensignia Southkey City Sdn. Bhd. [8]	Building Construction	Malaysia	**70.0**	70.0
	Future Pinnacle Sdn. Bhd. [9]	Property Development	Malaysia	**100.0**	100.0
*	Grapevine Investments Pte. Ltd.	Investment Holding	Singapore	**100.0**	100.0
	Great Union Properties Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Harta Villa Sdn. Bhd. [1]	Property Development	Malaysia	**100.0**	100.0
	ICDC Holdings Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Idaman Spektra Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	IGB Development Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
	IGB International School Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	IGB International Ventures Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	IGB Management Services Sdn. Bhd. *(Members' voluntary liquidation completed in 2016)*	Dormant	Malaysia	**-**	100.0
	IGB Project Management Services Sdn. Bhd.	Project Management Services	Malaysia	**100.0**	100.0
	IGB Properties Sdn. Bhd.	Property Investment and Management	Malaysia	**100.0**	100.0
	IGB REIT Management Sdn. Bhd.	Management of Real Estate Investment Trust	Malaysia	**100.0**	100.0
	IGB Real Estate Investment Trust. [10]	Real Estate Investment Trust	Malaysia	**52.3**	52.0
	Innovation & Concept Development Co. Sdn. Bhd. [11]	Property Development	Malaysia	**100.0**	100.0
	Intercontinental Aviation Services Sdn. Bhd. *(Members' voluntary liquidation completed in 2016)*	Dormant	Malaysia	**-**	100.0
	IST Building Products Sdn. Bhd.	Trading of Building Materials	Malaysia	**100.0**	100.0
	IT&T Engineering & Construction Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Kemas Muhibbah Sdn. Bhd. [12]	Property Development	Malaysia	**100.0**	100.0

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2016	2015
	KennyVale Sdn. Bhd. [1] *(Under members' voluntary liquidation)*	Property Development	Malaysia	**100.0**	100.0
	Kondoservis Sdn. Bhd. [1]	Management Services	Malaysia	**100.0**	100.0
	KrisAssets Holdings Berhad *(Members' voluntary liquidation completed in 2016)*	Dormant	Malaysia	**-**	63.5
	Lagenda Sutera (M) Sdn. Bhd. [4]	Hotelier	Malaysia	**100.0**	100.0
*	Lingame Company Limited	Investment Holding	Hong Kong	**100.0**	100.0
	Majestic Path Sdn. Bhd. [4]	Investment Holding	Malaysia	**100.0**	100.0
	Megan Prestasi Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	MiCasa Hotel Limited [13]	Hotelier	Myanmar	**65.0**	65.0
	Mid Valley City Sdn. Bhd.	Management Services/ Service Provider	Malaysia	**100.0**	100.0
	Mid Valley City Developments Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Mid Valley City Energy Sdn. Bhd.	Selling and Distribution of Utilities	Malaysia	**100.0**	100.0
	Mid Valley City Enterprise Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Mid Valley City Gardens Sdn. Bhd.	Management Services/ Service Provider	Malaysia	**100.0**	100.0
	Mid Valley City Hotels Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Mid Valley City North Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Property Services Sdn. Bhd. [14]	Building and Maintenance Services	Malaysia	**100.0**	100.0
	Mid Valley City South Tower Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Mid Valley City Southpoint Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	Murni Properties Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint North Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC Centrepoint South Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
	MVC CyberManager Sdn. Bhd.	MSC cybercentre at Mid Valley City	Malaysia	**100.0**	100.0
	MVEC Exhibition and Event Services Sdn. Bhd.	Exhibition Services	Malaysia	**100.0**	100.0
	Nova Pesona Sdn. Bhd. [1]	Property Development	Malaysia	**100.0**	100.0
	OPT Ventures Sdn. Bhd. [1]	Property Development and Investment	Malaysia	**70.0**	70.0
	Outline Avenue (M) Sdn. Bhd. [1]	Property Development	Malaysia	**89.6**	89.6
	Pacific Land Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
*	Pacific Land Pte. Ltd. [4]	Investment Holding	Singapore	**100.0**	100.0
	Pangkor Island Resort Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Pekeliling Land Sdn. Bhd.	Property Holding	Malaysia	**100.0**	100.0
	Pekeliling Property Sdn. Bhd. *(Members' voluntary liquidation completed in 2016)*	Dormant	Malaysia	**-**	100.0

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

42. Subsidiaries (continued)

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2016	2015
	Penang Garden Sdn. Bhd.	Property Development and Investment	Malaysia	**100.0**	100.0
	Permata Efektif (M) Sdn. Bhd. [1]	Property Development	Malaysia	**100.0**	100.0
	Plaza Permata Management Services Sdn. Bhd.	Property Management Services	Malaysia	**100.0**	100.0
	Prima Condominium Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Primanah Property Sdn. Bhd.	Property Development	Malaysia	**100.0**	100.0
	Puncak Megah (M) Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Rapid Alpha Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Reka Handal Sdn. Bhd. [1]	Property Development	Malaysia	**75.0**	75.0
	Riraiance Enterprise Sdn. Bhd.	Investment Holding	Malaysia	**100.0**	100.0
	Salient Glory City Sdn. Bhd.	Hotelier	Malaysia	**100.0**	100.0
	Southkey Megamall Sdn. Bhd.	Property Investment	Malaysia	**70.0**	70.0
*	St Giles Hotels (Asia) Limited [15]	Hotel Management Services	Labuan	**60.0**	60.0
	Tanah Permata Sdn. Bhd. [4]	Hotelier	Malaysia	**100.0**	100.0
	Tan & Tan Developments Berhad	Property Development, Project Management Services and Investment Holding	Malaysia	**100.0**	100.0
	Tan & Tan Realty Sdn. Bhd. [1]	Property Investment and Food Court Operator	Malaysia	**80.0**	80.0
*	Tank Stream Holdings Pty Ltd [16]	Investment Holding	Australia	**100.0**	100.0
	The Gardens Theatre Sdn. Bhd.	Lease auditorium space for performing arts	Malaysia	**100.0**	100.0
	TTD Sdn. Bhd. [1]	Hotelier	Malaysia	**100.0**	100.0
	Verokey Sdn. Bhd.	Property Investment	Malaysia	**100.0**	100.0
*	Wilmer Link Limited [17]	Investment Holding	British Virgin Islands	**58.0**	58.0
	X-Speed Sdn. Bhd. *(Under members' voluntary liquidation)*	Property Investment	Malaysia	**100.0**	100.0

Notes:

1 - Held by Tan & Tan Developments Berhad.
2 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 35.0% and 20.0% respectively.
3 - Held by Lingame Company Limited.
4 - Held by Pacific Land Sdn. Bhd.
5 - Held by Verokey Sdn. Bhd.
6 - Held by Megan Prestasi Sdn. Bhd.
7 - Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 45.0% and 20.0% respectively.
8 - Held by Ensignia Construction Sdn. Bhd.
9 - Held by TTD Sdn. Bhd.
10 - Held by IGB REIT Management Sdn. Bhd. and IGB 2.7% and 49.6% respectively.
11 - Held by ICDC Holdings Sdn. Bhd.
12 - Held by IGB Project Management Services Sdn. Bhd.
13 - Held by Earning Edge Sdn. Bhd.
14 - Held by Mid Valley City Developments Sdn. Bhd.
15 - Held by Cititel Hotel Management Sdn. Bhd.
16 - Held by Pacific Land Sdn. Bhd. and IGB 19.6% and 80.4% respectively.
17 - Held by IGB International Ventures Sdn Bhd.

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

Notes to the Financial Statements

for the financial year ended 31 December 2016
(continued)

43. Associates

	Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2016	2015
*	Aroma Laundry & Dry Cleaners Sdn. Bhd. [1] *(Members' voluntary liquidation completed in 2016)*	Dormant	Malaysia	**-**	20.0
*	Cititel Express Pty Limited [2]	Investment Holding	Australia	**39.0**	-
*	Cititel International Hospitality Limited [3]	Hotelier	Guernsey	**49.5**	-
*	DMV Sdn. Bhd. [4]	Property Development	Malaysia	**38.5**	38.5
*	Fawkner Centre Pty. Ltd. [1]	Property Investment	Australia	**39.0**	39.0
	Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [1] *(Under members' voluntary liquidation)*	Dormant	Malaysia	**30.0**	30.0
	Hampshire Properties Sdn. Bhd. [1]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	Harmony Streams Sdn. Bhd. [5]	Dormant	Malaysia	**50.0**	50.0
*	Hilltop International Success Inc [6]	Purchasing/Leasing of Aircrafts	British Virgin Islands	**49.5**	49.5
*	Hicom Tan & Tan Sdn. Bhd. [1]	Property Development	Malaysia	**50.0**	50.0
	Johan Kekal Sdn. Bhd. *(Under members' voluntary liquidation)*	Dormant	Malaysia	**50.0**	50.0
	Jutanis Sdn. Bhd. [1]	Property Development	Malaysia	**45.0**	45.0
	Kumpulan Sierramas (M) Sdn. Bhd. [1]	Property Development	Malaysia	**50.0**	50.0
	Kundang Properties Sdn. Bhd.	Property Development	Malaysia	**50.0**	50.0
*	Merchant Firm Ltd [3]	Investment Holding	British Virgin Islands	**49.5**	49.5
*	New Commercial Investments Limited [7]	Investment Holding	British Virgin Islands	**49.6**	49.6
	Orion Corridor Sdn. Bhd. [6]	Leasing of Aircrafts	Malaysia	**24.7**	24.7
*	Pacific Land Co., Ltd [8]	Investment Holding	Thailand	**48.9**	48.9
	Permata Alasan (M) Sdn. Bhd. [1]	Property Development and Property Investment	Malaysia	**50.0**	50.0
*	Ravencroft Investments Incorporated [9]	Investment Holding	British Virgin Islands	**49.5**	49.5
*	Sierramas Landscape Services Sdn. Bhd. [5] *(Members' voluntary liquidation completed in 2016)*	Dormant	Malaysia	**-**	50.0
*	St Giles Hotel [6]	Construction and Hotel Management	Republic of Congo	**49.5**	49.5
*	St Giles Hotels, Inc [10]	Hotelier	United States of America	**49.5**	49.5
*	St Giles Hotel Limited. [9]	Hotelier	United Kingdom	**49.5**	49.5
*	St Giles Hotel LLC [11]	Hotelier	United States of America	**49.5**	49.5
*	St Giles Hotel (Heathrow) Limited. [7]	Hotelier	United Kingdom	**49.6**	49.6
*	St Giles Hotel (Manila) Inc [6]	Hotelier	Philippines	**49.5**	49.5
*	Technoltic Engineering Sdn. Bhd.	Servicing, Maintenance and Installation of Elevators	Malaysia	**40.0**	40.0
*	Tentang Emas Sdn. Bhd. [1]	Investment Holding	Malaysia	**49.0**	49.0

Notes to the Financial Statements

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43. Associates (continued)

Notes:

1 *- Held by Tan & Tan Developments Berhad.*
2 *- Held by Tank Stream Holdings Pty Ltd*
3 *- Held by Ravencroft Investments Incorporated*
4 *- Held by Tan & Tan Developments Berhad and IGB Corporation Berhad, 25.6% and 12.8% respectively.*
5 *- Held by Kumpulan Sierramas (M) Sdn. Bhd.*
6 *- Held by Merchant Firm Ltd.*
7 *- Held by Pacific Land Sdn. Bhd. and TTD Sdn. Bhd. 31.5% and 18.0% respectively.*
8 *- Held by Pacific Land Sdn. Bhd.*
9 *- Held by Pacific Land Sdn. Bhd., Beswell Limited and TTD Sdn. Bhd., 27.7%, 7.7% and 14.1% respectively.*
10 *- Held by St Giles Hotel Limited.*
11 *- Held by St Giles Hotels, Inc.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

44. Joint Ventures

Name of company	Principal activities	Place of incorporation	Group's effective interest (%) 2016	2015
* Black Pearl Limited [1]	Property Investment	Guernsey	**50.0**	50.0
* Blackfriars Limited [2]	Property Investment	Guernsey	**50.0**	50.0
* Crystal Property Asia Company Limited [3]	Property Development and Construction	Thailand	**49.0**	49.0

Notes:

1 *- Held by Verokey Sdn. Bhd.*
2 *- Held by Black Pearl Limited.*
3 *- Held by Majestic Path Sdn. Bhd.*

* *Companies audited by firms other than PricewaterhouseCoopers Malaysia.*

45. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise of the following:

		Group		Company	
	Note	31.12.2016	31.12.2015	31.12.2016	31.12.2015
		RM'000	RM'000	RM'000	RM'000
Deposit with licensed banks	26	**741,086**	902,374	**246,145**	599,196
Cash in hand	26	**1,626**	1,635	**8**	8
Bank balances	26	**191,998**	161,645	**2,028**	4,972
Cash held under Housing Development Accounts	32	**87,700**	23,931	**61,356**	1,346
		1,022,410	1,089,585	**309,537**	605,522
Less: Restricted cash	26	**(37,984)**	(563,279)	**-**	(534,088)
		984,426	526,306	**309,537**	71,434

46. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 21 April 2017.

Notes to the Financial Statements

for the financial year ended 31 December 2016
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47. Disclosure of realised and unrealised retained profits/(accumulated losses)

The following analysis is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Securities' Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Securities.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained profits:				
Realised	**3,890,435**	3,755,922	**4,492,276**	4,426,828
Unrealised	**(162,585)**	(160,763)	**162**	(1,907)
	3,727,850	3,595,159	**4,492,438**	4,424,921
Total retained profits of associates and joint ventures:				
Realised	**268,454**	249,115	**-**	-
Unrealised	**(6,267)**	301	**-**	-
	262,187	249,416	**-**	-
Less: Consolidation adjustments	**(330,187)**	(333,062)	**-**	-
Total retained profits	**3,659,850**	3,511,513	**4,492,438**	4,424,921

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

We, Dato' Seri Robert Tan Chung Meng and Tan Kai Seng, being two of the Directors of IGB Corporation Berhad, state that, in our opinion, the financial statements set out on pages 55 to 144 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2016 and of the results and cash flows of the Group and the Company for the financial year ended on that date, in accordance with Malaysian Financial Reporting Standards, International Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The information set out in Note 47 on page 145 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed in accordance with a resolution of the Directors dated 21 April 2017.

Dato' Seri Robert Tan Chung Meng
Group Managing Director

Tan Kai Seng
Director

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

I, Chai Lai Sim, the Officer primarily responsible for the financial management of IGB Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 55 to 145 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.

Chai Lai Sim

Subscribed and solemnly declared by the abovenamed Chai Lai Sim at Kuala Lumpur on 21 April 2017.

Before me:

Mohan A.S. Maniam (No. W521)
Commissioner for Oaths

Independent Auditors' Report

to the Members of IGB Corporation Berhad
(Incorporated in Malaysia) (Company No. 5745-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of IGB Corporation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, 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, 1965 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2016, of the Group and of the Company, and the income statements, statements of 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 55 to 144.

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 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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Independent Auditors' Report

to the Members of IGB Corporation Berhad
(Incorporated in Malaysia) (Company No. 5745-A)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matter	How our audit addressed the Key audit matter
Accounting for Property Development Activities The Group and the Company recognise property development revenue based on the progress towards satisfaction of that performance obligation over time, which is measured by reference to the property development costs incurred up to the date of the reporting period as a percentage of total budgeted property development costs. Property development projects are long term. Hence, significant judgements are involved in developing and monitoring total budgeted property development costs, for which inherent uncertainties may arise from estimating future costs which are impacted by changes in prices, exchange rates and inflation, among others. Therefore, focus is placed on the completeness and accuracy of total budgeted property development costs and the extent of costs incurred. Refer to Note 2.8(d) and Note 2.18(a)(ii) (Summary of significant accounting policies), Note 4(a) (Significant accounting estimates and judgements), Note 5 (Revenue) and Note 19(b) (Inventories-property development costs).	We tested the operating effectiveness of the approval process surrounding the budgetary process of the development costs that is used in estimating the progress towards complete satisfaction of that performance obligation at the reporting date. We tested the completeness and accuracy of total budgeted property development costs and extent of costs incurred by : i) Assessing the reasonableness of the total budgeted property development costs on a sample basis by comparing to contracts, quotations and cost estimates from quantity surveyors; ii) Testing samples of costs incurred to date to contractors' claim certificates or supplier invoices. Where costs have not been billed or certified, assess adequacy of management's accruals of such costs by reviewing subsequent contractors claims certificates, supplier invoices or quantity surveyors approval of contractors' claims; and iii) Evaluating variances between actual costs incurred and budgeted property development costs to assess whether the total estimated costs to completion has been properly updated. Based on the above procedures performed, we did not identify any material exceptions.

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 Directors' Report, Corporate Information, Corporate Overview, Business Review and Governance, 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.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements 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.

Independent Auditors' Report

to the Members of IGB Corporation Berhad
(Incorporated in Malaysia) (Company No. 5745-A)
(continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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 judgement and maintain professional scepticism throughout the audit. We also:

(a) 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.

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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.

(e) 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.

(f) 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.

Independent Auditors' Report

to the Members of IGB Corporation Berhad
(Incorporated in Malaysia) (Company No. 5745-A)
(continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SOO HOO KHOON YEAN
(No. 2682/10/17 (J))
Chartered Accountant

Kuala Lumpur
21 April 2017

Shareholding Statistics
as at 31 March 2017

Issued Shares : 1,364,798,340 (Including 29,901,600 shares bought-back by IGB and retained as treasury shares)
Voting Rights : One vote per share

SIZE OF SHAREHOLDINGS

	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
Size of Shareholdings	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%[a]
1 - 99	1,822	37	1,859	16.27	33,826	1,472	35,298	0.00
100 - 1,000	1,780	46	1,826	15.99	1,057,972	27,426	1,085,398	0.08
1,001 - 10,000	5,835	370	6,205	54.31	20,300,934	1,587,711	21,888,645	1.64
10,001 - 100,000	1,129	200	1,329	11.63	29,453,214	5,288,761	34,741,975	2.60
100,001 - less than 5% of Issued Shares[a]	166	37	203	1.78	214,789,899	82,163,722	296,953,621	22.25
5% and above of Issued Shares	2	-	2	0.02	980,191,803	-	980,191,803	73.43
Total	**10,734**	**690**	**11,424**	**100.00**	**1,245,827,648**	**89,069,092**	**1,334,896,740[a]**	**100.00**

EQUITY STRUCTURE

	No. of Shareholders		No. of Issued Shares		% of Issued Shares[a]	
Category of Shareholders	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
Individual	9,682	375	68,407,637	4,373,192	5.12	0.33
Body Corporate						
• Bank/finance companies	22	1	28,901,511	10,100	2.17	0.00
• Investment trusts/foundation/ charities	3	-	30,805	-	0.00	-
• Industrial and commercial companies[a]	160	12	461,630,974	587,680	34.58	0.04
Government agencies/institutions	1	-	14,023	-	0.00	-
Nominees	864	302	686,833,857	84,098,120	51.45	6.30
Others	2	-	8,841	-	0.00	-
Total	**10,734**	**690**	**1,245,827,648**	**89,069,092**	**93.32**	**6.67**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest[b]	
Name	No. of Issued Shares	% of Issued Shares[a]	No. of Issued Shares	% of Issued Shares[a]
Goldis Berhad	980,191,803	73.43	-	-
Employees Provident Fund Board	67,036,672	5.02	-	-
Dato' Seri Robert Tan Chung Meng	1,000,000	0.07	980,291,803	73.44
Tan Chin Nam Sendirian Berhad	1,040,700	0.08	980,291,803	73.44
Tan Kim Yeow Sendirian Berhad	-	-	980,291,803	73.44
Wah Seong (Malaya) Trading Co. Sdn Bhd	100,000	0.01	980,191,803	73.43
Pauline Tan Suat Ming	-	-	980,317,060	73.44
Tony Tan Choon Keat	-	-	980,291,803	73.44

[a] Issued Shares excluding 29,901,600 treasury shares
[b] Deemed interests held by other corporations by virtue of Section 8(4) of the Companies Act 2016 (CA 2016) and/or persons connected as defined under Section 197 of CA 2016

Shareholding Statistics

as at 31 March 2017
(continued)

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Issued Shares	% of Issued Shares[(a)]
1.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goldis Berhad (KLC)	530,000,000	39.70
2.	Goldis Berhad	450,191,803	33.73
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	51,415,972	3.85
4.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	40,519,532	3.04
5.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	23,155,348	1.73
6.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Goverment of Singapore (C)	14,492,700	1.09
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	10,945,200	0.82
8.	UOBM Nominees (Asing) Sdn Bhd Pledged Securities Account for Montego Assets Limited (PCB)	10,800,000	0.81
9.	M & A Nominee (Asing) Sdn Bhd Montego Assets Limited	9,350,000	0.70
10.	Thong Weng Tim	8,415,850	0.63
11.	Amanahraya Trustees Berhad Public Dividend Select Fund	7,695,208	0.58
12.	Amanahraya Trustees Berhad Public Sector Select Fund	6,069,176	0.45
13.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Monetary Authority of Singapore (H)	4,984,200	0.37
14.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	4,675,500	0.35
15.	Pertubuhan Keselamatan Sosial	4,125,500	0.31
16.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Manulife Investment - HW Flexi Fund (270519)	3,834,000	0.29
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	3,789,300	0.28
18.	Amanahraya Trustees Berhad Public Savings Fund	3,680,253	0.28
19.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,380,606	0.25
20.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Dividend Trust Fund (5428-401)	3,045,450	0.23
21.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	2,927,411	0.22
22.	Gryphon Asset Management Sdn Bhd	2,687,378	0.20
23.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN for Bank of Singapore Limited	2,058,675	0.15
24.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad for Affin Hwang Select Dividend Fund	2,033,200	0.15
25.	M & A Nominee (Tempatan) Sdn Bhd Titan Express Sdn Bhd	1,969,121	0.15
26.	Amanahraya Trustees Berhad Affin Hwang Growth Fund	1,872,900	0.14
27.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt AN for Deutsche Bank AG London (Prime Brokerage)	1,841,700	0.14
28.	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd for Hong Leong Assurance Berhad (LP Fund ED102)	1,639,400	0.12
29.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kwong Joo (001)	1,561,500	0.12
30.	Tan Boon Lee	1,500,000	0.11
	Total	**1,214,656,883**	**90.99**

Shareholding Statistics
as at 31 March 2017
(continued)

STATEMENT OF DIRECTORS' INTERESTS IN IGB AND RELATED CORPORATIONS

IGB (THE COMPANY)

	Issued Shares				
	Direct Interest		Deemed Interest[b]		Number of Share Options Granted[c]
Name	No. of Issued Shares	% of Issued Shares[a]	No. of Issued Shares	% of Issued Shares[a]	
Tan Sri Abu Talib bin Othman	1,398,850	0.10	-	-	750,000
Dato' Seri Robert Tan Chung Meng	1,000,000	0.07	980,291,803	73.44	2,000,000
Tan Boon Seng	-	-	-	-	1,500,000
Tan Boon Lee	1,690,000	0.13	-	-	1,500,000
Daniel Yong Chen-I	-	-	-	-	500,000
Tan Lei Cheng	-	-	-	-	500,000
Tony Tan Choon Keat	-	-	980,291,803	73.44	500,000
Tan Kai Seng	93,677	0.01	-	-	500,000
Yeoh Chong Swee	-	-	79,035	0.01	500,000
Chua Seng Yong	100,006	0.01	-	-	750,000
Tan Yee Seng	-	-	-	-	500,000

GOLDIS (HOLDING COMPANY)

	Issued Shares				Redeemable Convertible Cumulative Preference Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
Name	No.	%[d]	No.	%[d]	No.	%[e]	No.	%[e]
Dato' Seri Robert Tan Chung Meng	1,483,509	0.24	193,277,776	31.77	1,112,631	0.25	142,988,143	31.49
Tan Boon Seng	-	-	60,067,742	9.87	-	-	72,169,830	15.89
Tan Boon Lee	4,157,380	0.68	-	-	3,118,035	0.69	-	-
Daniel Yong Chen-I	-	-	803,297	0.13	-	-	602,472	0.13
Tan Lei Cheng	8,899,651	1.46	3,862,176	0.63	6,674,738	1.47	2,915,613	0.64
Tony Tan Choon Keat	-	-	193,277,776	31.77	-	-	142,988,143	31.49
Tan Kai Seng	19,891	0.00	-	-	-	-	-	-
Chua Seng Yong	922	0.00	-	-	-	-	-	-
Tan Yee Seng	53,045	0.01	-	-	39,783	0.01	-	-

[c] None of the Directors have exercised the share options as at 31 March 2017
[d] 608,351,301 issued shares excluding 2,858,020 treasury shares as at 31 March 2017
[e] 454,096,196 Redeemable Convertible Cumulative Preference Shares as at 31 March 2017

Shareholding Statistics
as at 31 March 2017
(continued)

IGB REIT (SUBSIDIARY COMPANY)

Name	Direct Interest		Deemed Interest[b]	
	No. of Issued Units	% of Issued Units[f]	No. of Issued Units	% of Issued Units[f]
Tan Sri Abu Talib bin Othman	1,111,908	0.03	-	-
Dato' Seri Robert Tan Chung Meng	12,039,081	0.34	1,863,683,497	53.27
Tan Boon Seng	-	-	13,332	0.00
Tan Boon Lee	1,605,025	0.05	-	-
Daniel Yong Chen-I	622,132	0.02	1,080,898	0.03
Tan Lei Cheng	1,853,742	0.05	345,722	0.01
Tony Tan Choon Keat	1,000,000	0.03	1,863,683,497	53.27
Tan Kai Seng	1,393	0.00	-	-
Yeoh Chong Swee	-	-	14,322	0.00
Tan Jian Hong Aaron	15,000	0.00	-	-

[f] 3,498,353,641 issued units as at 31 March 2017

Notice of Fifty-Third Annual General Meeting

NOTICE IS HEREBY GIVEN of the Fifty-Third Annual General Meeting (53rd AGM) of IGB Corporation Berhad (IGB or Company) to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Tuesday, 23 May 2017 at 11.30 a.m. to transact the following business:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2016 together with Reports of Directors and Auditors thereon (Financial Statements and Reports FY2016).

2. To re-elect the following Directors who retire in accordance with IGB's Articles of Association (AoA):

   (a) Tan Boon Seng **(Resolution 1)**
   (b) Tan Boon Lee **(Resolution 2)**
   (c) Tan Lei Cheng **(Resolution 3)**
   (d) Daniel Yong Chen-I **(Resolution 4)**

3. To approve the payment of the following fees and allowance:

   (a) Non-Executive Directors' (NEDs) fees of RM270,000 in respect of FY2016; and **(Resolution 5)**
   (b) Non-Executive Chairman's (NEC) monthly allowance of RM7,000 from 31 January 2017 up to IGB's AGM in 2018.

4. To reappoint PricewaterhouseCoopers (PwC) as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

Special Business

5. To consider and, if thought fit, to pass the following ordinary resolutions:

   (a) Continuing in office as Independent Non-Executive Directors (INEDs)

   (i) "THAT Tan Sri Abu Talib bin Othman shall continue to serve as INED until IGB's AGM in 2018." **(Resolution 7)**

   (ii) "THAT Yeoh Chong Swee shall continue to serve as INED until IGB's AGM in 2018." **(Resolution 8)**

   (iii) "THAT Tan Kai Seng shall continue to serve as INED until IGB's AGM in 2018." **(Resolution 9)**

   (b) Share Buy-Back (SBB) Mandate

   "THAT subject to compliance with the Companies Act 2016 (CA 2016), AoA and Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, IGB be and is hereby generally and unconditionally authorised to make market purchases of its shares (within the meaning of Section 127 of CA 2016) on such terms and in such manner as the Directors may, in their discretion deem fit, provided that:

   (i) the aggregate number of shares to be purchased and/or held by IGB shall not exceed 10% of the total number of issued shares of IGB at the time of purchase; and

   (ii) the funds allocated for the purchase of shares shall not exceed its retained earnings as at 31 December 2016;

   AND THAT the Directors be and are hereby authorised to deal with the shares so purchased in their absolute discretion (which may be cancelled or retained as treasury shares to be dealt with in the manner permitted under Section 127(7) of CA 2016 or any other manner as prescribed by the applicable laws, rules, regulations, orders, guidelines, and requirement issued by the relevant authorities at the time of purchase);

   (SBB Mandate)

   AND THAT the SBB Mandate, unless revoked or varied by IGB in general meeting, shall continue for the period ending on the date of the AGM to be held in 2018;

   AND THAT the Directors be and are hereby authorised to do all such acts, matters, deeds and things as they may consider expedient or necessary or in the interests of IGB to give effect to the SBB Mandate and/or this resolution." **(Resolution 10)**

Notice of Fifty-Third Annual General Meeting
(continued)

(c) Recurrent Related Party Transactions (RRPT) Mandate

"THAT IGB and its subsidiary companies (Group) be and are hereby authorised to enter into all arrangements and/or transactions involving the interests of Related Parties as specified in Part B, section 2.2.1 of the Statement/Circular to Shareholders dated 28 April 2017 (Statement/Circular), provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the Group's day-to-day operations;
(iii) carried out in the ordinary course of business, at arm's length and on normal commercial terms not more favourable to Related Parties than those generally available to third party; and
(iv) not detrimental to the minority shareholders of IGB

(RRPT Mandate)

AND THAT the RRPT Mandate, unless revoked or varied by IGB in general meeting, shall continue for the period ending on the date of the AGM to be held in 2018;

AND THAT the Directors be and are hereby authorised to do all such acts, matters, deeds and things as they may consider expedient or necessary or in the interests of IGB to give effect to the RRPT Mandate and/or this resolution." **(Resolution 11)**

By Order of the Board of Directors (Board)
IGB CORPORATION BERHAD

Tina Chan
Company Secretary (MAICSA 7001659)

Kuala Lumpur
28 April 2017

Explanatory Notes of each item on Agenda:

(1) Financial Statements and Reports FY2016

Financial Statements and Reports FY2016 will be tabled at the 53rd AGM in accordance with Section 340(1)(a) of CA 2016, but will not be the subject of a resolution. Members will be given a reasonable opportunity to ask questions and make comments on the reports.

(2) Re-election of Directors

The following 4 Directors, all of whom are due to retire at the 53rd AGM and, being eligible, offer themselves for re-elections:

(a) Article 86 of AoA requires all Directors to submit themselves for re-election once every 3 years (3-year term), and this reflects the provision of Paragraph 7.26 of MMLR.

Tan Boon Seng, who joined the Board in December 1990, is an Executive Director (ED), and the Chairperson of Executive Committee (ExCo), as well as a member of Risk Management Committee (RMC) and Share Committee (SC). Having been re-elected in 2014, he is obliged to retire from office. His retirement pursuant to Article 86 will also satisfy the obligation under Article 85 of AoA for one-third of the Directors to retire from office by rotation at each AGM (1/3-rotation rule).

(b) Tan Boon Lee, who joined the Board in June 2003, is an ED and a member of ExCo, RMC and SC. Having been re-elected in 2014, he is obliged to retire from office pursuant to the 3-year term and 1/3-rotation rule.

(c) Tan Lei Cheng, who joined the Board in June 2003, is a NED. Her retirement is to satisfy the obligation under 1/3-rotation rule.

(d) Daniel Yong Chen-I, who was appointed to the Board in May 2016, is an ED, and a member of ExCo and RMC. He is obliged to retire from office pursuant to Article 89 of AoA which provides that the term of office of an elected Director must end at the conclusion of the AGM after the Director's election.

Notice of Fifty-Third Annual General Meeting
(continued)

The Nomination Committee (NC) had at its meeting on 21 February 2017 assessed the individual merits of the 4 retiring Directors, and concluded that they possessed strong knowledge and understanding of their roles in governing the Group and its strategic needs which would be of benefit to the Board, and for the Group's continued progress and growth. The justifications of the Board for recommending and supporting Resolutions 1 to 4 inclusive for their continuing in office as Directors are set out in Annual Report 2016 under the heading Corporate Governance Statement.

Biographical details for each of the Directors offering themselves for re-election are set out in Annual Report 2016 under the heading Profile of Directors. Any Director referred to in Resolutions 1 to 4, who is a shareholder of IGB shall abstain from voting on the resolution in respect of his/her re-election at the 53rd AGM.

(3) Payment of fees and allowance

Directors' fees are payable to NEDs only. Evaluation of NED fees is performed once a year. The Remuneration Committee (RC) had at its meeting on 22 November 2016 considered the quantum of NED fees and recommended that no increase be made to the annual fees FY2016 i.e. RM70,000 per annum for NEC and RM50,000 per annum for each NED, whereupon the Board had endorsed RC's recommendation. The fees have remained unchanged since FY2013.

The monthly allowance of RM7,000 to NEC commensurate with the substantial duties and responsibilities as Chairman of the Board. This figure has remained unchanged since June 2001.

Details of RC's assessment on Directors remuneration are set out in Annual Report 2016 under the heading Corporate Governance Statement. All NEDs who are shareholders of IGB shall abstain from voting on Resolution 5.

(4) Reappointment of Auditors

The appointment of PwC as Auditors ends at the conclusion of the 53rd AGM. The Board had at its meeting on 21 February 2017 approved the recommendation by the Audit Committee (AC) on the reappointment of PwC as Auditors. Details of the assessment and criteria used by AC on its review are set out in Annual Report 2016 under the heading Audit Committee Report.

(5) Continuing in office as INEDs

Pursuant to the Malaysian Code on Corporate Governance 2012 (MCCG), the tenure of INED should not exceed a cumulative term of 9 years unless shareholder approval is sought at AGM to retain the said director as INED.

The following 3 INEDs have been on the Board of IGB for over 9 years:

(i) Tan Sri Abu Talib bin Othman, who joined the Board in July 1995, is the Chairman of the Board, RC and NC, as well as a member of AC since 2011. He had been re-appointed (under section 129(6) of the Companies Act 1965 which was then in force) and retained as INED of IGB at the AGM held on 24 May 2016 (52nd AGM), and his term of office ends at the conclusion of 53rd AGM;

(ii) Yeoh Chong Swee, who joined the Board in June 2004, is a member of AC, NC and RC since 2004. He had been re-appointed (under section 129(6) of the Companies Act 1965 which was then in force) and retained as INED at the 52nd AGM, and his term of office ends at the conclusion of 53rd AGM; and

(iii) Tan Kai Seng, who joined the Board in July 2003, is AC Chairman since May 2010, and a member of NC in May 2016. He had been retained as INED at the 52nd AGM, and his term of office ends at the conclusion of 53rd AGM.

In line with MCCG, NC had conducted its review on the individual INED's level of contribution to the Board and the level of independence demonstrated by each of the INEDs, and affirmed that they remained objective and independent, evidenced by their ability to demonstrate the values and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of the interests of IGB, and they had and would continue to provide the necessary checks and balances to the Board in discharging their responsibilities in an independent manner with integrity and competency notwithstanding that they have served as INEDs for more than 9 years.

Taking into account the views of NC, the Board had at its meeting on 21 February 2017 determined that Tan Sri Abu Talib bin Othman, Yeoh Chong Swee and Tan Kai Seng demonstrated complete independence in character and judgement both as Board members and their designated roles in the respective Board Committees, and their good understanding of the Group's businesses with their wealth of knowledge, skillsets and experience would continue to provide invaluable contribution to the Board. As such, the Board had deemed it appropriate that they continue to act as INEDs, and aligned with good governance practices, the Board would seek the approval from shareholders at the 53rd AGM to support the Board's decision to retain the 3 INEDs until IGB's AGM in 2018. The 3 INEDs had declared their independence to the Board. Their profiles are set out in Annual Report 2016 under the heading Profile of Directors. Any INED referred to in Resolutions 7 to 9, who is a shareholder of IGB shall abstain from voting on the resolution in respect of his reappointment and/or retention at the 53rd AGM.

Notice of Fifty-Third Annual General Meeting
(continued)

(6) SBB Mandate

Resolution 10 is to renew, effective until IGB's AGM in 2018, the SBB Mandate. This power would be used only after careful consideration by the Directors, having taken into account the market conditions prevailing at that time, the investment needs of the Group, its opportunities for expansion and its overall financial position. Details of SBB Mandate is set out in Part A of the Statement/Circular which is sent together with the abridged version of Annual Report 2016.

(7) RRPT Mandate

Resolution 11 is to renew, effective until IGB's AGM in 2018, the RRPT Mandate. Details of RRPT Mandate is set out in Part B of the Statement/Circular which is sent together with the abridged version of Annual Report 2016.

Dato' Seri Robert Tan Chung Meng, Tan Boon Seng, Tan Boon Lee, Daniel Yong Chen-I, Tan Lei Cheng and Tony Tan Choon Keat and persons connected to them shall abstain from voting on this resolution. They had abstained from all deliberations and voting on this resolution at the Board meeting.

(8) Poll Voting

Paragraph 8.29A(1) of MMLR requires all resolutions set out in this Notice of 53rd AGM to be put to vote by poll. The total number of voting shares in IGB as at 31 March 2017 (which is the latest practicable date before the production of this Notice of 53rd AGM) was 1,334,896,740 (excluding treasury shares), carrying 1 vote each on a poll.

Notes:

(1) Appointment of proxy

(a) A member is entitled to appoint 1 or 2 proxies (none of whom need be a member of IGB).
(b) A member, who is an authorised nominee, may appoint not more than 2 proxies in respect of each securities account held; whereas, an exempt authorised nominee may appoint multiple proxies in respect of each securities account held.
(c) A member who appoints a proxy must execute the Proxy Form accompanies this Notice of 53rd AGM. The lodging of the Proxy Form does not preclude a member from attending and voting in person at the 53rd AGM should the member subsequently decide to do so.
(d) A corporate member who appoints a proxy must execute Proxy Form under seal or the hand of its officer or attorney duly authorised.
(e) Only members registered in Record of Depositors as at 15 May 2017 shall be entitled to attend and vote at the 53rd AGM, or appoint proxy(ies) to attend and vote on their behalf.
(f) IGB shall have the right to reject Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on Proxy Form.
(g) The executed Proxy Form must be deposited at the office of IGB's registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than 21 May 2017 at 11.30 a.m.
(h) Annual Report 2016 and Statement/Circular are available on IGB's website www.igbcorp.com, which members can view or download at their convenience.

(2) Registration of members/proxies

(a) Registration will start at 9.30 a.m. on the day of the 53rd AGM.
(b) Members/proxies are required to produce original identification cards/documents during registration for verification.
(c) Parking tickets can be validated at registration counter for members/proxies who park their vehicles in Mid Valley Megamall (MVM) and The Gardens Mall (TGM) only. IGB will NOT validate nor reimburse members/proxies for parking charges using Touch' N Go, or the valet parking services at MVM and TGM.
(d) Each member/proxy will be given a wristband upon registration. No person will be allowed to enter the meeting room without wearing the wristband. There will be no replacement in the event members/proxies lose or misplace the wristband. Members/proxies are allowed to enter the meeting room at 11.00 a.m.
(e) The registration counters will only process verification of identities and registration. Other queries/clarification, please proceed to Help Desk counter.

IGB Corporation Berhad (5745-A)

PROXY FORM

Number of shares held	
CDS Account Number	
CDS Account Number of Authorised Nominee	

*I/We (full name as per Identification/Certificate of Incorporation) ____________________

Identification/Company No. ____________________ of (address) ____________________

____

being a member of IGB hereby appoint ____________________ Identification No. ____________________

of (address) ____________________

____

or failing him/her, ____________________ Identification No. ____________________

of (address) ____________________

____

or, both of whom failing, *the chairman of the meeting as *my/our proxy to attend and vote on *my/our behalf, as indicated below, at the 53rd AGM of IGB to be held at Bintang Ballroom, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia on Tuesday, 23 May 2017 at 11.30 a.m. and at any adjournment thereof.

No.	**Resolutions	For	Against	Abstain
1	Re-election of Tan Boon Seng as Director			
2	Re-election of Tan Boon Lee as Director			
3	Re-election of Tan Lei Cheng as Director			
4	Re-election of Daniel Yong Chen-I as Director			
5	Payment of fees and allowance			
6	Reappointment of PricewaterhouseCoopers as Auditors			
7	Reappointment and retention of Tan Sri Abu Talib bin Othman as Independent Director			
8	Reappointment and retention of Yeoh Chong Swee as Independent Director			
9	Retention of Tan Kai Seng as Independent Director			
10	SBB Mandate			
11	RRPT Mandate			

* Delete as appropriate
** Ticking the appropriate box with an "x" alongside each Resolution

Dated this __________ day of ____________________ 2017

____
Signature/Seal of Member(s)

Notes:

(a) A member is entitled to appoint 1 or 2 proxies (none of whom need be a member of IGB).
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(g) The executed Proxy Form must be deposited at the office of IGB's registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than 21 May 2017 at 11.30 a.m.
(h) Annual Report 2016 and Statement/Circular are available on IGB's website www.igbcorp.com, which members can view or download at their convenience.

Fold this flap for sealing

Fold along this line (2)

PROXY FORM

AFFIX
RM0.80
STAMP

IGB's Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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IGB CORPORATION BERHAD (5745-A)

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